THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions commencing on page 5 apply throughout this Circular including this front cover.

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

Action required

1. If you have disposed of all of your HCI Shares, this Circular should be handed to the purchaser of such HCI Shares or to the Broker, CSDP, banker, attorney or other agent through whom the disposal was effected.
2. HCI Shareholders are referred to page 1 of this Circular, which sets out the actions required by them.

Hosken

HOSKEN CONSOLIDATED INVESTMENTS LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 1973/007111/06)
Share code: HCI ISIN: ZAE000003257

Circular to HCI Shareholders

regarding:

- **the Specific Repurchase by HCI of 2 000 000 HCI Shares in terms of section 48 of the Companies Act;**
- **the Subsidiary Repurchase by HCI of 5 500 000 HCI Shares from a wholly-owned Subsidiary of HCI; and**
- **the General Meeting;**

and incorporating:

- **a notice convening the General Meeting; and**
- **a form of proxy for use by Certificated HCI Shareholders and Own-name Dematerialised HCI Shareholders.**

Investment bank

Out of the Ordinary®

Investec Specialist Bank

Sponsor

Out of the Ordinary®

Investec Specialist Bank

Legal adviser

ENSAFRICA

Independent expert

BDO

Date of issue: 9 January 2015

This Circular is available in English only and copies hereof may be obtained from the registered office of HCI at the registered address which is set out in the "Corporate information and advisers" section of this Circular, during normal business hours on Business Days during the period from Friday, 9 January 2015 up to and including Tuesday, 10 February 2015, both days inclusive.

CORPORATE INFORMATION AND ADVISORS

Directors

JA Copelyn *(Chief Executive Officer)*
TG Govender *(Chief Financial Officer)*
Y Shaik
VM Engel*
VE Mphande** *(Lead Independent Director/Acting Chairman)*
LW Maasdorp**
MF Magugu**
ML Molefi**
JG Ngcobo**
RD Watson**

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

Company secretary and registered office

HCI Managerial Services Proprietary Limited
(Registration number 1996/017874/07)
Suite 801
76 Regent Road
Sea Point
Cape Town, 8005
(PO Box 5251, Cape Town, 8000)

Investment bank and sponsor

Investec Bank Limited
(Registration number 1969/004763/06)
100 Grayston Drive
Sandown
Sandton
2196
(PO Box 785700, Sandton, 2146)

Legal adviser

Edward Nathan Sonnenbergs Inc.
(Registration number 2006/018200/21)
1 North Wharf Square
Loop Street
Foreshore
Cape Town
8001
(PO Box 2293, Cape Town, 8000)

Transfer secretary

Computershare Investor Services Proprietary Limited
(Registration number 2004/003647/07)
70 Marshall Street
Johannesburg
2001
(PO Box 61051, Marshalltown, 2107)

Independent expert

BDO Corporate Finance Proprietary Limited
(Registration number 1983/002903/07)
22 Wellington Road
Parktown
2193
(Private Bag X60500, Houghton, 2041)

Date and place of incorporation

1973, South Africa

ACTIONS REQUIRED BY HCI SHAREHOLDERS

This Circular is important and requires your immediate attention.

Please take careful note of the following provisions regarding the action required by HCI Shareholders. If you are in any doubt as to what actions to take, please consult your Broker, CSDP, banker, attorney, accountant or other professional adviser immediately.

If you have disposed of all of your HCI Shares, this Circular should be handed to the purchaser of such HCI Shares or to the Broker, CSDP, banker, attorney or other agent through whom the disposal was effected.

The General Meeting will be held at 10:00 on Tuesday, 10 February 2015 in the boardroom at HCI's office, Suite 801, 76 Regent Road, Sea Point, Cape Town, 8005 for purposes of considering and, if deemed fit, passing the ordinary and special resolutions required to authorise the implementation of the Specific Repurchase and the Subsidiary Repurchase. The notice convening the General Meeting is attached to and forms part of this Circular.

1. DEMATERIALISED HCI SHAREHOLDERS WHO ARE NOT OWN-NAME DEMATERIALISED HCI SHAREHOLDERS

1.1 Voting at the General Meeting

1.1.1 Your Broker or CSDP should contact you to ascertain how you wish to cast your vote at the General Meeting and should thereafter cast your vote in accordance with your instructions.

1.1.2 If you have not been contacted by your Broker or CSDP, it is advisable for you to contact your Broker or CSDP and furnish it with your voting instructions.

1.1.3 If your Broker or CSDP does not obtain voting instructions from you, it will be obliged to vote in accordance with the instructions contained in the custody agreement concluded between you and your Broker or CSDP.

1.1.4 You must **not** complete the attached form of proxy.

1.2 Attendance and representation at the General Meeting

In accordance with the mandate between you and your Broker or CSDP, you must advise your Broker or CSDP if you wish to attend the General Meeting and if so, your Broker or CSDP will issue the necessary letter of representation to you to attend and vote at the General Meeting.

2. CERTIFICATED HCI SHAREHOLDERS AND DEMATERIALISED HCI SHAREHOLDERS WHO ARE OWN-NAME DEMATERIALISED HCI SHAREHOLDERS

2.1 Voting and attendance at the General Meeting

2.1.1 You may attend the General Meeting in person and may vote at the General Meeting.

2.1.2 Alternatively, you may appoint a proxy to represent you at the General Meeting by completing the attached form of proxy in accordance with the instructions contained therein and returning it to the Transfer Secretary, to be received by them, for administrative purposes, by no later than 10:00 on Friday, 6 February 2015 (or alternatively to be delivered to the Company by hand by no later than 10:00 on Tuesday, 10 February 2015).

3. GENERAL

3.1 Approvals necessary for the implementation of the Specific Repurchase and Subsidiary Repurchase at the General Meeting

The implementation of the Specific Repurchase is subject, *inter alia,* to the approval of the HCI Shareholders by special resolution at the General Meeting in accordance with the Listings Requirements, the Companies Act and the MOI. In order to be approved, the special resolution must be adopted with the support of at least 75% of the voting rights exercised, excluding the votes of the Selling Parties and their Associates, on such resolution at the General Meeting.

The implementation of the Subsidiary Repurchase is subject, *inter alia*, to the approval of the HCI Shareholders by special resolution at the General Meeting in accordance with the Companies Act and the MOI. In order to be approved, the special resolution must be adopted with the support of at least 75% of the voting rights exercised on such resolution at the General Meeting.

3.2 **Electronic participation in the General Meeting**

HCI Shareholders wishing to participate electronically in the General Meeting are required to deliver, by no later than 10:00 on Friday, 6 February 2015, a written notice to HCI at HCI's office, Suite 801, 76 Regent Road, Sea Point, Cape Town, 8005 (marked for the attention of HCI Managerial Services Proprietary Limited, HCI Group company secretary) that they wish to participate via electronic communication at the General Meeting.

In order for the abovementioned notice to be valid it must contain: (a) if the HCI Shareholder is an individual, a certified copy of his/her identity document and/or passport; (b) if the HCI Shareholder is not an individual, a certified copy of a resolution or letter of representation by the relevant entity and a certified copy of the identity documents and/or passports of the persons who passed the relevant resolution or signed the relevant letter of representation. The letter of representation or resolution must set out who from the relevant entity is authorised to represent the entity at the General Meeting via electronic communication; (c) a valid email address and/or facsimile number; and (d) confirmation of whether the HCI Shareholder wishes to vote via electronic communication. HCI shall use its reasonable endeavours to notify an HCI Shareholder wishing to participate in the General Meeting by way of electronic communication of the relevant details through which the shareholder can participate via electronic communication by no later than 24 hours before the General Meeting.

Should an HCI Shareholder wishing to participate in the General Meeting by way of electronic communication as mentioned above, such shareholder or his proxy, will be required to dial-in to the dial-in facility on the date of the General Meeting. The dial-in facility will be linked to the venue at which the General Meeting will take place on the date of, from the time of commencement of, and for the duration of, the General Meeting. The dial-in facility will enable all persons to participate electronically in the General Meeting in this manner (and as contemplated in section 63(2) of the Companies Act) and to communicate concurrently with each other without an intermediary, and to participate reasonably effectively in the General Meeting. The costs borne by you or your proxy in relation to the dial-in facility will be for your own account.

3.3 **Dematerialisation**

If a Certificated HCI Shareholder wishes to Dematerialise his Certificated HCI Shares, he should contact his Broker or CSDP.

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IMPORTANT DATES AND TIMES

	2015
Notice record date, being the date on which an HCI Shareholder must be registered in the Register in order to be eligible to receive the notice of General Meeting, on	Friday, 2 January
Circular posted to HCI Shareholders and notice convening the General Meeting released on SENS, on	Friday, 9 January
Last day to trade HCI Shares in order to be recorded in the Register to vote at the General Meeting (see note 2 below) on	Friday, 23 January
General Meeting record date, being the date on which an HCI Shareholder must be registered in the Register in order to be eligible to attend and participate in the General Meeting and to vote thereat, by close of trade on	Friday, 30 January
Form of proxy in respect of the General Meeting to be lodged for administrative purposes, by 10:00 (or may thereafter be lodged by hand with the Company prior to 10:00 on Tuesday, 10 February 2015) on	Friday, 6 February
General Meeting held at 10:00 on	Tuesday, 10 February
Results of the General Meeting published on SENS on	Tuesday, 10 February
Cancellation and delisting of the Repurchase Shares and the Subsidiary Shares on or about	Tuesday, 17 February

Notes:

1. The above dates and times are subject to amendment at the discretion of HCI. Any such amendment will be released on SENS.
2. HCI Shareholders should note that as transactions in HCI Shares are settled in the electronic settlement system used by Strate, settlement of trades takes place five Business Days after such trade. Therefore, HCI Shareholders who acquire HCI Shares after close of trade on Friday, 23 January 2015 will not be eligible to attend, participate in and to vote at the General Meeting.
3. All dates and times indicated above are South African Standard Times.

DEFINITIONS

In this Circular and the annexures hereto, unless otherwise indicated, reference to the singular shall include the plural and *vice versa*, words denoting one gender include others, expressions denoting natural persons include juristic persons and associations of persons, and the words in the first column have the meanings stated opposite them in the second column:

"Associate"	an associate as defined in the Listings Requirements;
"Board"	the board of directors of HCI whose names appear in the "Corporate information and advisers" section of this Circular;
"Broker"	any person registered as a "broking member (equities)" in accordance with the provisions of the Financial Markets Act;
"Business Day"	a day other than a Saturday, Sunday or official public holiday in South Africa;
"Cents"	South African cents in the official currency of South Africa;
"Certificated HCI Shares"	HCI Shares represented by a share certificate or other physical document of title, which have not been surrendered for Dematerialisation in terms of the requirements of Strate;
"Certificated HCI Shareholders"	HCI Shareholders who hold Certificated HCI Shares;
"Circular"	this circular to HCI Shareholders, dated 9 January 2015, including the annexures hereto, the notice of General Meeting and the form of proxy;
"Circumference"	Circumference Investments Proprietary Limited, (registration number 2003/006544/07) a private company duly registered and incorporated in accordance with the company laws of South Africa, and an Associate of Mr Golding, the former Executive Chairman of HCI. Circumference is 55% owned by Rivetprops 47 Proprietary Limited, which is in turn owned by The Corjo Trust, and 45% owned by Geomer Investments Proprietary Limited, which is in turn owned by the Geomer Trust, a family trust of Mr Golding;
"Companies Act"	the Companies Act, 2008 (Act No. 71 of 2008), as amended;
"Corjo Trust, The"	the trustees for the time being of The Corjo Trust, (Master's reference number IT11114/96), a trust created in accordance with the Trust Property Control Act, 1988 (Act No. 57 of 1988) and a family trust of Mr Copelyn, the Chief Executive Officer of HCI. The Corjo Trust is a discretionary trust and the current beneficiaries are members of Mr Copelyn's family (none of whom are Associates of Mr Copelyn as defined in the Listings Requirements);
"CSDP"	a person that holds in custody and administers securities or an interest in securities and that has been accepted by a central securities depository as a participant in terms of section 31 of the Financial Markets Act;
"Dematerialisation"	the process by which securities held in certificated form are converted to or held in electronic form as uncertificated securities and recorded as such in a sub-register of securities holders maintained by a CSDP and "Dematerialised" shall bear the corresponding meaning;
"Dematerialised HCI Shareholders"	those HCI Shareholders who hold Dematerialised HCI Shares;
"Dematerialised HCI Shares"	HCI Shares which have been Dematerialised;
"Directors"	directors for the time being of HCI;
"Documents of Title"	in respect of Certificated HCI Shares, share certificates, certified transfer deeds, balance receipts and/or any other form of documents of title acceptable to HCI in respect of HCI Shares;
"Financial Markets Act"	the Financial Markets Act, 2012 (Act No. 19 of 2012);

"General Meeting"	the general meeting of HCI Shareholders to be held in the boardroom at HCI's office, Suite 801, 76 Regent Road, Sea Point, Cape Town, 8005 on Tuesday, 10 February 2015 at 10:00 for the purpose of considering and if deemed fit, passing the special and ordinary resolutions set out in the notice of General Meeting forming part of this Circular;
"HCI" or "the Company"	Hosken Consolidated Investments Limited (Registration number 1973/007111/06), a public company duly registered and incorporated in accordance with the company laws of South Africa, the issued ordinary share capital of which is listed on the JSE;
"HCI Group"	HCI and its Subsidiaries;
"HCI Shareholders"	the registered holders of HCI Shares appearing on the registers of HCI at the Last Practicable Date;
"HCI Shares"	ordinary shares having a par value of 25 cents each in the issued share capital of HCI, all of which shares are listed on the JSE, being 112 422 189 HCI Shares at the Last Practicable Date;
"JSE"	JSE Limited (Registration number 2005/022939/06), a public company duly registered and incorporated in accordance with the company laws of South Africa, and licensed to operate an exchange under the Financial Markets Act;
"Last Practicable Date"	the last practicable date prior to the finalisation of this Circular, being Friday, 2 January 2015;
"Listings Requirements"	the Listings Requirements of the JSE, as amended from time to time;
"Majorshelf"	Majorshelf 183 Proprietary Limited (registration number 2000/023065/07), a private company duly registered and incorporated in accordance with the company laws of South Africa, and an Associate of Mr Govender, the Chief Financial Officer of HCI. Majorshelf is 100% owned by the T.G. Govender Family Trust, a discretionary trust, the beneficiaries of which are Mr Govender's minor children;
"MOI"	the memorandum of incorporation of HCI;
"Montauk Holdings"	Montauk Holdings Limited (Registration number 2010/017811/06), a public company duly registered and incorporated in accordance with the company laws of South Africa;
"Own-name Dematerialised HCI Shareholders"	HCI Shareholders that have Dematerialised their HCI Shares and have instructed their CSDP to hold their HCI Shares in their own-name on the sub-register maintained by the CSDP and forming part of the Register;
"Rand" or "R"	South African Rand, the official currency of South Africa;
"Register"	the securities register of HCI Shareholders maintained by HCI in terms of the Companies Act including the register of Certificated HCI Shareholders and the sub-registers of Dematerialised HCI Shareholders maintained by the relevant CSDPs in accordance with the Companies Act;
"Repurchase Consideration"	the aggregate consideration of R300 000 000 payable by HCI in respect of the Repurchase Shares, representing a price of R150.00 per Repurchase Share, to be settled in cash;
"Repurchase Shares"	2 000 000 HCI Shares, being approximately 1.8% of HCI's issued share capital, to be acquired from the Selling Parties in terms of the Specific Repurchase;
"Sactwu"	the Southern African Clothing and Textile Workers Union;

"Share Buy-Back Agreements"	the agreements, dated 28 November 2014, entered into between HCI and Circumference, and HCI and The Corjo Trust, Andre van der Veen, and Majorshelf, in terms of which HCI will acquire the Repurchase Shares for the Repurchase Consideration. The Repurchase Shares will be cancelled as part of the issued share capital of HCI following their acquisition and be part of and reinstated to the authorised, but unissued, share capital of HCI;
"SENS"	the Stock Exchange News Service of the JSE;
"Selling Parties"	The Corjo Trust (a family trust of Mr Copelyn); Mr van der Veen (a director of certain of HCI's Subsidiaries); Majorshelf (an Associate of Mr Govender); and Circumference (an Associate of Mr Golding, the former Executive Chairman of HCI);
"Solvency and Liquidity Test"	the solvency and liquidity test set out in section 4(1) of the Companies Act;
"South Africa"	the Republic of South Africa;
"Specific Repurchase"	the repurchase by HCI of the Repurchase Shares for the Repurchase Consideration, as set out in this Circular in terms of section 48 of the Companies Act and paragraph 5.69 of the Listings Requirements and pursuant to the terms and conditions of the Share Buy-Back Agreements;
"Squirewood"	Squirewood Investments 64 Proprietary Limited (Registration number 2006/027305/07), a private company duly registered and incorporated in accordance with the company laws of South Africa, and a wholly-owned subsidiary of HCI;
"Strate"	Strate Proprietary Limited (Registration number 1998/022242/06), a private company duly registered and incorporated in accordance with the company laws of South Africa, and a registered central securities depository responsible for the electronic custody and settlement system for transactions that take place on the JSE and off-market trades;
"Subsidiary"	a subsidiary as defined in the Listings Requirements;
"Subsidiary Repurchase"	the repurchase by HCI of 5,500,000 HCI Shares from Squirewood Investments, a wholly-owned Subsidiary of HCI, at a price of R146.50 per HCI Share, being the closing price per HCI Share on 11 December 2014, in terms of section 48 of the Companies Act;
"Subsidiary Shares"	5 500 000 HCI Shares being approximately 4.9% of HCI's issued share capital, to be acquired from Squirewood, a wholly-owned subsidiary of HCI, in terms of the Subsidiary Repurchase;
"Transfer Secretary"	Computershare Investor Services Proprietary Limited (Registration number 2004/003647/07), a private company duly registered and incorporated in accordance with the company laws of South Africa;
"TRP"	the Takeover Regulation Panel, established in terms of section 196 of the Companies Act; and
"VWAP"	volume weighted average price.

HOSKEN CONSOLIDATED INVESTMENTS LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 1973/007111/06)
Share code: HCI ISIN: ZAE000003257

Directors

JA Copelyn *(Chief Executive Officer)*
TG Govender *(Chief Financial Officer)*
Y Shaik
VM Engel*
VE Mphande** *(Lead Independent Director/Acting Chairman)*
L Maasdorp**
MF Magugu**
LM Molefi**
JG Ngcobo**
RD Watson**

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

CIRCULAR TO HCI SHAREHOLDERS

1. INTRODUCTION

HCI has entered into the Share Buy-Back Agreements with the Selling Parties, in terms of which HCI will repurchase 2 000 000 HCI Shares at a price of R150 per HCI Share, subject to the terms and conditions referred to in paragraphs 3 and 4 below.

In addition, HCI intends implementing the Subsidiary Repurchase subject to receipt of the necessary HCI Shareholder and regulatory approvals.

The purpose of this Circular is to provide HCI Shareholders with relevant information relating to the Specific Repurchase and the Subsidiary Repurchase, and to give notice convening the General Meeting in order to consider and, if deemed fit, pass, with or without modification, the resolutions, as set out in the notice of the General Meeting, to approve and implement the Specific Repurchase and the Subsidiary Repurchase.

2. RATIONALE FOR THE SPECIFIC REPURCHASE

The Board believes that the Specific Repurchase at the Repurchase Consideration of R150 per HCI Share is at a discount to HCI's intrinsic net asset value and is an efficient use of HCI's cash and facilities.

The Repurchase Consideration represents a discount of:

- 5.6% to the closing date on Friday, 28 November 2014, being the date of the Share Buy-Back Agreements; and
- 3.1% to the 30 Business Day VWAP up to and including Friday, 28 November 2014.

The HCI Shares which are the subject of the Specific Repurchase represent a small portion of the Selling Parties' HCI Shares and the directors and members of management involved in the Specific Repurchase are committed to HCI with a significant portion of their wealth invested in the Company.

The Selling Parties have entered into an option agreement, comprising a put and call option, with Sactwu in respect of Sactwu's shares in Montauk Holdings which was listed on the Main Board of the JSE on Monday, 8 December 2014. Sactwu has indicated that it may divest from its investment in Montauk Holdings as the investment does not fit its investment mandate of supporting businesses that operate in South Africa and, as such, the option agreement will provide Sactwu with the opportunity to exit its 30% shareholding in Montauk Holdings in an orderly manner which doesn't adversely impact Montauk Holdings or its shareholders.

The call option provides that the Montauk Holdings ordinary shares held by Sactwu can be acquired by the parties to the agreement for an aggregate consideration of R142 645 000 (plus an amount of R3.44 per additional Montauk Holdings Share acquired by Sactwu prior to the exercise of the call option) during the call option period of 180 days commencing on the date of listing.

The put option allows Sactwu to sell the Montauk Holdings ordinary shares to the other parties to the agreement at the lesser of the 20 Business Day VWAP prior to the date on which the put option is exercised and the aggregate amount of R142 645 000 (plus R3.44 per additional Montauk Holdings Share acquired by Sactwu prior to exercise of the put option) during the put option period which commences when the call option period ends and lasts for 20 Business Days thereafter.

The Selling Parties intend utilising the cash received from the Specific Repurchase to fulfil their obligations in terms of the option agreement concluded with Sactwu.

3. TERMS OF THE SPECIFIC REPURCHASE AND THE SUBSIDIARY REPURCHASE

The repurchase of the Repurchase Shares and the payment of the Repurchase Consideration, which is to be discharged in cash from the Company's existing cash resources and facilities, will take place on the third Business Day in respect of the repurchase from Circumference and on the tenth Business day in respect of the repurchase from the remaining Selling Parties after the fulfilment of the last of the conditions precedent referred to in paragraph 4 below.

The number of HCI Shares to be purchased from the relevant Selling Parties is detailed below:

Party	**Number of HCI Shares**
The Corjo Trust	500 000
Andre van der Veen	150 000
Majorshelf	350 000
Circumference	1 000 000
Total	**2 000 000**

The Repurchase Shares will be cancelled, in accordance with the Companies Act, and their listing on the JSE terminated on, or as soon as possible after the implementation of the Specific Repurchase. The Specific Repurchase will be applied against HCI's reserves (and not contributed tax capital). Accordingly, the Repurchase Consideration will be subject to withholding tax in respect of the repurchase from The Corjo Trust and Andre van der Veen. As HCI has unutilised STC credits of R150 000 000, these credits will be utilised for the repurchases from The Corjo Trust, Andre van der Veen and Majorshelf for the full extent of the Repurchase Consideration, and therefore no withholding tax will be payable.

In terms of the Listings Requirements the Specific Repurchase is a related party transaction as:

- Majorshelf is an Associate of Mr Govender, the Chief Financial Officer of HCI; and
- Circumference is an Associate of Mr Golding, the former Executive Chairman of HCI.

In terms of section 48 of the Companies Act and paragraph 5.69 of the Listings Requirements, a special resolution of the Company must be passed by HCI Shareholders (excluding the Selling Parties and their Associates) in order to implement the Specific Repurchase. As the Repurchase Consideration of R150 per HCI Share is at a discount to the 30 Business Day VWAP prior to the date on which the Share Buy-Back Agreements were concluded, a fairness opinion is not required.

In terms of the Listings Requirements, the votes of the Selling Parties and their Associates will be taken into account in determining whether a quorum of HCI Shareholders is present at the General Meeting, but such votes will not be taken into account in determining the results of the voting at the General Meeting.

Following the Specific Repurchase, HCI will hold 5 500 000 HCI Shares as treasury shares, through its wholly-owned Subsidiary, Squirewood. In terms of the Subsidiary Repurchase, HCI will acquire the 5 500 000 HCI Shares held by Squirewood and will cancel these HCI Shares. The HCI Shares acquired pursuant to the Subsidiary Repurchase will be applied against HCI's reserves.

On 21 November 2014, HCI acquired 5 500 000 HCI Shares from Squirewood. These HCI Shares together with the Subsidiary Shares to be acquired in terms of the Subsidiary Repurchase constitute more than 5% of HCI's issued shares. Accordingly, in terms of section 48 read with sections 114 and 115 of the Companies Act, a special resolution of the Company must be passed by HCI Shareholders in order to implement the Subsidiary Repurchase. In addition, an independent expert's report is required in terms of section 114 of the Companies Act. BDO have been appointed as the independent expert, and a copy of their report is included as Annexure 1 of this Circular.

4. CONDITIONS PRECEDENT

4.1 The Specific Repurchase is subject, *inter alia*, to the fulfilment or waiver of the following conditions precedent in respect of both Share Buy-Back Agreements:

4.1.1 HCI Shareholders (excluding the Selling Parties and their Associates) approving the necessary special resolution, by way of a specific authority, required to implement the Specific Repurchase;

and is subject, *inter alia*, to the fulfilment or waiver of the following conditions precedent in respect of the Share Buy-Back Agreement recording the repurchase of shares from Circumference:

4.1.2 the passing by the shareholders of Circumference (and Circumference's holding company, if necessary) of a special resolution in terms of section 115 read with section 112 of the Companies Act approving the sale by Circumference of the HCI Shares to HCI; and

4.1.3 the obtaining of the consents of the bankers of HCI to the Specific Repurchase.

4.2 The Subsidiary Repurchase is subject to HCI Shareholders approving the necessary special resolution and the receipt of the necessary regulatory approvals.

5. ADEQUACY OF CAPITAL

5.1 The Directors have considered the impact of the Specific Repurchase and the Subsidiary Repurchase and are of the opinion that:

5.1.1 the provisions of section 4 and section 48 of the Companies Act have been complied with;

5.1.2 the HCI Group will be able in the ordinary course of business to pay its debts for a period of 12 months after the date of approval of this Circular;

5.1.3 the assets of the HCI Group will be in excess of its liabilities for a period of 12 months after the date of approval of this Circular, where for this purpose, the assets and liabilities are recognised and measured in accordance with the accounting policies used in the latest audited consolidated annual financial statements of the HCI Group;

5.1.4 the share capital and reserves of the HCI Group will be adequate for ordinary business purposes for a period of 12 months after the date of approval of this Circular; and

5.1.5 the working capital of HCI Group will be adequate for ordinary business purposes for a period of 12 months after the date of approval of this Circular.

5.2 Furthermore, in respect of the Specific Repurchase:

5.2.1 in terms of section 46(1)(a)(ii) of the Companies Act and the Listings Requirements, the Board has, by resolution, authorised the Specific Repurchase;

5.2.2 in terms of section 46(1)(b) of the Companies Act, it reasonably appears that HCI will satisfy the Solvency and Liquidity Test immediately after completing the Specific Repurchase; and

5.2.3 in terms of section 46(1)(c) of the Companies Act, the Board has, by resolution, acknowledged that it has applied the Solvency and Liquidity Test as set out in section 4 of the Companies Act, and reasonably concluded that the Company will satisfy the Solvency and Liquidity Test immediately after completing the Specific Repurchase.

5.3 Furthermore, in respect of the Subsidiary Repurchase:

5.3.1 in terms of section 46(1)(a)(ii) of the Companies Act and the Listings Requirements, the Board has, by resolution, authorised the Subsidiary Repurchase;

5.3.2 in terms of section 46(1)(b) of the Companies Act, it reasonably appears that HCI will satisfy the Solvency and Liquidity Test immediately after completing the Subsidiary Repurchase; and

5.3.3 in terms of section 46(1)(c) of the Companies Act, the Board has, by resolution, acknowledged that it has applied the Solvency and Liquidity Test as set out in section 4 of the Companies Act, and reasonably concluded that the Company will satisfy the Solvency and Liquidity Test immediately after completing the Subsidiary Repurchase.

6. MAJOR BENEFICIAL SHAREHOLDERS

To the best of HCI's knowledge and belief, the following major beneficial shareholders (excluding Directors) were, as at the Last Practicable Date, directly or indirectly, the beneficial owners of 5% or more of the issued share capital of HCI:

Before the Specific Repurchase and the Subsidiary Repurchase:

Shareholder	Direct number of shares held	Indirect number of shares held	Percentage of issued share capital net of Subsidiary Shares
Sactwu and associated entities	34 466 965	–	32.2
MJA Golding	7 018 646	1 371 519	7.9
Total	**41 485 611**	**1 137 519**	**40.1**

After the Specific Repurchase and the Subsidiary Repurchase:

Shareholder	Direct number of shares held	Indirect number of shares held	Percentage of issued share capital net of Subsidiary Shares
Sactwu and associated entities	34 466 965	–	32.9
MJA Golding	7 018 646	921 519	7.6
Total	**41 485 611**	**921 519**	**40.5**

7. MATERIAL CHANGES

There have been no material changes in the financial or trading position of HCI Group since the end of the last financial period, being 31 March 2014, up to and including the Last Practicable Date.

8. DIRECTORS

8.1 Directors' interests

The Directors' interests in HCI Shares, as at the Last Practicable Date, are as follows:

Director	Direct beneficial	Indirect beneficial	Associates	Percentage of total issued share capital (%) net of Subsidiary Shares
Executive Directors				
JA Copelyn	5 584 766	–	–	5.2
TG Govender	215 024	17 250	1 354 244	1.5
Y Shaik	–	–	–	–
MJA Golding[1]	7 018 646	1 371 519	–	7.9
Non-executive Directors				
VM Engel	2 000	–	–	–
VE Mphande	–	–	–	–
B Hogan[2]	–	–	–	–
L Maasdorp	–	–	–	–
MF Magugu	–	–	–	–
LM Molefi	–	–	–	–
JG Ngcobo	–	–	–	–
RD Watson	–	–	–	–

Notes:

1. Resigned 30 October 2014.
2. Resigned 27 October 2014.

The Directors' interests in HCI Shares, after the Specific Repurchase and Subsidiary Repurchase, are as follows:

Director	Direct beneficial	Indirect beneficial	Associates	Percentage of total issued share capital (%) net of Subsidiary Shares
Executive Directors				
JA Copelyn	5 584 766	–	–	5.3
TG Govender	215 024	17 250	1 004 244	1.2
Y Shaik	–	–	–	–
MJA Golding[1]	7 018 646	921 519	–	7.6
Non-executive Directors				
VM Engel	2 000	–	–	–
VE Mphande	–	–	–	–
B Hogan[2]	–	–	–	–
L Maasdorp	–	–	–	–
MF Magugu	–	–	–	–
LM Molefi	–	–	–	–
JG Ngcobo	–	–	–	–
RD Watson	–	–	–	–

Notes:

1. Resigned 30 October 2014.
2. Resigned 27 October 2014.

Other than the award of options detailed in the SENS announcement on 22 September 2014, there have been no changes to the Directors' shareholdings since the previous financial year end.

At the Last Practicable Date, none of the Directors (and their Associates), including previous Directors of the Company who had resigned in the 18 months prior to the Last Practicable Date, had a material beneficial interest in the transactions entered into by HCI other than as a result of their shareholdings in HCI as disclosed above.

9. SHARE CAPITAL

The table below sets out the authorised and issued share capital of HCI before and after the Specific Repurchase and Subsidiary Repurchase:

	R'000
Share capital as at the Last Practicable Date – Before the Specific Repurchase and Subsidiary Repurchase	
Authorised share capital	
450 000 000 ordinary shares with a par value of R0.25 each	112 500
Issued share capital	
112 422 189 ordinary shares with a par value of R0.25 each	28 106
Treasury shares	
5 500 000 ordinary shares with a par value of R0.25 each	1 375
Issued share capital net of treasury shares	
106 922 189 ordinary shares with a par value of R0.25 each	26 731
Share premium	–
Share capital as at Last Practicable Date – After the Specific Repurchase and Subsidiary Repurchase	
Authorised share capital	
450 000 000 ordinary shares with a par value of R0.25 each	112 500
Issued share capital	
104 922 189 ordinary shares with a par value of R0.25 each	26 231
Share premium	–
Treasury shares	
Zero ordinary shares with a par value of R0.25 each	–
Issued share capital net of treasury shares	
104 922 189 ordinary shares with a par value of R0.25 each	26 231

10. COSTS OF THE SPECIFIC REPURCHASE AND THE SUBSIDIARY REPURCHASE

The costs (exclusive of value-added tax) of the Specific Repurchase and the Subsidiary Repurchase are anticipated to be:

Description	Estimated amount (Rand)
Securities Transfer Tax	2 764 375
Investment bank and sponsor – Investec Bank Limited	250 000
Legal and other advisory fees – ENS	70 000
Independent expert report – BDO South Africa	100 000
Printing and related costs – Ince	45 000
JSE documentation fees	20 000
Total	3 249 375

11. TRP IMPLICATIONS

The TRP has provided HCI with an exemption certificate in terms of sections 119(6)(a) and 119(6)(c) of the Companies Act exempting HCI from compliance with the provisions of Part B and C of the Companies Act and the takeover regulations in respect of the Subsidiary Repurchase.

12. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors, whose names are set out on the inside front cover of this Circular, collectively and individually accept full responsibility for the accuracy of the information given in this Circular in relation to HCI and certify that, to the best of their knowledge and belief, no facts have been omitted which would make any statement in this Circular false or misleading, that all reasonable enquiries to ascertain such facts have been made and that the Circular contains all information required by law and the Listings Requirements.

13. IMPACT ON THE FINANCIAL INFORMATION OF HCI

The Specific Repurchase is anticipated to be funded from HCI's general banking facilities (which bear interest at 7.25%), and will result in a decrease in equity by the amount of the Repurchase Consideration (R300 million) as a result of the repurchase of the HCI Shares.

14. CONSENTS

The legal advisers, investment bank, independent expert, sponsor and Transfer Secretary have consented in writing to act in the capacities stated in this document and to their names being stated in this document and in the case of the independent expert, reference to their report in the form and context in which it appears and have not withdrawn their consent prior to the publication of this Circular.

15. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents, or copies thereof, will be available for inspection at the registered office of HCI during normal office hours from Friday, 9 January 2015 to Tuesday, 10 February 2015:

- the MOI of HCI and its Subsidiaries;
- the consolidated audited annual financial statements of HCI for the years ended 31 March 2012, 31 March 2013 and 31 March 2014;
- the unaudited consolidated interim results of HCI for the six months ended 30 September 2014;
- the consent letters referred to in paragraph 14 above;
- the independent expert's report;
- this Circular; and
- the Share Buy-Back Agreements.

By order of the Board

JA Copelyn
Chief Executive Officer

TG Govender
Chief Financial Officer

9 January 2015

Registered office
Suite 801
76 Regent Road
Sea Point
Cape Town, 8005

INDEPENDENT EXPERT'S REPORT

The Directors
Hosken Consolidated Investments Limited
Suite 801
76 Regent Road
Sea Point
Cape Town
8005

5 January 2015

Dear Sirs

REPORT OF THE INDEPENDENT PROFESSIONAL EXPERT TO HOSKEN CONSOLIDATED INVESTMENTS LIMITED REGARDING THE SPECIFIC REPURCHASE BY HOSKEN CONSOLIDATED INVESTMENTS LIMITED OF ITS ORDINARY SHARES FROM A WHOLLY-OWNED SUBSIDIARY

1. INTRODUCTION

Hosken Consolidated Investments Limited ("HCI" or the "Company") announced on the Stock Exchange News Service ("SENS") of the JSE Limited ("JSE") on 1 December 2014 that it had has concluded agreements ("Repurchase Agreements") with certain directors of HCI, directors of HCI subsidiary companies and/or associates of such directors ("the Parties") in terms of which HCI will acquire 2 000 000 HCI ordinary shares ("HCI Shares"), at a price of R150 per HCI Share (the "Specific Repurchase"). Following the Specific Repurchase HCI will hold 5 500 000 HCI Shares as treasury shares in a wholly-owned subsidiary ("Subsidiary"). HCI will acquire the 5 500 000 HCI Shares held by its wholly-owned subsidiary and will cancel these HCI Shares (the "Subsidiary Repurchase"). The HCI Shares acquired pursuant to the Specific Repurchase will be applied against HCI's reserves.

HCI holds 5 500 000 HCI Shares as treasury shares in a wholly-owned subsidiary ("Subsidiary"). Subsequent to the Specific Repurchase, HCI will acquire the 5 500 000 HCI Shares held by its wholly-owned subsidiary at a price of R146.50 per HCI Share and will cancel these HCI Shares (the "Subsidiary Repurchase"). The repurchase price in respect of the Subsidiary Repurchase is equal to the closing price of an HCI Share on 11 December, being the date preceding the effective date of the Subsidiary Repurchase. The HCI Shares acquired pursuant to the Subsidiary Repurchase will be applied against HCI's reserves.

In 2014, HCI acquired 5 500 000 HCI Shares from a wholly-owned subsidiary (the "Previous Repurchase"). These HCI Shares together with the HCI Shares to be acquired in terms of the Subsidiary Repurchase constitute more than 5% of HCI's issued shares.

In accordance with section 114(2) of the Companies Act (No. 71 of 2008), as amended (the "Companies Act"), BDO Corporate Finance Proprietary Limited ("BDO Corporate Finance") has been appointed by the board of directors of HCI (the "Board" or the "Directors") to provide independent external advice to the Board regarding the provisions of section 114(4) of the Companies Act (as read with section 48(8)(b) and section 115 of the Companies Act) in respect of the Subsidiary Repurchase.

As at the date of this opinion, the share capital of the Company prior to the Specific Repurchase and Subsidiary Repurchase comprises the following:

Share capital as at the Last Practicable Date – Before the specific repurchase and Subsidiary Repurchase	**R'000**
Authorised share capital	
450 000 000 ordinary shares with a par value of R0.25 each	112 500
Issued share capital	
112 422 189 ordinary shares with a par value of R0.25 each	28 106
Treasury shares	
5 500 000 ordinary shares with a par value of R0.25 each	1 375
Issued share capital net of treasury shares	
106 922 189 ordinary shares with a par value of R0.25 each	26 731
Share premium	–

The interests of the Directors in HCI Shares are set out below:

Director	**Direct beneficial**	**Indirect beneficial**	**Associates**	**Percentage of total issued share capital (%)**
Executive Directors				
JA Copelyn	5 584 766	–	–	5.2
TG Govender	215 024	17 250	1 354 244	1.5
Y Shaik	–	–	–	–
MJA Golding[1]	7 018 646	1 371 519	–	7.9
Non-executive Directors				
VM Engel	2 000	–	–	–
VE Mphande	–	–	–	–
B Hogan[2]	–	–	–	–
L Maasdorp	–	–	–	–
MF Magugu	–	–	–	–
LM Molefi	–	–	–	–
JG Ngcobo	–	–	–	–
RD Watson	–	–	–	–

Notes:

1. Resigned 30 October 2014.
2. Resigned 27 October 2014.

The effect of the Specific Repurchase on the above material interests is as follows: (i) JA Copelyn's 5.22% direct shareholding in HCI will increase to 5.32%; (ii) TG Govender's 0.217% direct and indirect shareholding in HCI will increase to 0.221% while shareholding by Associates of TG Govender of 1.27% will decrease to 0.96%.

The Subsidiary Repurchase will have no financial effect on HCI or HCI shareholders, other than in respect of transaction costs as disclosed in the circular to the HCI shareholders (the "Circular").

As the Subsidiary Repurchase is intra-group the only impact on the net asset value of HCI will be the transaction costs expected to be incurred. The *pro forma* financial effects have therefore not been disclosed.

The effects of the Subsidiary Repurchase detailed above will also apply to the Directors.

Copies of sections 115 and 164 of the Companies Act are included as Annexures to this report of the independent expert.

FAIR AND REASONABLE OPINION REQUIRED

As the Subsidiary Repurchase involves the acquisition by the Company of more than 5% of the Company's ordinary shares in issue when aggregated with the Previous Repurchase, section 48(8)(b) of the Companies Act specifies that the Subsidiary Repurchase is subject to the requirements of sections 114 and 115 of the Companies Act. In terms of section 114(2) of the Companies Act as read together with Regulation 90 of the Companies Regulations, 2011 (the "Companies Regulations"), the board of directors must retain an independent expert to compile a report on the Subsidiary Repurchase (the "Fair and Reasonable Opinion"). BDO Corporate Finance has been appointed by the Board to provide the Fair and Reasonable Opinion.

2. RESPONSIBILITY

Compliance with the Companies Act is the responsibility of the Directors. Our responsibility is to report to the Directors and shareholders of HCI on the fairness and reasonableness of the terms of the Subsidiary Repurchase.

3. EXPLANATION AS TO HOW THE TERMS "FAIR" AND "REASONABLE" APPLY IN THE CONTEXT OF THE REPURCHASE

The assessment of the "fairness" of a transaction is primarily based on quantitative considerations. A transaction will generally be considered fair to a company's shareholders if the benefits received by shareholders, as a result of a corporate action, are equal to or greater than the value surrendered by a company.

The Subsidiary Repurchase may be said to be fair if the value attributable to the Company and its shareholders post the Subsidiary Repurchase exceeds or is equal to the attributable value prior to the Subsidiary Repurchase or unfair if the attributable value post the Subsidiary Repurchase is less than the attributable value prior to the Subsidiary Repurchase.

An assessment of reasonableness is generally based on factors other than quantitative considerations. Even though the repurchase consideration may differ from the market value of the assets being acquired, a transaction may still be fair and reasonable after considering other significant qualitative factors.

4. DETAILS AND SOURCES OF INFORMATION

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

- the Circular;
- the terms and conditions of the Subsidiary Repurchase;
- annual financial statements of HCI for the years ended 31 March 2013 and 2014;
- published unaudited group interim results of HCI for the six months ended 30 September 2014;
- budgeted head office and administration costs of HCI for the year ending 31 March 2015;
- financial information in respect of each of HCI's unlisted investments;
- historic and forward revenue, earnings before interest and tax ("EBIT"), earnings before interest, taxation, depreciation and amortisation ("EBITDA") and profit after tax ("PAT") multiples for comparable publicly traded companies in respect of each of HCI's unlisted investments. Forward multiples are based on consensus analyst's forecasts as per Thomson Reuters and iNet BFA;
- share price information of each of HCI listed investments as published on the JSE Limited as at 11 December 2014, being the date preceding the effective date of the Subsidiary Repurchase;
- discussions with HCI directors and management regarding the rationale for the Subsidiary Repurchase;
- discussions with HCI directors and management regarding the financial information of HCI and its unlisted investments; and
- discussions with HCI directors and management on prevailing market, economic, legal and other conditions which may affect underlying value.

The information above was secured from:

- executive directors and management of HCI and their advisers; and
- third party sources, including information related to publicly available economic, market and other data which we considered applicable to, or potentially influencing HCI.

5. PROCEDURES

In arriving at our opinion we have undertaken the following procedures and taken into account the following factors in evaluating the fairness and reasonableness of the Subsidiary Repurchase:

- reviewed the terms and conditions of the Subsidiary Repurchase;
- reviewed the financial information related to HCI and its underlying investments, as detailed above;
- held discussions with directors of HCI and considered such other matters as we consider necessary, including assessing the prevailing economic and market conditions and trends;
- reviewed and obtained an understanding from management as to the forecast financial information of HCI and its underlying investments and assessed the achievability thereof by considering historic information as well as macro-economic and sector-specific data;

- held discussions with directors of HCI and considered such other matters as we consider necessary, including assessing the prevailing economic and market conditions and trends;
- obtained the closing price per share of the underlying listed investments in order to ascertain the value market value of the interests held by HCI;
- compiled a capitalisation of maintainable earnings valuation for HCI's unlisted investments by using adjusted historical and forecast financial information and applied BDO Corporate Finance's calculated earnings multiples based on market comparables, adjusted for company specific factors for each unlisted investment relative to listed peers, to revenue, EBIT, EBITDA and PAT;
- determined the net present value ("NPV") of HCI's head office and administration function;
- aggregated the valuations of the underlying investments of HCI and its head office and administration function, as well as investment properties and financial assets and financial liabilities to determine a sum-of-the-parts ("SOTP") valuation of HCI;
- assessed the long-term potential of HCI and its underlying investments;
- evaluated the relative risks associated with HCI and its underlying investments and the industries in which they operate;
- reviewed certain publicly available information relating to HCI and its underlying investments and the industries in which they operate that we deemed to be relevant, including Company announcements and media articles;
- where relevant, representations made by management and/or directors were corroborated to source documents or independent analytical procedures were performed by us, to examine and understand the industry in which HCI and its underlying investments operate, and to analyse external factors that could influence the businesses of HCI and its underlying investments; and
- held discussions with the directors and management of HCI as to their strategy and the rationale for the Subsidiary Repurchase and considered such other matters as we considered necessary, including assessing prevailing economic and market conditions and trends.

6. ASSUMPTIONS

We arrived at our opinion based on the following assumptions:

- that all agreements that are to be entered into in terms of the Subsidiary Repurchase will be legally enforceable;
- that the Subsidiary Repurchase will have the legal, accounting and taxation consequences described in discussions with, and materials furnished to us by representatives and advisers of HCI; and
- that reliance can be placed on the financial information of HCI.

7. APPROPRIATENESS AND REASONABLENESS OF UNDERLYING INFORMATION AND ASSUMPTIONS

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

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

8. LIMITING CONDITIONS

This opinion is provided in connection with and for the purposes of the Subsidiary Repurchase. The opinion does not purport to cater for each individual shareholder's perspective, but rather that of the general body of HCI shareholders.

Individual shareholders' decisions regarding the Subsidiary Repurchase may be influenced by such shareholders' particular circumstances and accordingly individual shareholders should consult an independent adviser if in any doubt as to the merits or otherwise of the Subsidiary Repurchase.

We have relied upon and assumed the accuracy of the information provided to us in deriving our opinion. Where practical, we have corroborated the reasonableness of the information provided to us for the purpose of our opinion, whether in writing or obtained in discussion with management, 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 an audit conducted in accordance with generally accepted auditing standards.

Where relevant, forward-looking information of HCI and its underlying investments relates to future events and is based on assumptions that may or may not remain valid for the whole of the forecast period. Consequently, such information cannot be relied upon to the same extent as that derived from audited financial statements for completed accounting periods. We express no opinion as to how closely the actual future results of HCI and its underlying investments will correspond to those projected. We have, however, compared the forecast financial information to past trends as well as discussing the assumptions inherent therein with management.

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

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

INDEPENDENCE, COMPETENCE AND FEES

We confirm that BDO Corporate Finance meet the requirements as set out in section 114(2) of the Companies Act. We also confirm that we have the necessary qualifications and competence to provide the Fair and Reasonable Opinion on the Subsidiary Repurchase.

Furthermore, we confirm that our professional fees of R100 000, payable in cash, are not contingent upon the success of the proposed Subsidiary Repurchase.

9. VALUATION APPROACH

BDO Corporate Finance performed a valuation of HCI on a SOTP basis to determine whether the Subsidiary Repurchase represent fair value to the HCI shareholders. The valuation of HCI has been based upon an aggregation of the sum of the parts of HCI attributable interest in each of its investments as detailed below:

Investment	Description	Valuation approach
Tsogo Sun Holdings Limited	Listed investment	Market price
Niveus Investments Limited	Listed investment	Market price
Seardel Investment Corporation Limited	Listed investment	Market price
Montauk Holdings Limited	Listed investment	Market price
Deneb Investments Limited	Listed investment	Market price
Oceania Capital Partners	Listed investment	Market price
Golden Arrow Bus Services	Unlisted investment	Market approach
HCI Coal	Unlisted investment	Market approach
Syntell	Unlisted investment	Market approach
Formex Industries	Unlisted investment	Market approach
Galaxy Bingo	Unlisted investment	Market approach
Business Systems Group (Africa)	Unlisted investment	Market approach
HCI Properties	Investment properties	Independent property valuations
Gallagher Estate	Investment property	Independent property valuations
Cash and other financial assets and receivables	Financial assets	Carrying value
Long-term borrowings and other liabilities	Financial liabilities	Carrying value
HCI Corporate Office	Head Office	Discounted cash flow

The valuation was performed taking cognisance of risk and other market and industry factors affecting HCI and its underlying investments.

Appropriate blockage discounts, which reflect the difficulty in selling a large block of shares, were applied to the listed investments based on the how many shares HCI holds relative to the normal daily, weekly, monthly and annual trading volumes of each listed investment.

BDO Corporate Finance performed a Market Valuation of unlisted investments using the capitalisation of maintainable earnings methodology. Key internal value drivers and assumptions to the capitalisation of maintainable earnings valuation included an assessment of non-recurring transactions included in historical results, operating margins and

expected future growth in the business. Prevailing market and industry conditions were also considered as key external value drivers in assessing the risk profile of each unlisted investment as well as an assessment of market-related revenue, EBIT, EBITDA and PAT multiples applicable to comparable publicly traded companies.

We selected a basket of comparable companies with similar operations to each unlisted investment. Historic and forward multiples were calculated for these comparable companies. Outliers were excluded and a range of market multiples was determined. This range was adjusted for differences between each unlisted investment and the basket of peers to account for the risk profile of each unlisted investment relative to the basket of peers.

Key internal value drivers to the capitalisation of maintainable earnings valuation included an assessment of non-recurring transactions included in historical results, operating margins and expected future growth in the business. Prevailing market and industry conditions were also considered as key external value drivers in assessing the risk profile of the entities being valued as well as an assessment of market-related earnings multiples applicable to comparable companies in the same or similar industries.

An adjustment was made for capital gains tax based on the fair value of each investment relative to the investment's base cost.

10. VALUATION RESULTS

In undertaking the valuation exercise above, we determined a valuation range for of R163.50 to R176.80 with a most likely value of R169.88 per HCI Share.

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

REASONABLENESS OF THE REPURCHASE

We have assessed the terms of the Subsidiary Repurchase with reference to normal market-related practice. We have found no indication that the Subsidiary Repurchase will have any material adverse effect on the Company or its shareholders and have identified no transaction parameters which could be considered unreasonable to the Company or its shareholders.

OPINION

BDO Corporate Finance has considered the terms and conditions of the Subsidiary Repurchase and, based on and subject to the conditions set out herein, is of the opinion that the terms and conditions of the Subsidiary Repurchase (including, without limitation, the Subsidiary Repurchase consideration), based on quantitative considerations, are fair to the HCI shareholders.

Based on qualitative factors, we are of the opinion that the terms and conditions of the Subsidiary Repurchase (including, without limitation, the Subsidiary Repurchase consideration), are reasonable from the perspective of HCI shareholders.

It is our understanding that following the Subsidiary Repurchase, there is no anticipated material change in HCI's business model.

Our opinion is necessarily based upon the information available to us up to 5 January 2015, including in respect of the financial information as well as other conditions and circumstances existing and disclosed to us. We have assumed that all conditions precedent, including any material regulatory and other approvals or consents required in connection with the Subsidiary Repurchase have been fulfilled or obtained.

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

Yours faithfully

N Lazanakis
Director

BDO Corporate Finance Proprietary Limited
22 Wellington Road
Parktown
2193

115. Required approval for transactions contemplated in Part A

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

(a) the disposal, amalgamation or merger, or scheme of arrangement:

(i) has been approved in terms of this section; or

(ii) is pursuant to or contemplated in an approved business rescue plan for that company, in terms of Chapter 6; and

(b) to the extent that Parts B and C of this Chapter, and the Takeover Regulations, apply to a company that proposes to:

(i) dispose of all or the greater part of its assets or undertaking;

(ii) amalgamate or merge with another company; or

(iii) implement a scheme of arrangement,

the Panel has issued a compliance certificate in respect of the transaction, in terms of section 119(4)(b), or exempted the transaction in terms of section 119(6).

(2) A proposed transaction contemplated in subsection (1) must be approved:

(a) by a special resolution adopted by persons entitled to exercise voting rights on such a matter, at a meeting called for that purpose and at which sufficient persons are present to exercise, in aggregate, at least 25% of all of the voting rights that arc entitled to be exercised on that matter, or any higher percentage as may be required by the company's Memorandum of Incorporation, as contemplated in section 64(2); and

(b) by a special resolution, also adopted in the manner required by paragraph (a), by the shareholders of the company's holding company if any, if:

(i) the holding company is a company or an external company;

(ii) the proposed transaction concerns a disposal of all or the greater part of the assets or undertaking of the subsidiary; and

(iii) having regard to the consolidated financial statements of the holding company, the disposal by the subsidiary constitutes a disposal of all or the greater part of the assets or undertaking of the holding company; and

(c) by the court, to the extent required in the circumstances and manner contemplated in subsections (3) to (6).

(3) Despite a resolution having been adopted as contemplated in subsections (2)(a) and (b), a company may not proceed to implement that resolution without the approval of a court if:

(a) the resolution was opposed by at least 15% of the voting rights that were exercised on that resolution and, within five business days after the vote, any person who voted against the resolution requires the company to seek court approval; or

(b) the court, on an application within 10 business days after the vote by any person who voted against the resolution, grants that person leave, in terms of subsection (6), to apply to a court for a review of the transaction in accordance with subsection (7).

(4) For the purposes of subsections (2) and (3), any voting rights controlled by an acquiring party, a person related to an acquiring party, or a person acting in concert with either of them, must not be included in calculating the percentage of voting rights:

(a) required to be present, or actually present, in determining whether the applicable quorum requirements are satisfied; or

(b) required to be voted in support of a resolution, or actually voted in support of the resolution.

(4A) In subsection (4), "act in concert" has the meaning set out in section 117(1)(b).

(5) If a resolution requires approval by a court as contemplated in terms of subsection (3)(a), the company must either:

(a) within 10 business days after the vote, apply to the court for approval, and bear the costs of that application; or

(b) treat the resolution as a nullity.

(6) On an application contemplated in subsection (3)(b), the court may grant leave only if it is satisfied that the applicant:

(a) is acting in good faith;

(b) appears prepared and able to sustain the proceedings; and

(c) has alleged facts which, if proved, would support an order in terms of subsection (7).

(7) On reviewing a resolution that is the subject of an application in terms of subsection (5)(a), or after granting leave in terms of subsection (6), the court may set aside the resolution only if:

(a) the resolution is manifestly unfair to any class of holders of the company's securities; or

(b) the vote was materially tainted by conflict of interest, inadequate disclosure, failure to comply with the Act, the Memorandum of Incorporation or any applicable rules of the company, or other significant and material procedural irregularity.

(8) The holder of any voting rights in a company is entitled to seek relief in terms of section 164 if that person:

(a) notified the company in advance of the intention to oppose a special resolution contemplated in this section; and

(b) was present at the meeting and voted against that special resolution.

(9) If a transaction contemplated in this Part has been approved, any person to whom assets are, or an undertaking is, to be transferred, may apply to a court for an order to effect:

(a) the transfer of the whole or any part of the undertaking, assets and liabilities of a company contemplated in that transaction;

(b) the allotment and appropriation of any shares or similar interests to be allotted or appropriated as a consequence of the transaction;

(c) the transfer of shares from one person to another;

(d) the dissolution, without winding-up, of a company, as contemplated in the transaction;

(e) incidental, consequential and supplemental matters that are necessary for the effectiveness and completion of the transaction; or

(f) any other relief that may be necessary or appropriate to give effect to, and properly implement, the amalgamation or merger.

164. Dissenting shareholders appraisal rights

(1) This section does not apply in any circumstances relating to a transaction, agreement or offer pursuant to a business rescue plan that was approved by shareholders of a company, in terms of section 152.

(2) If a company has given notice to shareholders of a meeting to consider adopting a resolution to:

(a) amend its Memorandum of Incorporation by altering the preferences, rights, limitations or other terms of any class of its shares in any manner materially adverse to the rights or interests of holders of that class of shares, as contemplated in section 37(8); or

(b) enter into a transaction contemplated in sections 112, 113, or 114,

that notice must include a statement informing shareholders of their rights under this section.

(3) At any time before a resolution referred to in subsection (2) is to be voted on, a dissenting shareholder may give the company a written notice objecting to the resolution.

(4) Within 10 business days after a company has adopted a resolution contemplated in this section, the company must send a notice that the resolution has been adopted to each shareholder who:

(a) gave the company a written notice of objection in terms of subsection (3); and

(b) has neither:

(i) withdrawn that notice; or

(ii) voted in support of the resolution.

(5) A shareholder may demand that the company pay the shareholder the fair value for all of the shares of the company held by that person if:

(a) the shareholder:

(i) sent the company a notice of objection, subject to subsection (6); and

(ii) in the case of an amendment to the company's Memorandum of Incorporation, holds shares of a class that is materially and adversely affected by the amendment;

(b) the company has adopted the resolution contemplated in subsection (2); and

(c) the shareholder:

(i) voted against that resolution; and

(ii) has complied with all of the procedural requirements of this section.

(6) The requirement of subsection (5)(a)(i) does not apply if the company failed to give notice of the meeting, or failed to include in that notice a statement of the shareholders rights under this section.

(7) A shareholder who satisfies the requirements of subsection (5) may make a demand contemplated in that subsection by delivering a written notice to the company within:

(a) 20 business days after receiving a notice under subsection (4); or

(b) if the shareholder does not receive a notice under subsection (4), within 20 business days after learning that the resolution has been adopted.

(8) A demand delivered in terms of subsections (5) to (7) must also be delivered to the Panel, and must state:

(a) the shareholder's name and address;

(b) the number and class of shares in respect of which the shareholder seeks payment; and

(c) a demand for payment of the fair value of those shares.

(9) A shareholder who has sent a demand in terms of subsections (5) to (8) has no further rights in respect of those shares, other than to be paid their fair value, unless:

(a) the shareholder withdraws that demand before the company makes an offer under subsection (11), or allows an offer made by the company to lapse, as contemplated in subsection (12)(b);

(b) the company fails to make an offer in accordance with subsection (11) and the shareholder withdraws the demand; or

(c) the company, by a subsequent special resolution, revokes the adopted resolution that gave rise to the shareholder's rights under this section.

(10) If any of the events contemplated in subsection (9) occur, all of the shareholder's rights in respect of the shares are reinstated without interruption.

(11) Within five business days after the later of:

(a) the day on which the action approved by the resolution is effective;

(b) the last day for the receipt of demands in terms of subsection (7)(a); or

(c) the day the company received a demand as contemplated in subsection (7)(b), if applicable, the company must send to each shareholder who has sent such a demand a written offer to pay an amount considered by the company's directors to be the fair value of the relevant shares, subject to subsection (16), accompanied by a statement showing how that value was determined.

(12) Every offer made under subsection (11):

(a) in respect of shares of the same class or series must be on the same terms; and

(b) lapses if it has not been accepted within 30 business days after it was made.

(13) If a shareholder accepts an offer made under subsection (12):

(a) the shareholder must either in the case of:

(i) shares evidenced by certificates, tender the relevant share certificates to the company or the company's transfer agent; or

(ii) uncertificated shares, take the steps required in terms of section 53 to direct the transfer of those shares to the company or the company's transfer agent; and

(b) the company must pay that shareholder the agreed amount within 10 business days after the shareholder accepted the offer and:

(i) tendered the share certificates; or

(ii) directed the transfer to the company of uncertificated shares.

(14) A shareholder who has made a demand in terms of subsections (5) to (8) may apply to a court to determine a fair value in respect of the shares that were the subject of that demand, and an order requiring the company to pay the shareholder the fair value so determined, if the company has:

(a) failed to make an offer under subsection (11); or

(b) made an offer that the shareholder considers to be inadequate, and that offer has not lapsed.

(15) On an application to the court under subsection (14):

(a) all dissenting shareholders who have not accepted an offer from the company as at the date of the application must be joined as parties and are bound by the decision of the court;

(b) the company must notify each affected dissenting shareholder of the date, place and consequences of the application and of their right to participate in the court proceedings; and

(c) the court:

(i) may determine whether any other person is a dissenting shareholder who should be joined as a party;

(ii) must determine a fair value in respect of the shares of all dissenting shareholders, subject to subsection (16);

(iii) in its discretion may:

(aa) appoint one or more appraisers to assist it in determining the fair value in respect of the shares; or

(bb) allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective, until the date of payment;

(iv) may make an appropriate order of costs, having regard to any offer made by the company, and the final determination of the fair value by the court; and

(v) must make an order requiring:

(aa) the dissenting shareholders to either withdraw their respective demands or to comply with subsection (13)(a); and

(bb) the company to pay the fair value in respect of their shares to each dissenting shareholder who complies with subsection (13)(a), subject to any conditions the court considers necessary to ensure that the company fulfils its obligations under this section.

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

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

(b) the company must comply with the requirements of subsection 13(b).

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

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

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

(b) the court may make an order that:

(i) is just and equitable, having regard to the financial circumstances of the company; and

(ii) ensures that the person to whom the company owes money in terms of this section is paid at the earliest possible date compatible with the company satisfying its other financial obligations as they fall due and payable.

(18) If the resolution that gave rise to a shareholder's rights under this section authorised the company to amalgamate or merge with one or more other companies, such that the company whose shares are the subject of a demand in terms of this section has ceased to exist, the obligations of that company under this section are obligations of the successor to that company resulting from the amalgamation or merger.

(19) For greater certainty, the making of a demand, tendering of shares and payment by a company to a shareholder in terms of this section do not constitute a distribution by the company, or an acquisition of its shares by the company within the meaning of section 48, and therefore are not subject to:

(a) the provisions of that section; or

(b) the application by the company of the solvency and liquidity test set out in section 4.

(20) Except to the extent:

(a) expressly provided in this section; or

(b) that the Panel rules otherwise in a particular case,

a payment by a company to a shareholder in terms of this section docs not obligate any person to make a comparable offer under section 125 to any other person.

HOSKEN CONSOLIDATED INVESTMENTS LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 1973/007111/06)
Share code: HCI ISIN: ZAE000003257

NOTICE OF GENERAL MEETING

All terms defined in the Circular, to which this notice of General Meeting is attached, shall bear the same meanings when used in this notice of General Meeting.

Notice is hereby given to HCI Shareholders recorded in the Company's Register on Friday, 2 January 2015, that the General Meeting of HCI Shareholders will be held at the office of HCI, Suite 801, 76 Regent Road, Sea Point, Cape Town, 8005, on Tuesday, 10 February 2015 at 10:00, to consider and, if deemed fit, pass, with or without modification, the special and ordinary and special resolutions set out hereunder. The record date for determining which HCI Shareholders are entitled to participate in and vote at the General Meeting is Friday, 30 January 2015. Accordingly, the last day to trade in order to be eligible to participate and vote at the General Meeting will be Friday, 23 January 2015.

Please note that HCI intends to provide for participation by way of electronic communication to HCI Shareholders to participate in the General Meeting. In this regard, please read the notes at the end of this notice.

RESOLUTIONS RELATED TO THE SPECIFIC REPURCHASE

Special resolution 1 – Specific authority for the acquisition by the Company of 1 000 000 HCI Shares currently owned by The Corjo Trust (a family trust of Mr Copelyn, the Chief Executive Officer of HCI), Andre van der Veen (director of various HCI Subsidiaries) and Majorshelf (an Associate, as defined in the Listings Requirements, of Mr Govender, the Chief Financial Officer of HCI) at a price of R150.00 per HCI Share

"Resolved as a special resolution that, the Company be and is hereby authorised, by way of a specific authority, in accordance with the applicable provisions of the Companies Act, the Listings Requirements and its Memorandum of Incorporation, to acquire an aggregate of 1 000 000 HCI Shares, being 500 000 HCI Shares currently owned by The Corjo Trust, 150 000 HCI Shares currently owned by Andre van der Veen and 350 000 HCI Shares currently owned by Majorshelf for a consideration of R150.00 per HCI Share, and an aggregate consideration of R150 000 000."

Once the specific repurchase has been completed, the HCI Shares acquired from the above parties will be cancelled and restored to the authorised, but unissued, share capital of the Company.

In terms of the Companies Act, the Company's Memorandum of Incorporation and the Listings Requirements, this resolution will be adopted with the support of not less than 75% of voting rights exercised on this resolution. The votes of the Selling Parties and their Associates will be taken into account in determining whether a quorum of HCI Shareholders is present at the General Meeting, but such votes will not be taken into account in determining the results of the voting on this resolution.

The Directors have considered the impact of the Specific Repurchase contemplated in this resolution and are of the opinion that the provisions of section 4 and section 48 of the Companies Act have been complied with, and:

- in terms of section 46(1)(a)(ii) of the Companies Act, the Board has, by resolution, authorised the Specific Repurchase;
- in terms of section 46(1)(b) of the Companies Act, it reasonably appears that the Company will satisfy the Solvency and Liquidity Test immediately after completing the Specific Repurchase; and
- in terms of section 46(1)(c) of the Companies Act and paragraph 5.69(b) of the Listings Requirements, the Board has, by resolution, acknowledged that it has applied the Solvency and Liquidity Test, and reasonably concluded that the Company will satisfy the Solvency and Liquidity Test immediately after completing the Specific Repurchase.

Reason and effect of the special resolution

The reason for the passing of special resolution 1 is, subject to the fulfilment and/or waiver of the conditions precedent to the Specific Repurchase, to authorise the Company to implement a repurchase in terms of the Listings Requirements and the Companies Act of 1 000 000 HCI Shares currently owned by The Corjo Trust, Andre van der Veen and Majorshelf at a price of R150.00 per HCI Share, for an aggregate purchase price of R150 000 000. The effect of the passing and implementation of the special resolution is that the Company would repurchase 1 000 000 HCI Shares.

Special resolution 2 – Specific authority for the acquisition by the Company of 1 000 000 HCI Shares currently owned by Circumference (an Associate, as defined by the Listings Requirements, of Mr Golding, the former Executive Chairman of HCI) at a price of R150.00 per HCI Share

"Resolved as a special resolution that, the Company be and is hereby authorised, by way of a specific authority, in accordance with the applicable provisions of the Companies Act, the Listings Requirements and its Memorandum of Incorporation, to acquire 1 000 000 HCI Shares currently owned by Circumference, for a consideration of R150.00 per HCI Share, and an aggregate consideration of R150 000 000."

Once the specific repurchase has been completed, the HCI Shares acquired from the above parties will be cancelled and restored to the authorised, but unissued, share capital of the Company.

In terms of the Companies Act, the Company's Memorandum of Incorporation and the Listings Requirements, this resolution will be adopted with the support of not less than 75% of voting rights exercised on this resolution. The votes of the Selling Parties and their Associates will be taken into account in determining whether a quorum of HCI Shareholders is present at the General Meeting, but such votes will not be taken into account in determining the results of the voting on this resolution.

The Directors have considered the impact of the Specific Repurchase contemplated in this resolution and are of the opinion that the provisions of section 4 and section 48 of the Companies Act have been complied with, and:

- in terms of section 46(1)(a)(ii) of the Companies Act, the Board has, by resolution, authorised the Specific Repurchase;
- in terms of section 46(1)(b) of the Companies Act, it reasonably appears that the Company will satisfy the Solvency and Liquidity Test immediately after completing the Specific Repurchase; and
- in terms of section 46(1)(c) of the Companies Act and paragraph 5.69(b) of the Listings Requirements, the Board has, by resolution, acknowledged that it has applied the Solvency and Liquidity Test, and reasonably concluded that the Company will satisfy the Solvency and Liquidity Test immediately after completing the Specific Repurchase.

Reason and effect of the special resolution

The reason for the passing of special resolution 2 is, subject to the fulfilment and/or waiver of the conditions precedent to the Specific Repurchase, to authorise the Company to implement a repurchase in terms of the Listings Requirements and the Companies Act, of 1 000 000 HCI Shares currently owned by Circumference at a price of R150.00 per HCI Share, for an aggregate purchase price of R150 000 000. The effect of the passing and implementation of the special resolution is that the Company would repurchase 1 000 000 HCI Shares.

Special resolution 3 – Specific authority for the acquisition by the Company of 5 500 000 HCI Shares from Squirewood, a wholly-owned Subsidiary of HCI

"Resolved as a special resolution that, the Company be and is hereby authorised, by way of a specific authority, in accordance with the applicable provisions of the Companies Act and its Memorandum of Incorporation, to acquire an aggregate of 5 500 000 HCI Shares from Squirewood, a wholly-owned Subsidiary of HCI, for a repurchase consideration of R146.50 per HCI Share, and an aggregate consideration of R805 750 000."

Once the Subsidiary Repurchase has been completed, the HCI Shares acquired will be cancelled and restored to the authorised, but unissued, share capital of the Company.

In terms of the Companies Act and the Company's Memorandum of Incorporation, this resolution will be adopted with the support of not less than 75% of voting rights exercised on this resolution.

The Directors have considered the impact of the Subsidiary Repurchase contemplated in this resolution and are of the opinion that the provisions of section 4 and section 48 of the Companies Act have been complied with, and:

- in terms of section 46(1)(a)(ii) of the Companies Act, the Board has, by resolution, authorised the Subsidiary Repurchase;
- in terms of section 46(1)(b) of the Companies Act, it reasonably appears that the Company will satisfy the Solvency and Liquidity Test immediately after completing the Subsidiary Repurchase; and

- in terms of section 46(1)(c) of the Companies Act and paragraph 5.69(b) of the Listings Requirements, the Board has, by resolution, acknowledged that it has applied the Solvency and Liquidity Test, and reasonably concluded that the Company will satisfy the Solvency and Liquidity Test immediately after completing the Subsidiary Repurchase.

Reason and effect of the special resolution

The reason for the passing of special resolution 3 is, subject to the fulfilment and/or waiver of the conditions precedent to the Subsidiary Repurchase, to authorise the Company to implement a repurchase in terms of the Companies Act of 5 550 000 HCI Shares currently owned by a wholly-owned Subsidiary of HCI for a repurchase consideration of R146.50 per HCI Share. The effect of the passing and implementation of the special resolution is that the Company would repurchase 5 550 000 HCI Shares from Squirewood.

Appraisal Rights for dissenting Shareholders

The attention of HCI Shareholders is drawn to the Independent Expert's Report attached as Annexure 1 to the Circular to which this notice of General Meeting is attached, which in accordance with section 122(3)(b)(ii) of the Companies Act sets out the provisions of sections 115 and 164 of the Companies Act.

In terms of section 164 of the Companies Act, at any time before the special resolution as set out in this notice of General Meeting is voted on, an HCI Shareholder may give the Company a written notice objecting to the special resolution.

Within 10 business days after the Company has adopted the special resolution, the Company must send a notice that the special resolution has been adopted to each HCI Shareholder who:

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

Subject to the provisions of section 164 of the Companies Act, a HCI Shareholder may demand that the Company pay the shareholder the fair value for all of the HCI Shares held by that person if:

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

Ordinary resolution – Directors' authority to take all such actions necessary to implement the above resolutions

"Resolved as an ordinary resolution that, any director of the Company, be and is hereby authorised and empowered to do all such things, sign all such documents and take all such actions as may be necessary for or incidental to the implementation of the Specific Repurchase and the Subsidiary Repurchase contemplated in the special resolutions contained in the notice convening the meeting at which this resolution will be considered."

In terms of section 65(7) of the Companies Act and the Company's Memorandum of Incorporation, this resolution will be adopted with the support of more than 50% of the voting rights exercised on this resolution.

Entitlement to attend and vote at the General Meeting

HCI Shareholders who wish to participate in the General Meeting should note that in terms of section 63 of the Companies Act, they are required to provide reasonable satisfactory identification before being entitled to attend or participate in the General Meeting. Forms of identification include valid identity documents, driver's licences and passports.

Certificated HCI Shareholders and Own-name Dematerialised Shareholders may attend and vote at the General Meeting, or alternatively appoint a proxy to attend, speak and, in respect of the resolutions, to be considered in the General Meeting, vote in their stead by completing the attached form of proxy and returning it to the Transfer Secretary at Computershare Investor Services Proprietary Limited, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) for administration purposes to be received by no later than 10:00 on Friday, 6 February 2015 (or alternatively to be delivered to the Company by hand by no later than 10:00 on Tuesday, 10 February 2015).

Dematerialised HCI Shareholders, other than Own-name Dematerialised HCI Shareholders, must contact their CSDP or Broker, as the case may be, and obtain the relevant letter of representation from it if they wish to attend the General Meeting. If HCI Shareholders are unable to attend the General Meeting but wish to be represented thereat, they must furnish their CSDP or Broker, as the case may be, with their instructions for voting at the General Meeting.

Forms of proxy should be forwarded to reach the Transfer Secretary at the address given above, for administration purposes by no later than 10:00 on Friday, 6 February 2015 (or delivered to the Company by hand by no later than 10:00 on Tuesday, 10 February 2015). The completion of a form of proxy will not preclude an HCI shareholder from attending the General Meeting.

HCI Shareholders wishing to participate electronically in the General Meeting are required to deliver written notice to the Company at Suite 801, 76 Regent Road, Sea Point, Cape Town, 8005 by no later than 10:00 on Friday, 6 February 2015 that they wish to participate via electronic communication at the General Meeting ("**Electronic Notice**"). In order for the Electronic Notice to be valid it must contain: (a) if the HCI Shareholder is an individual, a certified copy of his identity document and/or passport; (b) if the HCI Shareholder is not an individual, a certified copy of a resolution or letter of representation by the relevant entity and a certified copy of the identity documents and/or passports of the persons who passed the relevant resolution. The letter of representation or resolution must set out who from the relevant entity is authorised to represent the entity at the General Meeting via electronic communication; (c) a valid email address and/or facsimile number ("**Contact Address/Number**"); and (d) if the HCI Shareholder wishes to vote via electronic communication, set out that the HCI Shareholder wishes to vote via electronic communication. By no later than 24 (twenty four) hours before the General Meeting the Company shall use its reasonable endeavours to notify a shareholder at its Contact Address/Number who has delivered a valid Electronic Notice of the relevant details through which the shareholder can participate via electronic communication.

Should you wish to participate in the General Meeting by way of electronic communication as aforesaid, you, or your proxy, will be required to dial-in on the date of the General Meeting. The dial-in facility will be linked to the venue at which the General Meeting will take place on the date of, and from the time of commencement of, the General Meeting. The dial-in facility will enable all persons to participate electronically in the General Meeting in this manner (and as contemplated in section 63(2) of the Companies Act) and to communicate concurrently with each other without an intermediary, and to participate reasonably effectively in the General Meeting. The costs borne by you or your proxy in relation to the dial-in facility will be for your own account.

By order of the Board

9 January 2015

Registered office
Suite 801
76 Regent Road
Sea Point
Cape Town, 8005

HOSKEN CONSOLIDATED INVESTMENTS LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 1973/007111/06)
Share code: HCI ISIN: ZAE000003257

FORM OF PROXY – GENERAL MEETING

All terms defined in the Circular, to which this form of proxy is attached, shall bear the same meanings when used in this form of proxy.

For use by Certificated HCI Shareholders or Own-name Dematerialised HCI Shareholders at the General Meeting to be held at 10:00 on Tuesday, 10 February 2015 at the office of HCI, Suite 801, 76 Regent Road, Sea Point, Cape Town, 8005.

Dematerialised HCI Shareholders, other than Own-name Dematerialised HCI Shareholders, must not complete this form of proxy.

Full name: I/We

(FULL NAME IN BLOCK LETTERS)

of (address):

Telephone: (Work) Telephone: (Home)

Fax: Cell number:

being the holder(s) of _____ HCI Shares hereby appoint:

1. or failing him/her,

2. or failing him/her,

3. the chairperson of the General Meeting,

as my/our proxy to vote for me/us on my/our behalf at the General Meeting to be held at 10:00 on Tuesday, 10 February 2015 or any adjournment thereof as follows:

Resolution	For	Against	Abstain
Special resolution 1 – Specific authority, in terms of the Companies Act, the Listings Requirements and HCI's Memorandum of Incorporation for the repurchase by HCI of an aggregate of 1 000 000 HCI Shares, from The Corjo Trust, Andre van der Veen and Majorshelf			
Special resolution 2 – Specific authority, in terms of the Companies Act, the Listings Requirements and HCI's Memorandum of Incorporation for the repurchase by HCI of 1 000 000 HCI Shares from Circumference			
Special resolution 3 – Specific authority in terms of the Companies Act and HCI's Memorandum of Incorporation for the repurchase of 5 500 000 HCI Shares from its wholly-owned Subsidiary, Squirewood			
Ordinary resolution – Authority for Directors to take all such actions necessary to implement the Specific Repurchase and the Subsidiary Repurchase			

Signed at this day of 2015

Signature

Assisted by me (if applicable)

Please read the notes on the reverse side hereof.

An HCI Shareholder entitled to attend and vote at the General Meeting may appoint one or more persons as his/her proxy to attend, speak or vote in his/her stead at the General Meeting. A proxy need not be an HCI Shareholder.

On a show of hands, every HCI Shareholder or his proxy shall have one vote (irrespective of the number of HCI Shares held). On a poll, every HCI Shareholder or his proxy shall have one vote for each HCI Share held or represented.

Notes:

1. A HCI Shareholder may insert the name of a proxy or the names of two alternative proxies of his/her choice in the spaces provided with or without deleting "the chairperson of the General Meeting", but any such deletion must be initialled by the HCI Shareholder. The person whose name appears first on the form of proxy and who is present at the General Meeting will be entitled to act as proxy to the exclusion of those whose names follow.

2. Please insert the number of shares in the relevant spaces according to how you wish your votes to be cast. If you wish to cast your votes in respect of a lesser number of HCI Shares exercisable by you, insert the number of HCI Shares held in respect of which you wish to vote. Failure to comply with the above will be deemed to authorise and compel the chairperson, if the chairperson is an authorised proxy, to vote in favour of the resolutions, or to authorise any other proxy to vote for or against the resolutions or abstain from voting as he/she deems fit, in respect of all the HCI Shareholder's votes exercisable thereat. A HCI Shareholder or its/his/her proxy is not obliged to use all the votes exercisable by the HCI Shareholder or its/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 HCI Shareholder or its/his/her proxy.

3. Forms of proxy must be lodged with HCI's Transfer Secretary, Computershare, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107), for administration purposes by no later than 10:00 on Friday, 6 February 2015 (or alternatively to be delivered to the Company by hand by no later than 10:00 on Tuesday, 10 February 2015).

4. Any alteration or correction made to this form of proxy must be initialled 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 HCI's Transfer Secretary or waived by the chairperson of the General Meeting.

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

7. The chairperson of the General Meeting 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 chairperson is satisfied as to the manner in which the HCI Shareholder wishes to vote.

8. This form of proxy shall not be valid after the expiration of six months from the date when it was signed.

9. Joint holders – any such persons may vote at the General Meeting in respect of such joint shares as if he/she were solely entitled thereto; but if more than one of such joint holders are present or represented at the General Meeting, that one of the said persons whose name stands first in the Register in respect of such shares or his/her proxy, as the case may be, is alone entitled to vote in respect thereof.

10. Own name Dematerialised HCI Shareholders will be entitled to attend the General Meeting in person or, if they are unable to attend and wish to be represented thereat, must complete and return the attached form of proxy to the Transfer Secretary in accordance with the time specified on the form of proxy.

Summary of the rights established in terms of section 58 of the Companies Act, 71 of 2008 ("Act"):

For purposes of this summary, "shareholder" shall have the meaning ascribed thereto in the Act.

1. At any time, a shareholder of a company is entitled to appoint an individual, including an individual who is not a shareholder of that company, as a proxy, to participate in, and speak and vote at, a shareholders' meeting on behalf of the shareholder, or give or withhold written consent on behalf of such shareholder in relation to an decision contemplated in section 60 of the Act.

2. A proxy appointment must be in writing, dated and signed by the relevant shareholder, and such proxy appointment remains valid for one year after the date upon which the proxy was signed, or any longer or shorter period expressly set out in the appointment, unless it is revoked in a manner contemplated in section 58(4)(c) of the Act or expires earlier as contemplated in section 58(8)(d) of the Act.

3. Except to the extent that the MOI of a company provides otherwise:
   3.1 a shareholder of the relevant company may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by such shareholder;
   3.2 a proxy may delegate his authority to act on behalf of a shareholder to another person, subject to any restriction set out in the instrument appointing the proxy; and
   3.3 a copy of the instrument appointing a proxy must be delivered to the relevant company, or to any other person on behalf of the relevant company, before the proxy exercises any rights of the shareholder at a shareholders' meeting.

4. Irrespective of the form of instrument used to appoint a proxy, the appointment of the proxy is suspended at any time and to the extent that the shareholder who appointed that proxy chooses to act directly and in person in the exercise of any rights as a shareholder of the relevant company.

5. Unless the proxy appointment expressly states otherwise, the appointment of a proxy is revocable. If the appointment of a proxy is revocable, a shareholder may revoke the proxy appointment by cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and the company.

6. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the relevant shareholder as of the later of the date: (a) stated in the revocation instrument, if any; or (b) upon which the revocation instrument is delivered to the proxy and the relevant company as required in section 58(4)(c)(ii) of the Act.

7. If the instrument appointing a proxy or proxies has been delivered to the relevant company, as long as that appointment remains in effect, any notice that is required by the Act or the relevant company's MOI to be delivered by such company to the shareholder, must be delivered by such company to the shareholder, or to the proxy or proxies, if the shareholder has directed the relevant company to do so in writing and paid any reasonable fee charged by the company for doing so.

8. A proxy is entitled to exercise, or abstain from exercising, any voting right of the relevant shareholder without direction, except to the extent that the MOI, or the instrument appointing the proxy provide otherwise.

9. If a company issues an invitation to shareholders to appoint one or more persons named by such company as a proxy, or supplies a form of instrument for appointing a proxy:
   9.1 such invitation must be sent to every shareholder who is entitled to notice of the meeting at which the proxy is intended to be exercised;
   9.2 the invitation, or form of instrument supplied by the relevant company, must: (a) bear a reasonably prominent summary of the rights established in section 58 of the Act; (b) contain adequate blank space, immediately preceding the name or names of any person or persons named in it, to enable a shareholder to write in the name and, if so desired, an alternative name of a proxy chosen by such shareholder; and (c) provide adequate space for the shareholder to indicate whether the appointed proxy is to vote in favour or against the applicable resolution/s to be put at the relevant meeting, or is to abstain from voting;
   9.3 the company must not require that the proxy appointment be made irrevocable; and
   9.4 the proxy appointment remains valid only until the end of the relevant meeting at which it was intended to be used, unless revoked as contemplated in section 58(5) of the Act.