Grand Parade Investments Limited

INTEGRATED ANNUAL REPORT **2016**

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OUR PURPOSE

We are an established empowerment company with current investments in the Food, Gaming and Leisure industries.

OUR STRATEGIC OBJECTIVES

BE THE BEST TEAM

- Develop sound employee practices
- Invest in the right people
- Create a great place to work
- Deliver a long-term succession plan

ENSURE SHAREHOLDER RETURNS

- Provide consistent return to shareholders
- Clear policies and practices
- Effective communication

UPHOLD OUR BBBEE CONTRIBUTOR STATUS

- Deliver on BBBEE ownership targets
- Implement strategic corporate social investment (CSI) initiatives

FOCUS ON A DIVERSIFIED PORTFOLIO

- Diversify across industry
- Maturity of assets
- Balance listed and non-listed assets
- Identify exit strategies so as to time exits to maximise returns

MAINTAIN INVESTMENT GROWTH

- Intrinsic net asset value growth
- Optimal capital allocation
- Create synergies
- Provide strategic direction

OUR CORE VALUES

Sustainable

Ethical

Respect

Entrepreneurial

Excellence

REPORT SCOPE, BOUNDARY

Grand Parade Investments Ltd's (GPI's) Integrated Annual Report 2016 provides a succinct review of our strategy and business model, operating context, material stakeholder interests, key risks, and performance and governance practices, covering the financial year ending 30 June 2016. This report is supplemented by our separate Consolidated Annual Financial Statements (AFS) 2016 available on GPI's website at **www.grandparade.co.za**. The report focuses on the activities of GPI as an investment holding company, and includes an analysis of our underlying investments, both in the Executive Reviews section (pages 16 – 35) and the Investment Reviews section (pages 36 – 49), focusing on the most material investments only. Since last year, there have been no significant changes to the Group's organisational structure, and no material restatements of data during the year. There has, however, been a shift in organisational focus from being an investment holding company across a portfolio of interests, to more of a hands-on operator in the Food business.

REPORTING PRINCIPLES

This report was prepared in accordance with International Financial Reporting Standards (IFRS), the JSE Listings Requirements and the Companies Act, No. 71 of 2008, as amended (the Companies Act), where relevant. The report has sought to apply the International <IR> Framework of the International Integrated Reporting Council (IIRC). GPI has applied the majority of the principles and recommendations outlined in the King Report on Governance for South Africa 2009 (King III); a summary of those principles that were not fully applied is presented in the Corporate Governance Report on page 51.

TARGET AUDIENCE AND MATERIALITY

This report has been prepared primarily for current and prospective investors, although it is also relevant for any other stakeholder who has an interest in GPI's performance and prospects. This report focuses on those issues that we have identified as being most material to our capacity to create value and deliver on our strategic growth objectives. In addressing these material issues, we review what we do (page 5), describe our business model (page 7), identify the material interests of priority stakeholders (page 10), assess the principal risks and opportunities arising from the operating context (pages 12 – 13), and review our performance (pages 20 – 23 and governance practices (pages 50 – 62) aimed at ensuring value.

EXTERNAL ASSURANCE

Independent external auditors, EY, audited the Consolidated Annual Financial Statements in accordance with the International Standards on Auditing. The opinion of the external auditors is provided on page 3 of the full AFS. The Group has not sought external assurance on the contents of this report.

FORWARD-LOOKING STATEMENTS

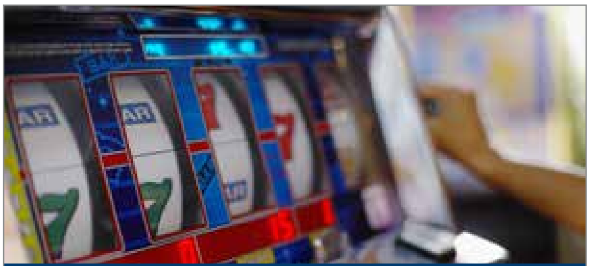
The Integrated Annual Report contains certain forward-looking statements that relate to the financial position and results of the operations of GPI and its investments. These statements, by their very nature, involve risk and uncertainty as they relate to future events and depend on circumstances that may or may not occur in the future. Factors that could cause actual results to differ materially from those in the forward-looking statements include, but are not limited to, global and national economic conditions, interest rates, exchange rates and regulatory delays or changes. The forward-looking statements have not been reviewed or reported on by the Group's external auditors.

APPROVAL OF THE INTEGRATED ANNUAL REPORT

The Board acknowledges its responsibility to ensure the integrity of the Integrated Annual Report. The Directors confirm they have collectively assessed the content of the report and believe that it is a fair representation of the Group's material issues, performance and prospects. The Board has therefore approved the Integrated Annual Report 2016 for release to stakeholders.

SALIENT FEATURES

Acquired master franchise licences for
Dunkin' Donuts and
Baskin Robbins



Disposed **10%**
in each of SunWest and Worcester Casino for
R675 million

Disposed **25%**
of GPI Slots for
R271 million

Acquired control of
Grand Foods Meat Plant
the production facility that produces
all of BKSA's beef burger patties

120% increase Headline earnings per share from continuing operations	**1.99 cents**
521% increase Basic earnings per share from continuing operations	**43.01 cents**
11% increase Intrinsic net asset value per share	**681 cents**
23% reduction Debt:equity ratio	**27.1%**

WHAT WE DO

GPI is an empowered investment holding company that actively manages investments in its current focus areas of gaming and food. The Company was founded in 1997 for the express purpose of partnering with Sun International South Africa (Pty) Ltd as its primary black economic empowerment partner in the Western Cape. Since then we have grown our investment portfolio within the gaming industry, and more recently have diversified into food, having acquired the South African master franchise licences for BURGERKING®. Dunkin' Donuts, and Baskin Robbins. GPI listed on the main board of the JSE in 2008. Our current investment portfolio comprises the following investments:

FOOD INVESTMENTS

BURGER KING SOUTH AFRICA (BKSA)

Has a long-term master franchise and development agreement with Burger King Europe GmbH, obtaining exclusive rights to expand the BURGERKING® brand in the country. BURGERKING® is a global quick-service restaurant (QSR) brand with stores in 86 countries.

There are currently 68 restaurants in South Africa across five provinces.

GRAND FOODS MEAT PLANT

An established supplier of quality Halaal products to wholesalers and retailers in South Africa. Runs a Halaal-certified export-approved production plant in Cape Town, built according to EU standards, supplying approximately 150 tons of beef burger patties to BKSA and Spur restaurants every month. Has the potential capacity to produce 700 tonnes of patties per month.

MAC BROTHERS CATERING EQUIPMENT

A leading supplier of catering equipment and associated services. Owns a catering and refrigeration equipment manufacturing facility in Cape Town, with branches in South Africa and Zimbabwe, and agent offices throughout Africa. Became a wholly-owned subsidiary of GPI in January 2015.

SPUR CORPORATION

Operates the Spur Steak Ranches, Panarottis Pizza Pasta, John Dory's Fish Grill Sushi, Captain DoRegos, The Hussar Grill and RocoMamas restaurant franchises targeting consumers across various income levels. Has 517 outlets worldwide, with restaurants in various parts of Africa, Mauritius and Australia.

GAMING INVESTMENTS

SUNWEST INTERNATIONAL

Holds 100% of GrandWest Casino and Entertainment World (the largest entertainment destination of its kind in South Africa, operating the only casino in Cape Town), and 100% of The Table Bay Hotel (a five-star luxury hotel located at the Victoria & Alfred Waterfront in Cape Town).

WORCESTER CASINO

Owns 100% of the Golden Valley Casino in the Breede River Valley, an hour's drive from Cape Town. The Casino is one of the most intimate casinos in the Western Cape.

GPI SLOTS

Instals and operates limited pay-out machines (LPMs) in the premises of licensed sites, primarily with age-controlled access. LPMs function in the same way as casino slot machines, though with limited pay-out capacity, in line with prevailing gambling laws.

GRAND SPORT

A licensed online sports betting operator, offering bets on national and international horse racing and sporting events. One bookmaker licence authorising online operations nationally and several retail operations in the Western Cape.

NON-CORE

GRAND TELLUMAT MANUFACTURING (GTM)

A leading South African contract electronics manufacturer, offering from 'labour only' to full turnkey electronic manufacturing and product integration for all levels of complexity, including design, procurement, manufacturing and after-sales service.

GRAND LINKSTATE

A fully-funded shared service centre, providing core IT services to the GPI Group.

GPI PROPERTIES

Operates as a property holding and project management company. The properties are leased to subsidiaries of GPI, including the GPI Slots Group, Grand Tellumat Manufacturing, BKSA and Mac Brothers Catering Equipment.

INVESTMENT AND EFFECTIVE HOLDING

FOOD

Spur Corporation Ltd	10%
Burger King South Africa	91.1%
Grand Foods Meat Plant	96.9%
Dunkin' Donuts	100%
Baskin Robbins	100%
Mac Brothers Catering Equipment	100%

GAMING

SunWest International	15.1%
Worcester Casino	15.1%
GPI Slots	49.9%
Grand Sport	100%

NON-CORE

Atlas Gaming	4.95%
Grand Tellumat Manufacturing	51%
GPI Properties	100%

OUR BUSINESS MODEL

As an empowered investment holding company, we create value by actively managing our investments in our current focus areas of gaming and food. Our investment philosophy is to invest in the equity of those listed and unlisted companies where we can use our strengths to add value to the investee company's underlying business, by providing capital, empowerment, management expertise and synergies with its existing investments.

We invest in companies that provide a combination of long-term growth, opportunities for value creation and a sustainable yield. We seek to minimise our investment holding costs by ensuring that management involvement is appropriate to the stage of growth of the asset. Over the short-term, we invest surplus cash in low-risk capital-guaranteed investments that provide money market returns as a minimum. Where we cannot deploy surplus cash into new investments over the short term, we return cash to shareholders in the form of dividends.

GPI has a track record of being an entrepreneurial investor that takes a long-term view on value growth. We have invested in a number of start-up or early stage companies, and participated in the establishment and growth of those companies. In some instances, such as GPI Slots, we have divested our holding to generate superior returns. Looking ahead we will build on this trajectory and continue to invest in companies that have the following characteristics, with a particular focus on the food sector:

- Market-leading brand
- Strong management team with a demonstrable track record
- Clearly defined growth strategy
- Robust corporate governance practices
- Strong investment partners that are aligned with GPI's strategic objectives

GPI HAS A TRACK RECORD OF BEING AN ENTREPRENEURIAL INVESTOR THAT TAKES A LONG-TERM VIEW ON VALUE GROWTH.

HOW WE MANAGE OUR INVESTMENTS

GPI manages its investments on a decentralised basis by ensuring that the company in which we invest has a strong management team and to whom we can provide support services, funding and strategic direction. We are committed to aligning the strategic objectives of our investee companies with our own ambitions, ensuring that each investment has a remuneration structure that incentivises the attainment of our strategic objectives. We monitor the performance of our investments on a monthly basis and provide support when the strategic objectives and operational performance targets have been missed. We encourage management teams across investments to identify synergies between the respective businesses to ensure that maximum value is unlocked across our investment portfolio.

VALUE CREATION – GRAND PARADE INVESTMENTS

OPTIMISING INVESTMENT TIMING AND MATURITY

OUR CORE ACTIVITIES

- Active investment management
- Allocation of capital
- Risk management
- Financial management
- Attraction, retention and development of talent

GROWING REVENUES

- Income from operations
- Dividend income
- Interest income
- Realisation of investments

MANAGING COSTS

- Operating costs
- Capital expenditure
- Finance costs
- Head office costs
- Taxes

FOCUSING RESOURCES

- Market-leading brands
- Highly motivated team
- Shared service centres
- Clear strategy and values

STRENGTHENING RELATIONSHIPS

- Investee companies and subsidiaries
- Management teams
- Master franchisors
- Funders
- Shareholders

CREATING SYNERGIES WITHIN DIVERSIFIED PORTFOLIOS

MATERIALS RISKS IMPACTING VALUE

1
Sluggish performance of South African economy/low consumer confidence

2
Underperformance of investments

3
Attraction and retention of talent

4
BBBEE status

5
Poor allocation of capital

6
Reliance on a few investments

7
Scarcity of capital resources

GRAND PARADE INVESTMENTS

An empowered investment holding company that actively manages investments in its current focus areas of gaming and food

FOOD	GAMING AND LEISURE
GRAND FOODS MEAT PLANT	

VALUE CREATION – FOOD INVESTMENTS

OUR CORE ACTIVITIES

- Securing franchise rights
- Securing strong trade locations
- Store design and development
- Supply chain management
- QSR management
- Food quality control
- Financial and cash flow management
- Franchise operations
- Partnership management

REVENUES

- Restaurant sales
- Retail sales
- Franchise royalties

COSTS

- Food supplies
- Rent
- Royalties
- Labour
- Opex, including fuel and electricity
- Infrastructure investment
- Marketing and related spend
- Finance charges
- Regulatory costs
- Depreciation
- Taxation

CRITICAL RESOURCES AND RELATIONSHIPS

- Vertically integrated supply chain (BKSA, GFMP, MBCE)
- Global brands/customer loyalty
- Convenient locations
- Brand owners (e.g. Burger King Europe GmbH)
- Sasol partnership/forecourt network
- Landlords
- Suppliers
- Certification (e.g. Halaal)

POTENTIAL FOR REVENUE DIFFERENTIATION

- Quality global brands
- Integrated food services strategy
- Export opportunities

POTENTIAL FOR COST DIFFERENTIATION

- Smaller footprint models
- Efficient store layouts
- Commercial deals with developers and landlords
- Optimisation of raw materials/waste reduction
- Localisation of supply chain, including production
- Vertical integration of supply chains

The customer value proposition varies across brands (with differing target markets)

MATERIAL IMPACTS ON VALUE

- ▲ Employment opportunities, particularly for underskilled and previously unemployed
- ▲ Sustained financial returns for shareholders
- ▲ Positive contribution to transformation
- ▲ Local procurement and enterprise development
- ▲ Provision of convenient, affordable food
- ▼ Health issues (salt, sugar, trans fats, obesity)
- ▼ Waste management and packaging
- ▼ Supply chain environmental impacts (e.g. feedlots)

OUR CRITICAL RELATIONSHIPS

Our capacity to deliver value depends ultimately on the quality of our relationships with those stakeholders who are fundamental to our business model, and on our demonstrated ability to address their material interests (summarised below).

INVESTORS AND ANALYSTS

- Clarity on growth strategy
- Detail on financial performance
- Candid communication that manages performance expectations
- Evidence of ability to effectively execute delivery of strategy
- Sound corporate governance
- Transparent executive remuneration

EMPLOYEES AND REPRESENTATIVES

- Career progression and personal growth
- Appropriate remuneration
- Job security
- Empowerment and employment equity issues
- Safe, healthy and congenial working conditions

GOVERNMENT AND REGULATORS

- Compliance with regulatory requirements
- Job creation, localisation, transformation and BBBEE delivery
- Sustained contribution to national tax base
- Transparency and clear communications

CUSTOMERS

- Positive customer experience
- Taste, quality, price, accessibility and food safety (food investments)
- Fair operating practices (gaming investments)

SUPPLIERS

- Timely payment and fair contract terms
- Localisation and support for enterprise development

INVESTEE COMPANIES AND SUBSIDIARIES

- Value-added support
- Clear communications and mutual respect

COMMUNITY AND NON-GOVERNMENTAL ORGANISATIONS (NGOs)

- Evidence of good corporate citizenship, including on waste management, recycling, supply chain, human rights
- Addressing negative social impacts associated with gaming
- Addressing negative social impacts associated with sugar, salt and fat content of QSR foods

MEDIA

- Transparency on strategy, performance and governance
- Evidence of responsiveness to material stakeholder interests

OUR GROUP STRATEGY

Informed by a considered review of GPI's business model, and given the changing political and business landscape in South Africa, GPI has taken the conscious decision to focus its investment activities in growing our Foods business, and to transform our current business model into a foods-focused strategy.

Our underlying strategic goal is to become the leading growth story in the Food industry on the JSE. We seek to realise this objective by becoming a diversified Food industry player across the casual and fast casual spectrum, holding only premium global and local brands in all food types across various LSM segments.

We will support this drive by creating a vertically integrated business model, holding majority stakes or significant minority stakes in all underlying companies to capture the full synergistic benefits. We will look to accelerate this growth by promoting diversification of brands across food types, balancing more capital-intensive global brands with locally owned brands that have an existing local presence, and broadening the target market across income groups.

We believe that our well-defined growth strategy, which has buy-in from by all Executives and the management team, presents an exciting investment proposition. Our aggressive, yet achievable growth objectives, will build on our existing Food assets, supported by a strong capital base associated with our holdings in our Gaming assets. The GPI Group's mix of the growth Food assets and mature Gaming assets will result in a stable, cash-generative business, supported by an experienced management team and a long-standing Board.

OUR STRATEGIC OBJECTIVES

BE THE BEST TEAM

- Develop sound employee practices
- Invest in the right people
- Create a great place to work
- Deliver a long-term succession plan

ENSURE SHAREHOLDER RETURNS

- Provide consistent return to shareholders
- Clear policies and practices
- Effective communication

UPHOLD OUR BBBEE CONTRIBUTOR STATUS

- Deliver on BBBEE ownership targets
- Implement strategic CSI initiatives

FOCUS ON A DIVERSIFIED PORTFOLIO

- Diversify across industry
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- Identify exit strategies

MAINTAIN INVESTMENT GROWTH

- Intrinsic net asset value growth
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- Create synergies
- Provide strategic direction

OUR OPERATING CONTEXT

As a predominantly South African consumer-facing business, our business model is particularly exposed to consumer sentiment and spending power, both of which tend to mirror the broader health of the South African economy.

Looking back over the past two decades, there are two key trends that have impacted positively on our business model, and that have important implications in particular for the South African food landscape:

- **A growing middle class:** LSM classes 4-7 have shown significant expansion, from 53% in 2006 to 65% in 2015. It is important to acknowledge that growth from 2012 onwards has been stagnant, suggesting that this trend may have plateaued.
- **Increasing urbanisation:** The urban population as a percentage of the total South African population has grown from 52% in 1990 to 64% in 2014 and is forecast to reach 71% by 2030.

These and related trends have had a substantial impact on levels of revenue growth in the South African Food industry, with growth in the QSR sector outstripping that of the traditional restaurant sector. This significant growth and underlying supporting trends, suggest that the food sector in general, and the QSR industry in particular, remains a lucrative sector, with substantial upside potential, particularly once the local economy has been stimulated.

Our capacity to successfully realise the potential business opportunities in the food sector will depend on our ability to fully appreciate and proactively position ourselves in response to the following trends that impact the way we create value:

- **The recent slowdown in consumer spending:** Given our particular exposure to the South African consumer, we have been particularly affected by recent slowdown in consumer spending, driven by rising food and fuel prices, higher interest rates and inflation, and a zero-growth economy. The challenging political and economic environment has contributed to continuing uncertainty in local credit markets. The recent flattening in the growth of the middle class, and the reduced mobility in particular between LSM levels 3 and 4 have implications for potential growth opportunities. This signals the importance of ensuring diversity across our targeted consumer segments, driving the need for value, convenience and purpose, as well as contributing, in however small a manner, to stimulating local economic growth. Relevant opportunities include investing meaningfully in supplier and enterprise development initiatives, supporting local sourcing of raw material inputs, and stimulating employment opportunities and employee development initiatives in our core investment areas.

Changing demographics, the proliferation of technology and the growing focus by consumers and regulators on a more sustainable economy are key trends that will be factored into GPI's growth plans.

- **The rising influence of mobile data and social media:** The recent rapid uptake of smart mobile devices across consumer markets, and the improving quality and accessibility of data networks, is driving a shift in consumer behaviour. More purchases are being made using mobile technology, and social media is increasingly shaping consumers' purchasing decisions, with certain consumer segments placing a strengthened focus on ethical production and consumption patterns. While companies across all sectors are being affected by changes in mobile technology and the rise of social media, this has significant implications in particular for companies that depend on the strength of consumer-facing brands. The shift to digital, and the resulting enhanced potential for data analytics, presents valuable opportunities to improve understanding of consumer behaviour and to drive more sophisticated engagement options with consumers.
- **The changing nature of the competitive landscape:** The South African food industry covers a diverse food-type spectrum, with a handful of key companies dominating the market. An assessment of the attributes of the more successful companies highlights the benefits of having strong brand reach across consumer segments, and food and restaurant types, as well as the benefits in backward/vertical integration through investment in relevant logistics and manufacturing companies.

Changing demographics, the proliferation of technology and the growing focus by consumers and regulators on a more sustainable economy, are key trends that will be factored into GPI's growth plans. Our strategic shift into the food sector during this time of disruption presents us with valuable opportunities. We believe that it is eminently easier to establish the business with these influences in mind, than it is to try and change the way an existing food business has been run for several years.

Our strategic shift into the food sector during this time of disruption presents us with valuable opportunities.

OUR MATERIAL RISKS

The following table outlines the most material internal and external risks facing GPI, with a brief description of the risk context and our approach to mitigating each risk.

MATERIAL RISK	RISK CONTEXT	OUR STRATEGIC RESPONSE
SLUGGISH SOUTH AFRICAN ECONOMY AND LOW CONSUMER CONFIDENCE	Rising food and fuel prices, higher interest rates, a zero-growth economy and reduced levels of job growth are negatively impacting South African consumer sentiment. The sluggish local economy has been compounded by the recent drought, instability in the labour market and continuing challenges relating to crime.	GPI invests in assets with strong brands that appeal to a range of customers across different LSM groups. This provides an element of protection against cyclical economic downturns. To further reduce this risk, we seek to invest in businesses that provide support services to our main investments, where possible by vertically integrating operational supply chains.
UNDERPERFORMANCE BY INVESTMENTS	GPI's performance is a direct result of the performance of the underlying companies in its investment portfolio. We need to fully appreciate, and where possible proactively address, all internal and external issues that could impact these investments.	GPI invests in businesses with strong management teams and that are leading brands in their respective industries. We seek to obtain strategic influence over our investments by either having a controlling holding in the investment, or by having representation on the investment's board of directors.
ATTRACTION AND RETENTION OF TALENT	GPI's ability to deliver value depends ultimately on the people who lead the Group and direct our underlying investments. Our ability to attract and retain talent is critical to our future sustainability.	We have adopted a 'people first' stance aimed at attracting, retaining and developing talent through the provision of appropriate remuneration and personal development programmes.
BBBEE STATUS: SUSTAINING COMPLIANCE WITH NEW CODES, ESPECIALLY ON OWNERSHIP	The recently revised BBBEE Codes impose new measurement criteria and compliance targets that have the potential to reduce companies' contributor levels. There are potential challenges in particular with the onerous provisions of the Ownership element of the BBBEE scorecard, with listed companies (such as GPI) having greater compliance challenges due to their more limited control over shareholder changes.	In terms of a provision in the new BBBEE Codes, we have been able to recognise the disposal of certain assets to other empowered companies for purposes of our ownership verification. We will continue to utilise this method of calculation for the period permitted in terms of the Codes. Greater emphasis is being placed on maintaining investor information on the verified shareholder database and monitoring shareholding changes. In collaboration with a team of consultants, we have developed revised programmes to ensure that the Group continues to contribute to BBBEE objectives and to meet relevant compliance targets in terms of the new Codes. To enable early identification of any changes that could impact negatively on the Group's BBBEE status, we ensure regular reporting by management of the subsidiary companies to their company boards and ultimately the GPI Board.

MATERIAL RISK	RISK CONTEXT	OUR STRATEGIC RESPONSE
POOR ALLOCATION OF CAPITAL	As an investment holding company, we have the responsibility of deciding where and how to best allocate our capital resources in a manner that is in line with our strategic objectives, and that delivers sustained value for our shareholders and other stakeholders.	To ensure appropriate allocation of its capital resources, GPI measures new investments against their ability to contribute to the achievement of our overarching strategic objectives. Where an existing investment is no longer aligned with these strategic objectives, we will either use our influence to realign the strategic direction of the investment or, where this is not achievable, look to divest from the investment.
RELIANCE ON A FEW INVESTMENTS	Over-reliance on a few investments exposes the Company to potential underperformance in any one investment.	We have taken steps to grow and diversify our investment portfolio in recent years, with a particular new focus on investing in the Food industry.
SCARCITY OF CAPITAL RESOURCES	As an investment holding company, GPI faces the potential risk of a lack of available capital resources to provide returns to shareholders or to invest in new and existing assets.	GPI forecasts its cash requirements over a five-year period. Prior to investing in new assets, the impact on the five-year cash flows is determined to ensure that there are sufficient capital resources to meet the Group's strategic objectives. We maintain a conservative approach to accessing debt funding for our investments, with the goal of maintaining a debt:equity ratio within a range of between 20% and 35%. Where the maximum gearing ratio is reached, we consider issuing new share capital, while maintaining careful consideration of the impact on our BBBEE ownership credentials.
CHANGING REGULATORY ENVIRONMENT	New legislation is being introduced and/or proposed covering the spectrum of activities across our business value chain. Recent developments include, for example, the proposed introduction of a sugar tax, as well as potentially more stringent licensing requirements across the food and gaming sector.	We have policies and procedures in place to monitor legal developments and drive compliance with all applicable laws. Where appropriate we seek to engage with regulatory authorities – either directly as GPI or through industry sector bodies – to ensure that our interests are heard in the policy formulation process.
EXTREME WEATHER EVENTS IMPACTING FOOD INPUT PRICES	The recent drought and related increase in food prices have resulted in an increase in input costs and is negatively impacting consumer disposable incomes; this is putting pressure on gross margins in areas of our Food business.	We strive to minimise exposure to these risks by investing in brands that appeal to customers across different LSM groups, as well as providing support services to our main investments, where possible by vertically integrating operational supply chains.

HASSEN ADAMS – EXECUTIVE CHAIRMAN

EXECUTIVE CHAIRMAN'S REVIEW

THE JOURNEY TAKES SHAPE

With the changing political landscape in South Africa, more demands are being made on business in terms of increased taxation, job creation and poverty alleviation.

Given this context, it is incumbent on GPI to create and deliver business solutions that are beneficial to our shareholders and other stakeholders.

This changing environment has prompted us to move away from those businesses where it is difficult to predict our future, and instead to navigate GPI to a place where we can conduct and execute business in a responsible and efficient manner that will yield the best results.

The Food industry, into which we entered with BURGERKING®, is now GPI's main focus. The food sector is an essential service and we will use our best endeavours to service the people of South Africa at various levels of affordability. I believe that we are now well placed with sufficient critical mass to create disruption in the market, and to position ourselves as a major player in the sector. We recognise that there is sufficient opportunity for a niche entrant to pursue large-scale premier brands, complemented by logistics support and supply chain management excellence. To this end, we have already started a vertical integration strategy by creating manufacturing and production capacity. This approach will enable us to create career-focused employment opportunities, and contribute meaningfully to job creation in South Africa.

We have corrected some of the earlier mistakes made in establishing BKSA, with the results already indicating that the business will become a major profit centre within the next year. This has allowed us to embark on new food initiatives, such as the Dunkin' Brands International products (incorporating Dunkin' Donuts and Baskin Robbins), and to start exiting some of our gaming and non-core assets. We recently disposed of 10% of each of SunWest International and Worcester Casino, as well as a further 25% of the Slots Group. Some of the proceeds from these transactions have been used to reduce our debt and, in consequence, has brought gearing down to within our stated debt:equity ratio. We now have the resources needed to continue our food journey with confidence. We will be reaching our compliance target of 80 BURGERKING® stores by the end of the next financial year, and have commenced with the launch of Dunkin' Donuts and Baskin Robbins to the market. We are in the process of building a formidable Food group under the banner of Grand Foods, comprising BKSA, Dunkin' Donuts, Baskin Robbins, Grand Foods Meat Plant and Mac Brothers Catering Equipment. In addition, we have finishing and freezing centres at East Balt, and are in the process of building our own 'Theatre of Ice-Cream' facilities to support Baskin Robbins and the retail market.

In the midst of a global recession, GPI is navigating the storm with confidence, establishing a strong future focus and a healthy, enabling war chest. Notwithstanding our change of fortune, we have taken the decision to implement austerity measures operationally, and have already realised substantial savings. All our underlying businesses are now driven to be efficient and profitable. Although we have reduced employees, we have managed to incentivise those who are driven by our new philosophy. Our head office costs are starting to align with the critical mass of our underlying businesses, and are being streamlined to maximise man-hour efficiencies throughout the Group.

We have not deviated from our PPP approach (People, Planet, Profitability) and are driving a responsible 'food journey' strategy to entrench sustainable practices throughout our supply chain in an effort to create a healthy environment for all of our stakeholders.

Looking to the future, I believe that our prospects are extremely good. We will continue with our journey, especially in the Food industry, by challenging the status quo and establishing a formidable footprint for Grand Foods on the African landscape.

In closing, I wish to thank the Directors, Executives and employees for their support and vision, and extend my appreciation to all our consultants for their continued support.

ALAN KEET – CHIEF EXECUTIVE

CHIEF EXECUTIVE'S REVIEW

FOCUSING FORWARD

The 2016 results present a very clear indication of GPI's strategy and the turnaround in the fortunes of our Food business. As part of our active-management model, we have had to take some very tough decisions to ensure GPI has a clear focus and that our businesses became robust in the very difficult trading conditions.

The corporate activity in the past 12 months shows the inclination towards a branded food master franchisee, with the acquisitions of the master franchise for Dunkin' Donuts and Baskin Robbins, and the disposal of 10% of each of SunWest and Worcester. Other non-core assets have also been disposed of, and the proceeds from all these transactions have been used to reduce debt levels. This comes at a time when slow economic growth, inflation, labour and social unrest, and rising utility costs, have put GPI's assets under pressure, particularly given the consumer-facing nature of our business.

STRATEGY

Our focus over the past six months in particular has been to improve the fortunes of BKSA, the initial and most well known of our food brands. The lessons from starting up BURGERKING® in South Africa will stand us in good stead as we grow Grand Foods through our strategy of acquiring both international and local brands, with the intention of adding supply chain acquisitions as and when appropriate. The Food industry, with QSR in particular, is still a lucrative sector with substantial upside potential once the local economy has been stimulated.

GPI's foray into the Food industry coincides with significant disruption in the sector, with changing demographics, the proliferation of technology and a growing focus on a sustainable economy, all needing to be factored into the way our business is conducted. Grand Foods is coming into the industry during this disruption. I believe that it is easier to establish a business with these influences in mind, than it is to try and change the way an existing business has been run.

Following the slowing down of the economy, our executive team decided to become more directly involved in the management of the Food business, and to undertake a much deeper investigation into the business, particularly BKSA. It was immediately apparent that attention should be paid to the existing business and to focus on the restaurants already developed, while tweaking the business model to ensure its profitability as soon as possible. The food sector has been particularly hard-hit by the slowdown in consumer spending. Grand Foods has to ensure that, as it grows, it can meet the demands of value, convenience and purpose. With a fledgling brand, bold decisions had to be made around menu engineering and value, leading to the growing of market share, or at least maintaining the loyalty to the BURGERKING® brand that had already been established. Although the second half of the year was characterised by a reduced restaurant roll-out, better decisions have been made and smarter processes have been instilled, which will benefit the foods business in future.

Having learnt the business from an international stalwart such as BURGERKING®, GPI was sought as the local partner for Dunkin' Brands International. We launched both Dunkin' Donuts and Baskin Robbins in the first half of the 2017 financial year. The business model for these two brands is substantially simpler and less capital intensive than BURGERKING®, with the growth of both enabling the establishment of a shared services business within Grand Foods. Key to this relationship is that GPI and Dunkin' Brands International, the brand owners, both share the pursuit of excellence as a core value. Both teams have been hard at work to establish a business that, when launched later in 2016, will deliver excellent product, in coffee, donuts and ice cream. For a consumer that is demanding convenience, coffee, in particular, is a very good sector in which to be launching.

GPI's intention is to add to the suite of franchise offerings as we gain traction with our existing brands, and ultimately to develop a supply chain model that can support these brands. The Grand Foods Meat Plant and MacBrothers Catering Equipment are the first two businesses within that supply chain, and GPI is actively seeking others. As part of the shared services model, a thorough investigation is being undertaken of best practice relating to processes and disciplines. The finalisation of this will allow the addition of new businesses to be that much easier and to enhance cost-efficiencies across Grand Foods.

Over the last three years, GPI has sold some of its assets in the Gaming industry as the opportunities presented themselves. Proceeds from these sales were used mainly to grow the Food business. The final tranche of the sale of 19.9% of GPI Slots was paid within the first quarter of 2017, leaving GPI holding 30% thereof and 15.1% of the Casino assets. These two businesses generate a healthy dividend return and still have growth prospects. As GPI is essentially a passive shareholder in these businesses, with Sun International managing both, they do not require much management time and are a steady underpin for both earnings and cash flow, while the Food business is trending upwards on its growth path.

THE 2016 RESULTS PRESENT A VERY CLEAR INDICATION OF GPI'S STRATEGY AND THE TURNAROUND IN THE FORTUNES OF OUR FOOD BUSINESS.

PERFORMANCE

FOOD

BURGERKING®

BURGERKING® enjoyed cult status when it first came to market in South Africa. That status, and the then marginally better economy, perhaps masked some of the underlying issues within the business that became cause for concern. At the beginning of 2016, we took the decision that GPI become more actively involved in managing the BURGERKING® business, and we introduced disciplines and processes more akin to the current stage of maturity of the business. The original management team, who performed an excellent job in bringing the brand to market, were replaced in part by an executive team, headed by myself, to instil organisational development principles critical to the business. This ongoing process, started six months ago, highlighted various improvement areas within BKSA. Changes were required in site selection, marketing and operations that would make the business model more robust and able to withstand an environment in which the consumer is under pressure. The BURGERKING® brand stands for quality, taste and authenticity and the changes have delivered the required results, although in many cases will only reflect in the 2017 financial year.

Following a review of the development pipeline and feasibility of each restaurant, the BKSA executive team authorised the closure of certain restaurants at year-end, as they were not achieving the hurdle rates set by management. We also did not approve the opening of other restaurants in the original pipeline. As a result, the net restaurant growth for 2017 is conservative due to the lead-time needed to take a restaurant through the various approval phases. The slower growth is a temporary position, while the development process normalises.

BKSA launched with its brand being positioned as a premium quality product at affordable pricing. Research showed that the brand was perceived as a premium product, but too expensive and that the consumer did not know where the restaurants were situated. Great effort has been made in the second half of the year to display that BKSA has value-for-money product across premium, core and value menu items, as well as improving visibility and reach through more focused marketing. The results have been encouraging, with same-store sales and traffic benefiting greatly from this change in strategy.

At store level, the business improved substantially in the second half of the year, with average restaurant sales at R800 000 per month for the year. As previously discussed at various intervals throughout the year, BKSA erred in opening restaurants in sites that underperform. It is interesting to note that the top 10% of stores average R1.6 million in revenue per month, with the bottom 10% averaging R205 000 per month. After trying various measures to improve performance at these restaurants, we closed two restaurants at year-end, and steps have been taken to close a further four within the first half of 2017. We believe we have now entered into a healthy rhythm where restaurants will only be considered if they achieve the necessary returns, with underperforming restaurants being closed.

BKSA will meet its legal commitment to develop 80 restaurants by mid-2017, approximately one year ahead of schedule in terms of the Master Franchise and Development Agreement. The future net restaurant growth should then be evenly spread annually until such time as the full potential of in excess of 200 restaurants is achieved. The strategy continues to be that the Company will operate corporate-owned restaurants, with franchised restaurants being offered to Sasol franchisees. Clearly the business model is more attractive as scale is achieved, so the team is keenly aware of the need to accelerate growth, without compromising on quality of sites and product.

Dunkin' Donuts

The launch of Dunkin' Donuts is scheduled for the last quarter of the 2016 calendar year. The period since signing the master franchise agreement has been used to source appropriate sites, fine-tune the supply chain, settle on the restaurant design and train initial employees. Processes relating to these have been integrated into the shared services business, with the upshot that the business model looks considerably better than we initially modelled. The first store opened in mid-October 2016, and a further five will open before year-end. The target, including franchised restaurants, is 22 by June 2017. Coffee is a stalwart of the South African restaurant industry and Dunkin' Donuts looks set to make its mark on the sector. The brand essence of 'positive energy' is already permeating through the team; although the first-year results will not necessarily move the needle, it is intended that the platform will be laid for good, sustainable growth in future.

Baskin Robbins

The establishment of Baskin Robbins has gone through the same processes as Dunkin' Donuts, with slightly more challenges around supply chain. These challenges have now been overcome and the first store will open in December 2016 in Cape Town. Three more stores will follow shortly thereafter, with a total of 12 before financial year-end. To bring the concept of 'Happy' to the consumer, the strategy for Baskin Robbins includes retail and mobile unit sales. Due to the opening of the first store and brand awareness, the retail partners have not yet been selected, although we have had interest from all the major groups in South Africa. We are satisfied that once agreed, this strategy will underpin the brand's performance in the country. The consumer is craving variety and Baskin Robbins delivers that, with 31 flavours in its offering, many of which will be available from launch. The brand will offer a sense of nostalgia with its incredible range of ice cream cakes, which will be a hallmark of the Baskin Robbins business.

Mac Brothers Catering Equipment

Mac Brothers has seen significant improvement with revenue increasing by 21.3% to R267.7 million. Gross margin also improved, resulting in an EBITDA of R18.2 million, up 110% on the prior year. Capacity has been built in the business and the order book is sound for 2017. Management have focused on increasing their product range, with a clear focus on own manufacture and import replacement. The company's order book is strong and a more diverse product range is on offer.

Grand Foods Meat Plant

The strategy at the meat plant has been slightly changed to incentivise management to look for customers other than BKSA. Orders have been secured at Spur restaurants and constituted approximately 10% of monthly revenue from May 2016. This number will increase over time as the relationship with Spur expands into its other brands. The first export order has been dispatched to Kenya and orders are expected from Ghana and Ivory Coast, with good progress being made in the United Arab Emirates. Having kept the pricing tension between the Plant and BKSA at industry levels, the Plant now expects to break-even on a monthly basis by June 2017.

OUR FOCUS OVER THE PAST SIX MONTHS, IN PARTICULAR, HAS BEEN TO IMPROVE THE FORTUNES OF BURGERKING®, THE INITIAL AND MOST WELL KNOWN OF OUR FOOD BRANDS.

THE FOOD INDUSTRY, WITH QSR IN PARTICULAR, IS STILL A LUCRATIVE SECTOR WITH SUBSTANTIAL UPSIDE POTENTIAL ONCE THE LOCAL ECONOMY HAS BEEN STIMULATED.

PERFORMANCE

GAMING

Casinos

The disposal of 10% of both SunWest and Worcester Casino realised R675 million for GPI, representing a substantial profit over the 17 years since they were acquired and an IRR of 30.7%. The Board of GPI are of the opinion that the timing was right to realise this asset at a valuation that was compelling and to a buyer who was able to execute the transaction very quickly, given their ability to satisfy the regulatory criteria normally required in the Gaming industry.

SunWest had a fairly flat 12 months trading with revenue increasing by 4% to R2.488 billion and profit after tax dropping by 3% to R498 million. GrandWest Casino came under the most pressure with revenue only increasing by 2.3% to R2.214 billion, and the EBITDA percentage dropping to 39.9%. The impact of the various headwinds on the disposable income of the consumer was the main reason for the flat performance, with management doing a good job of containing expenditure in an inflationary environment.

An increase in tourist arrivals exceeding 15% year-on-year, mainly due to international visitors (13%) taking advantage of the weaker currency and relaxed visa requirements, buoyed the revenue of the Table Bay Hotel by 22.9% to R310.3 million. This converted into an EBITDA of R65.6 million and a profit after tax of R4.9 million, the first profit for the business for some time. The combined performance permitted a dividend of R620 million for the year.

Worcester Casino had a very good year relative to its peers, with revenue increasing by 11.1% to R176 million and EBITDA increasing by 14.2% to R30.4 million. No dividend was declared during the year.

GPI Slots

GPI Slots again produced very good results, with revenue of R937 million, 17% up on the prior year. From a GPI perspective, given how the business has been valued in terms of the sale down to an ultimate holding of 30%, the 20% increase in EBITDA to R218 million, was a very good result. The business trades very well and, with 3 542 LPMs at year-end, held 49.6% of the market share. GPI Slots only trades in four provinces, which indicates that the allocation of capital to the more lucrative licences, is the correct strategy.

GPI owned 49.9% of the equity in GPI Slots at year-end and the sale of the third tranche of a further 19.9% was concluded at the end of October 2016. GPI still has a significant share in and board representation on GPI Slots, and expects steady earnings and cash flow from this investment going forward.

Sports Betting

Grand Sport suffered in an environment where GPI was negotiating to dispose of the asset to GPI Slots, where that company's management team, in tandem with the expertise from Sun International, could realise the licences' full potential. As GPI will no longer actively manage assets within the Gaming industry, Grand Sport is being sold to GPI Slots, subject to finalisation of a condition precedent relating to Gambling Board approval.

PERFORMANCE

NON-CORE ASSETS

Properties

GPI regards its property portfolio as non-core to its business. At year-end, we entered into several agreements to dispose of certain properties. These are at various stages of the disposal process. The realised proceeds will be used to reduce the company's debt. Certain properties, where management believes enhanced value can be extracted over time, will be held for the short-term.

GTM

GTM operates in an industry that is subject to the vagaries of the tendering process. It consumes a fair bit of management time and was initially acquired as part of the gaming machine supply chain. With the Gaming assets now being managed by Sun International, and the asset no longer being part of GPI's core businesses, GPI has indicated its desire to sell the asset. Offers have been received, but none that management felt were sufficiently compelling to trigger a sale. Management continues to look for a suitable exit from this asset.

Atlas

Atlas Gaming was acquired to augment the Slots business by way of securing the gaming machine design capacity that Atlas offers. The nature of the business is such that it has long lead times to profitability, due to regulatory issues. With GPI disposing of control in GPI Slots and re-focusing the business, a decision has been taken that Atlas is no longer core to GPI's strategy. Management are in discussions to secure an exit from this business in a manner that suits all parties.

DEBT/CASH MANAGEMENT

GPI has realised significant cash proceeds from the sale of its Gaming assets. These proceeds have been used to reduce the Group's gearing to a level of 27.1%. The gearing of GPI should always permit that 75% of earnings are available for distribution as an annual dividend. Acquisitions within the Food business will be structured in such a way that the dividend policy is not impeded.

APPRECIATION

This was a particularly trying year for the Group, with several changes to our business, personnel and the economy. I am extremely confident that GPI, with Grand Foods in particular, is on the right track and that we have weathered this storm.

Our executive team needs special mention, as they have been the ones to roll up their sleeves and turn things around. Our Board has given sound guidance during the year, under the leadership of our Executive Chairman, and has been instrumental in keeping our focus. To all, I am very grateful.

DYLAN PIENAAR – CHIEF FINANCIAL OFFICER

CHIEF FINANCIAL OFFICER'S REVIEW

DRIVING FINANCIAL DISCIPLINE

GPI's major investments in the Food and Gaming and Leisure industries are all exposed to the South African consumer, who has come under unprecedented pressure over the past year. The consumer has faced a perfect storm of headwinds with rising food and fuel prices, higher interest rates and a zero-growth economy. GPI's investments have held their own in extremely tough trading conditions with significantly better results in the current year.

As a result, headline earnings per share from continuing operations increased by 120% to 1.99 cents compared to a loss of 10.17 cent per share last year. The improved results indicate that the early stage food investments are migrating towards profitability, having reached a level of maturity where the scale of the businesses and resultant synergies allow for better efficiencies.

The past year has once again been a very active year for GPI on the investment front, resulting in a significant realisation of its investments. A further 25.0% of GPI Slots was sold to Sun International for R270.2 million and a 10.0% holding of SunWest and Worcester Casino to Tsogo Sun for R675.0 million. After the requisite taxes, GPI netted R858.7 million in cash from the two disposals. The proceeds from the disposals to Tsogo Sun will be received in equal instalments of R37.5 million per month until September 2017.

As highlighted in the interim results for the six months ended 31 December 2015, GPI will utilise the proceeds to reduce its gearing to levels appropriate in the current economy. To this end, GPI utilised the proceeds from the GPI Slots disposal to reduce its debt facilities by R178.9 million during the year. It will continue to reduce its debt facilities over the next year and is targeting a debt equity ratio of 18.0% by 30 June 2017.

INVESTMENT ACTIVITIES

Over the past year, the Group continued to restructure its investment portfolio in line with its strategy of increasing its investments in food, moving towards strategic investments in gaming and leisure and divesting from non-core investments. As a result the Group concluded a number of transactions during the year and the details of the material transactions have been disclosed below.

FOOD

During the year, the Group continued to expand and increase its investments in the Food industry. The Group expanded its restaurant brands by acquiring the master franchise licences for two of the world's leading quick service restaurant (QSR) brands in Dunkin' Donuts and Baskin Robbins.

The Group also acquired control of Grand Foods Meat Plant, the production facility that produces all of BKSA's beef burger patties. The details of these transactions are as follows:

Acquisition of Master Franchise Rights for Dunkin' Donuts and Baskin Robbins

On 22 January 2016, GPI acquired the South African Master Franchise licences of Dunkin' Donuts and Baskin Robbins for a combined cost of R12.3 million. The licences extend for an initial period of 10 years with an option to extend for a further 10 years. Dunkin' Donuts is one of the world's leading coffee and bakery chains, with over 11 500 restaurants in 40 countries. The terms of the Dunkin' Donuts licence require that GPI opens eight corporate-owned restaurants and 210 franchised restaurants over 10 years.

Baskin Robbins is the world's largest chain of speciality ice cream stores, with 7 600 stores in 50 countries. The terms of the Baskin Robbins licence require that GPI opens 71 corporate-owned stores over a 10-year period. The master franchise licences of both Dunkin' Donuts and Baskin Robbins give GPI the right of first refusal to enter Namibia, Botswana, Zambia and Mauritius.

Acquisition of Grand Foods Meat Plant

On 26 October 2015, the Group acquired a further 65.0% of Grand Foods Meat Plant from Excellent Holdings (Pty) Ltd and Nadesons Investments (Pty) Ltd for R35.8 million. Prior to the acquisition the Group held 35.0% of the investment indirectly through BKSA; the acquisition increased the Group's effective holding to 96.9% and gave it control of the investment. Grand Foods Meat Plant was consolidated into the Group from the effective date of the acquisition and the Group recognised a fair value gain of R18.7 million on its existing 35.0% holding on consolidation.

THE PAST YEAR HAS, ONCE AGAIN, BEEN A VERY ACTIVE YEAR FOR GPI ON THE INVESTMENT FRONT, RESULTING IN A SIGNIFICANT REALISATION OF ITS INVESTMENTS.

GAMING AND LEISURE

When the Group concluded the agreement to dispose of up to 70.0% of GPI Slots in 2014, it signalled the Group's move away from holding controlling interests in its gaming and leisure investments. During the year, the second tranche disposal of 25.0% of GPI Slots was concluded. This resulted in the Group losing joint-control of the investment and moving into a minority holding, with significant influence, with the investment now being controlled by Sun International.

In addition, the Group concluded two material transactions relating to its casino investments, SunWest International and Worcester Casino. The first was to recapitalise Worcester Casino. As a result of the recapitalisation, Worcester Casino has eliminated its debt burden and reported a profit for the year. This has been a significant shift for the investment, which had consistently been reporting losses.

The second transaction was to dispose of a 10.0% holding in both SunWest and Worcester to Tsogo Sun Gaming (Pty) Ltd (Tsogo). The disposals represented a realisation of significant value for the Group. Even more compelling was that the Group's control over the investments were not affected by the transaction, with the Group retaining joint-control of SunWest and significant influence over Worcester Casino. The details of these transactions are as follows:

GPI Slots Disposal

On 5 April 2016, GPI concluded the second tranche disposal of 25.0% of GPI Slots to Sun International for R270.3 million. The Group has recognised a R55.3 million profit on the sale in the profit from continuing operations. The disposal resulted in GPI losing joint-control of GPI Slots; as a result GPI has classified the 30.0% holding in the investment, which it will ultimately retain once all the disposal tranches have been concluded, as an Investment in Associate in the Statement of Financial Position.

Recapitalisation of Worcester Casino

On 16 October 2015, GPI acquired an additional 2.6 million shares in Worcester Casino for R30.1 million as part of a rights issue. Worcester Casino raised a total of R120.0 million in the rights issue and utilised the proceeds to reduce its debt facilities. The reduction of the debt facilities has improved the profitability of Worcester Casino significantly; as a result the Group was able to recognise a carrying value on the investment and will be able to recognise the earnings from the investment as equity accounted earnings in the profit from continuing operations.

The Group recognised R0.9 million in earnings from Worcester Casino for the year. To recognise these earnings the Group was required to recognise all losses that were incurred by Worcester in previous financial years, which the Group was not able to recognise as the investment had been impaired to a nil value. As a result, a once off loss of R9.1 million was recognised in equity accounted earnings during the year.

Disposal of a 10.0% holding in SunWest and Worcester Casino

On 29 June 2016, the Group sold a 10.0% economic interest in SunWest to Tsogo Sun Gaming (Pty) Ltd (Tsogo) for R642.5 million. In addition, the Group disposed of a 10.0% economic and voting interest in Worcester Casino, also to Tsogo, for R32.5 million. It was agreed that the combined proceeds of R675.0 million would be paid through an upfront instalment of R112.5 million, which the Group received on 30 June 2016. The balance of R562.5 million is to be paid in 15 equal instalments of R37.5 million between July 2016 and September 2017. As a result of the deferred receipt of the proceeds, the Group has recognised the proceeds at their present value of R640.9 million at 30 June 2016, of which R528.4 million was deferred. As a result of the sale, a reversal of impairment (gain) of R21.4 million relating to Worcester Casino was recognised in profit from continuing operations.

NON-CORE INVESTMENTS

During the year, the Group re-classified a number of investments as non-core investments. Essentially these are all the investments that do not fall into either the Food or Gaming and Leisure segments. The Group is investigating ways in which it can effectively divest from these investments. During the year the following non-core investments were disposed.

Properties

On 9 June 2016, the Group entered into an agreement to sell its office building in Gauteng to GPI Slots.

EARNINGS FOR THE YEAR ENDED 30 JUNE 2016

The Group uses headline earnings to assess the underlying investments contribution to the Group's earnings. The reason for using headline earnings is that it eliminates the once-off effects of the Group's investment activities and therefore provides a comparable view of the Group's continuing earnings.

The Group's headline earnings have come under pressure since its initial investment into food during the 2013 financial year, with the total headline earnings per share declining from 18.23 cents per share for the year ended 30 June 2013 to 1.99 cents per share in the current year. To fully understand the earnings profile of the Group over this period, the headline earnings per share must be split between the earnings from continuing operations and the earnings from discontinued operations. Earnings from continuing operations came under significant pressure in the years ending June 2013 (10.53 loss per share), June 2014 (22.97 cents loss per share) and 30 June 2015 (10.17 cents loss per share). However, the earnings for current year ended 30 June 2016 shows a return to profitability with 1.99 cents per share as a result of a significant improvement in the operating performance of the food-related investments and in particular BKSA. Although the combined headline earnings per share decreased by 81% from 10.53 cents last year to 1.99 cents this year, the earnings per share from continuing operations increased by 120% from 10.17 cents loss to a 1.99 cents profit in the current year.

GPI showed a significant improvement in its headline earnings from continuing operations for the year, which increased by R57.0 million from a loss of R47.6 million last year to earnings of R9.4 million this year. This increase is due to a strong improvement in BKSA's earnings and a large reduction in the central costs. No headline earnings from discontinued operations were recognised during the year; last year headline earnings from discontinued operations of R97.0 million were recognised as a result of the disposal of 25.1% of GPI Slots on the consequential de-consolidation of that investment. The combined result of continuing and discontinued operations results in a decrease in the headline earnings of R40.0 million from R49.4 million last year to R9.4 million rand this year.

GPI SHOWED A SIGNIFICANT IMPROVEMENT IN ITS HEADLINE EARNINGS FROM CONTINUING OPERATIONS FOR THE YEAR. IT INCREASED BY R57.0 MILLION FROM A LOSS OF R47.6 MILLION LAST YEAR TO EARNINGS OF R9.4 MILLION THIS YEAR.

The table below shows the contribution each investment made to the Group headline earnings:

	12 months ended 30 June 2016 R'000s	12 months ended 30 June 2015 R'000s	Var R'000s	Var %
FOOD	**(33 895)**	(75 014)	41 119	55
BKSA	**(29 938)**	(62 634)	32 696	52
Dunkin' Donuts	**(3 713)**	–	(3 713)	–
Baskin Robbins	**(1 856)**	–	(1 856)	–
Spur	**(5 816)**	(5 886)	70	1
Mac Brothers	**7 493**	(5 727)	13 220	231
Grand Foods Meat Plant	**(65)**	(767)	702	92
GAMING AND LEISURE	**130 209**	126 263	3 946	5
SunWest	**110 665**	116 592	(5 927)	(5)
GPI Slots	**27 734**	9 671	18 063	187
Worcester Casino	**(8 190)**	–	(8 190)	–
OTHER	**(73 508)**	(82 728)	9 220	11
Corporate Costs	**(67 267)**	(76 261)	8 994	12
GPI Properties	**(6 241)**	(6 467)	226	4
NON-CORE	**(13 421)**	(16 169)	2 748	17
Grand Sport	**(7 455)**	(8 168)	713	9
Grand Tellumat	**(5 118)**	(3 746)	(1 372)	(37)
Grand Linkstate	**(848)**	(4 255)	3 407	80
Headline earnings/(loss) from continuing operations	**9 385**	(47 648)	57 033	120
DISCONTINUED OPERATIONS	**–**	97 035	97 035	(100)
Dolcoast	**–**	5 030	(5 030)	(100)
GPI Slots	**–**	92 005	(92 005)	(100)
Headline earnings for the year	**9 385**	49 387	(40 002)	(81)
BASIC EPS (CENTS)	**43.01**	142.72	(99.71)	(70)
Continuing operations	***43.01***	*(10.21)*	*53.22*	*521*
Discontinued operations	**–**	*152.93*	*(152.93)*	*(100)*
HEADLINE EPS (CENTS)	**1.99**	10.53	(8.54)	(81)
Continuing operations	***1.99***	*(10.17)*	*12.16*	*120*
Discontinued operations	**–**	*20.70*	*(20.70)*	*(100)*

DIVIDENDS

On 13 April 2016, GPI declared an ordinary dividend of 15.0 cents per share in respect of the profits relating to the 2015 financial year, which amounted to R71.5 million. GPI's strategy is to remain a dividend-active company and has declared an ordinary dividend of 25.0 cents per share in respect of profits relating to the 2016 financial year.

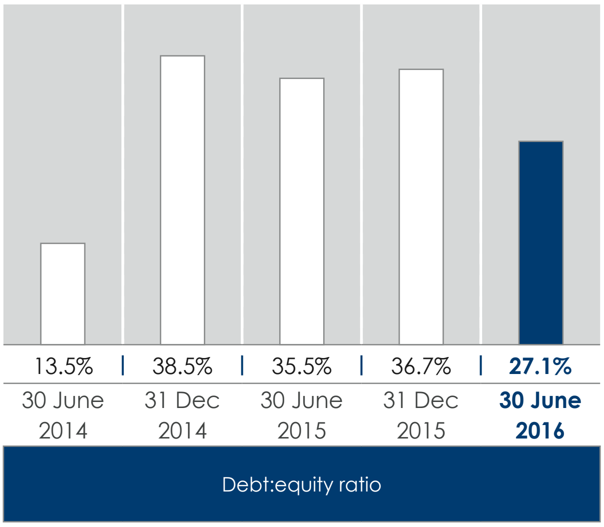
CAPITAL STRUCTURE

The Group has recognised that while its food investments are in its early or start-up phase, and currently not contributing to the Group's earnings, the Group should be taking a conservative view on its gearing. Over the past 36 months the Group increased its gearing levels from 11% to in excess of 35.0%, in order to fund the start-up of its Food businesses and BKSA in particular.

As a result of the Group's part disposals in its gaming and leisure investments, it has generated a significant amount of proceeds, which, among other initiatives, will also be used to reduce the overall gearing in the Group, in line with the lower end of the Group's targeted debt equity range of between 20.0% and 35.0%. At 30 June 2016, the Group had used some of the proceeds from the second tranche disposal of GPI Slots to reduce its debt current debt levels by R178.9 million to R642.1 million. This has resulted in a reduction in the debt equity ratio of 8.4% from 35.5% last year to 27.1%.

At year-end the Group's debt equity ratio is within the target range; however, the Group has committed to utilising a portion of the proceeds from its part disposal of SunWest to repay the full Standard Bank credit facility of R225.0 million over the 12-month period between 1 July 2016 and 30 June 2017, which will have the effect of further reducing the debt equity ratio.

The local political and economic environment has caused a lot of uncertainty in the local credit markets. The Group's exposure to the South African consumer has created further uncertainty, resulting in the cost of available debt to the Group to significantly increase over the past year. As part of the debt reduction process, the Group has identified the facilities that are relatively cheap in comparison to the prevailing market rates, and will look to retain those facilities, such as the Spur preference share facilities. The facilities that are being reduced are the Group's most expensive facilities and are costly in comparison to the prevailing market rates.



		30 June 2016 R'000s	30 June 2015 R'000s	Movement R'000s	%
HOLDING COMPANY FACILITIES		**459 671**	662 211	(202 540)	(31)
SunWest	Preference shares	**–**	132 880	(132 880)	(100)
SunWest	Credit facilities	**225 000**	302 000	(77 000)	(25)
Spur	Preference shares	**234 671**	227 331	7 340	3
SUBSIDIARY FACILITIES		**183 191**	159 541	23 650	15
GPI Properties	Term loans (mortgage)	**131 999**	109 569	22 430	20
Mac Brothers	Finance leases	**16 486**	18 612	(2 126)	(11)
GF Meat Plant	Finance leases	**32 235**	–	32 235	100
BKSA	Finance leases	**1 898**	1 360	538	40
Dunkin' Donuts	Finance leases	**434**	–	434	100
GPI Management	Finance leases	**139**	–	139	100
BKSA	Related-party loans	**–**	30 000	(30 000)	(100)
TOTAL DEBT		**642 862**	821 752	(178 890)	(22)
DEBT/EQUITY		**27.1%**	35.5%	8.4%	24

INTRINSIC NET ASSET VALUE AT 30 JUNE 2016

As at 30 June 2016, GPI management has valued the GPI Group on a sum of the parts (SOTP) basis at 681 cents per share (excluding head office costs and CGT impact). This represents a 10.7% increase in the intrinsic net asset value (iNAV) in the six months since 31 December 2015, where management's valuation of the Group was 615 cents per share (excluding head office costs and CGT impact).

The GPI share closing price at 30 June 2016 was 350 cents per share which, when compared against the year-end iNAV, implies it is trading at a 49% share price discount.

JSE code	GPL
Share price at 30 June 2016 (cents)	350
Shares outstanding (excl. treasury shares) (m)	464
Market capitalisation at 30 June 2016 (R'm)	1 537
iNAV at 30 June 2016 (cents)	681
Book value NAV at 30 June 2016 (cents)	499

The table below provides a detailed breakdown of the 30 June 2016 iNAV by investment:

Intrinsic NAV summary at 30 June 2016

Company	Valuation methodology	100% equity value R'000s	GPI holding %	GPI equity value R'000s	Related holding co- borrowings R'000s	Intrinsic NAV R'000s	% of portfolio
FOOD INVESTMENTS				1 102 083	(235 525)	866 558	27
BKSA	DCF	659 408	91.1	600 721	–	600 721	19
Dunkin' Donuts[(1)]	–	–	100.0	–	–	–	–
Baskin Robbins[(1)]	–	–	100.0	–	–	–	–
Spur	Traded price	3 352 061	10.0	301 704	(235 525)	66 179	2
Mac Brothers	DCF	117 790	100.0	117 790	–	117 790	4
Grand Foods Meat Plant	DCF	85 168	96.9	82 532	–	82 532	3
GAMING AND LEISURE INVESTMENTS				1 650 369	(225 000)	1 425 369	45
SunWest International[(2)]	EV/EBITDA	5 496 684	15.1	829 999	(225 000)	604 999	19
Worcester Casino	EV/EBITDA	139 029	15.1	20 993	–	20 993	1
GPI Slots							
Discontinued operations (19.9%)[(3)]	Recent transaction		19.9	263 815	–	263 815	8
Continuing operations (30%)	EV/EBITDA	1 785 207	30.0	535 562	–	535 562	17
OTHER INVESTMENTS				347 674	(132 500)	215 174	7
GPI Properties	Various	347 674	100.00	347 674	(132 500)	215 174	7
NON-CORE INVESTMENTS				33 531	–	33 531	1
Grand Tellumat Manufacturing	DCF	59 318	51.00	30 252	–	30 252	1
Grand Linkstate[(4)]	Recent transaction	1 884	51.00	961	–	961	0
Grand Sports	Cost	–	100.00	–	–	–	0
Atlas Gaming	EV/EBITDA	46 827	4.95	2 318	–	2 318	0

Other Group companies' cash and cash equivalents	**57 958**
Other Group companies net liabilities (excl. deferred proceeds)	**(2 620)**
Remaining proceeds from the part-sale of casino assets[(5)]	**562 500**
iNAV: Ordinary shareholders (pre-head office costs)	**3 158 525**
Number of issued ordinary shares ('000s) excluding treasury shares	**464 005**
iNAV per share (cents)	**681**

Notes:

(1) Dunkin' Donuts and Baskin Robbins are being carried at a nil asset value as neither of these brands have commenced operations. GPI paid R12.3 million for the both Master franchise licences and invested a further R5.6 million up to 30 June 2016 to fund the set-up costs of both the brands.

(2) GPI Sold 10% of SunWest to Tsogo for R642.5 million which implies an equity value for 100% of SunWest of R6 425.0 million and an intrinsic net asset value for GPI's remaining 15.1% holding of R745.2 million. GPI also sold 10% of Worcester Casino to Tsogo for R32.5 million which implies an equity value for 100% of Worcester Casino of R325.0 million and an intrinsic net asset value for GPI's remaining 15.1% holding of R49.1 million. If the recent transaction values had been used as the basis for valuation on both these investments, GPI's intrinsic net asset value would have increased to R3 276.6 million and the intrinsic net asset value per share would have increased to 706 cents.

(3) The proceeds from the third tranche disposal of GPI Slots is expected to be R263.8 million, the capital gains tax on disposal is expected to be R59.1 million and as a result the net proceeds from the disposal are expected to be R204.7 million.

(4) The recent transaction value represents the Group's portion of the proceeds agreed on the sale of Grand Linkstate; refer to the subsequent events section of this report for further details on the sale. The proceeds represent a recovery of the Group's shareholder loan to Grand Linkstate and therefore no capital gains tax will be raised on the disposal.

(5) The total proceeds from the part-sale of Worcester Casino and SunWest amounted to R675.0 million. Tsogo Sun paid an upfront instalment of R112.5 million on 29 June 2016, which GPI utilised on 30 June 2016 to pay R98 million in capital gains taxes related to the sale. The deferred proceeds at 30 June 2016 amounts to R565.5 million, which Tsogo sun will repay in 15 equal monthly instalments of R37.5 million starting on 15 July 2016 and ending on 1 September 2017.

The values of most of the investments held by GPI are easily valued. Other than general market conditions, the value of BKSA appears to be responsible for the deep discount currently being attributed to the share. The GPI Management team are confident that the forecasts used in determining the discounted cash flows for BKSA are both conservative and achievable.

REVIEW OF INVESTMENTS' OPERATIONS

FOOD

BURGER KING SOUTH AFRICA

Stand-alone results for the year
BKSA continued its network expansion across South Africa during the year taking the total number of restaurants to 62 at 30 June 2016. The average monthly store revenues (ARS) reduced by 21% from R1.0 million last year to R0.8 million this year, largely as a result of the consumer coming under significant pressure during the year due to the weak economy and rising prices. Despite the pull back in the ARS, BKSA's total revenue for the year increased by 60% from R303.9 million last year to R485.2 million this year.

The Food industry was negatively affected by the drought conditions throughout Southern Africa over the past year, which resulted in significant increases in food prices. However, as a result of the continued localisation on their inputs, BKSA showed improved gross margins. The restaurant operating model was optimised during the year, resulting in an increase in the average restaurant EBITDA percentage from 0% last year to 3% this year, and R17.9 million increase in the total restaurant EBITDA from a loss of R1.3 million last year to a profit of R16.5 million for the year.

The depreciation and amortisation costs for the year of R45.4 million were R25.3 million higher than the R20.1 million cost incurred last year. The increase is as a result of the network expansion during the year, where the average CAPEX per new restaurant opened during the period amounted to R7.7 million. The interest expense increased significantly during the year from R0.6 million last year to R20.8 million this year as a result of interest being charged on the shareholder loan from GPI with effect from 1 January 2016. A tax credit of R26.8 million has been recognised on the assessed loss for the year, which is 19% higher than the credit recognised last year, as a result of the increases in the corporate costs, depreciation and inter-group interest charges. The increased charges also resulted in a 2% increase in the net loss after tax for the year, which increased from R72.1 million last year to R75.9 million this year.

Investment's contribution to Group headline earnings for the year
BKSA's contribution to the Group headline earnings for the year amounts to a loss of R29.9 million (2015: R62.6 million loss), which is after the elimination of inter-group profits of R12.5 million (2015: R0.1 million) and inter-group interest of R20.4 million (2015: Rnil); adding back non-controlling interests of R12.4 million (2015: R9.3 million), and profits on property, plant and equipment of R0.7 million (2015: Rnil).

DUNKIN' DONUTS AND BASKIN ROBBINS

Dunkin' Donuts and Baskin Robbins incurred combined costs of R5.6 million to acquire their respective master franchise licences and to set-up their corporate head offices. There were no material inter-group charges included in the costs; as a result the two brands contributed a loss of R5.6 million to the Group headline earnings.

GRAND FOODS MEAT PLANT

Stand-alone results for the year
Grand Foods Meat Plant is exposed to BKSA through their agreement with Vector. As a result of BKSA's 56% increase in revenue, Grand Foods Meat Plant's revenue increased by 120% from R31.4 million last year to R69.1 million this year. This resulted in a R0.1 million profit after tax for the year, which was 106% higher than the R2.0 million net loss after tax incurred last year.

Investment's contribution to Group headline earnings for the year
Grand Foods Meat Plant's net profit after tax for the year of R0.1 million (2015: R2.1 million loss) was reduced by R0.2 million (2015: R1.3 million added back) to take into consideration the share of profits relating to the majority shareholder during the period the investment was held as an associate during the year. As a result of this adjustment, Grand Foods Meat Plant contributed a loss of R0.1 million (2015: R0.8 million loss) to the Group headline earnings for the year.

MAC BROTHERS CATERING EQUIPMENT

Stand-alone results for the year

Mac Brothers increased their revenue by 21% to R267.7 million (2015: R220.6 million) as a result of a 28% increase in local catering equipment sales (excluding BKSA), which increased from R103.1 million last year to R131.7 million this year, as well as a 47% increase in cold room and extraction sales, which increased from R17.2 million last year to R25.3 million this year. The operating costs for the year amounted to R66.2 million, which is 28% higher than the operating costs of R51.5 million incurred last year. The increase in costs is as a result of an increase in head count to support the increased operations and building rental charges.

The EBITDA for the year of R18.2 million is 110% higher than the R8.7 million EBITDA from last year. Depreciation for the year of R4.2 million increased by R1.7 million and the interest costs of R3.7 million also increased by R1.7 million when compared to last year. Net profit after tax for the year of R7.3 million increased by 205% from last year's net profit after tax of R2.4 million.

Investment's contribution to Group headline earnings for the year

Mac Brothers net profit after tax for the year of R7.3 million was reduced by R5.6 million to eliminate inter-group profits for the year; this increased by R1.3 million to eliminate the inter-group interest expense and by R4.5 million to eliminate the tax charge related to the inter-group disposal of buildings. After these adjustments, Mac Brothers contributed a profit of R7.5 million to the Group headline earnings.

GAMING

SUNWEST

Stand-alone results for the year

SunWest's revenue for the year increased by 4% from R2 404.2 million last year to R2 488.0 million this year. Its EBITDA decreased by 2% to R942.8 million for the year (2015: R945.0 million) and its net profit after tax decreased by 4% to R497.9 million for the year (2015: R515.3 million).

GrandWest

GrandWest Casino's operations were negatively affected by the weak local economy, and as a result only recognised a 4.5% increase in its revenue to R2 524.3 million (2015: R2 416.6 million). In addition, the interest costs for the year increased by 13% as a result of an increase in the debt facilities of R120.0 million during the year. GrandWest's net profit after tax for the year amounted to R497.9 million which is 3.6% lower than the net profit after tax of R516.8 million last year.

Table Bay

In contrast to GrandWest Casino, the Table Bay Hotel benefited from the weak rand value and increase their revenue by 23% to R310.3 million (2015: R252.5 million) and their net profit after tax by 127% to R3.7 million for the year from a loss of R18.6 million last year.

Investment's contribution to Group headline earnings for the year

GPI's 25.1% share of SunWest's earnings for the year amounts to R125.0 million, which was reduced by R2.0 million for transaction fees relating to the part disposal of the investment during the year and by R12.5 million for the interest costs related to GPI's debt funding relating to the investment. The earnings were increased by R0.2 million to eliminate GPI's share of SunWest's loss on disposal of property, plant and equipment to provide a profit contribution of R110.7 million to the Group headline earnings for the year.

GPI SLOTS

Stand-alone results for the year
GPI Slots increased their revenue by 17.1% from R789.2 million last year to R934.7 million this year. This was as a result of an additional 155 Limited Pay-out Machines (LPMs) being added to the national network during the year and an 11% increase in the average Gross Gaming Revenue (GGR) per machine per day from R650.55 last year to R721.52 this year. During the year, GPI Slots was able to control the rate at which their operating costs increased, which resulted in their EBITDA percentage increasing from 22.8% last year to 23.4% this year, and a 20% increase in their total EBITDA to R218.3 million (2015: R182.1 million). Their depreciation for the year of R74.8 million was 28% higher than last year due to the increase in the number of active LPMs. Finance costs for the year of R25.9 million also showed a significant increase of 61% when compared to last years' costs of R16.1 million; this is due to the fact that interest was only charged on the shareholder loans for six months of the prior year and for the full year this year.
As a result of these increased costs, GPI Slots net profit before tax increased at a lower rate of 9% year-on-year to R121.5 million (2015: R111.7 million). During the year, GPI Slots recognised a deferred tax asset of R26.1 million on the assessed losses, which had previously been incurred in its Gauteng businesses; this resulted in a 63% reduction in its consolidated tax charge, which reduced from R36.0 million last year to R13.2 million this year. The effect of the deferred tax recognition and the improved performance of GPI Slots resulted in a significant increase of 43% in its net profit after tax for the year to R108.2 million (2015: R75.6 million)

GPI Slots spent a total of R74.8 million during the year on CAPEX, 28% higher than last year's spend of R58.6 million. The majority of the CAPEX for the year was spent on Gaming Machines and Equipment (R69.9 million).

Investment's contribution to Group headline earnings for the year
GPI's 30.0% share of GPI Slot's earnings for the year amounts to R32.4 million, which was reduced by R2.0 million for transaction fees related to the part disposal of the investment during the year and a change in the capital Gains rate used amounting to R2.8 million and as a result GPI Slots contributed a R27.7 million profit to the Group headline earnings.

OTHER

CENTRAL COSTS

The Group's net central costs for the year amounted to R67.2 million, 12% lower than the central costs of R76.3 million last year, following optimisation of the Group's head office costs.

SUBSEQUENT EVENTS

Disposal of Properties
On 22 August 2016, the Group concluded an agreement for the sale of two industrial buildings, tenanted by Mac Brothers, for R59.5 million. The properties are situated in Epping, Cape Town and in Sabenza in Johannesburg. Mac Brothers will enter into a long-term lease with the new owners on similar terms to their existing inter-group lease, which has market-related terms. The transfer of the title deeds have been submitted to the deeds office and the proceeds will only be paid on successful transfer of the properties, which is expected to be concluded by November 2016. The Group will utilise the proceeds to repay the SCM Term Loan 2. The carrying value of the properties at 30 June 2016 is R51.4 million.

On 31 August 2016, the Group concluded an agreement for the sale of its industrial building situated in Atlantis, Cape Town, for R35.0 million. The title deed has been submitted to the deeds office and the proceeds will only be paid on successful transfer of the property, which we expect to be concluded by November 2016. The Group will use the proceeds to repay a portion of the SCM Term Loan 3. The carrying value of the property at 30 June 2016 is R22.8 million.

On 31 August 2016, the Group concluded an agreement for the sale of its industrial building situated in Goodwood, Cape Town for R5.7 million. The title deed has been submitted to the deeds office and the proceeds will only be paid on successful transfer of the property, which we expect to be concluded by November 2016. The carrying value of the property at 30 June 2016 is R6.8 million.

Disposal of Grand Linkstate
On 12 August 2016, the Group sold its 51.0% holding in Grand Linkstate to EOH Ltd (EOH) for R0.9 million. The minority shareholders concurrently sold their 49.0% holding to EOH for R0.9 million. The Group entered into a three-year service level agreement with EOH to provide the network and desktop support which Grand Linkstate had provided to the Group.

Disposal of Grand Sport
On 1 September 2016, the Group sold its 100% holding in Grand Sport to GPI Slots for R10.0 million. The conclusion of the disposal is contingent on obtaining the required approvals from the Western Cape Gambling and Racing Board, which we expect will be obtained before the end of December 2016.

SHARE REPURCHASE

Between 1 July 2016 and 8 September 2016, the Group repurchased 24 million GPI shares at a cost of R87.9 million. The shares are being held as treasury shares and were acquired under the general authority granted by the shareholders at the AGM held on 2 December 2015.

RELATED-PARTY TRANSACTIONS

On 26 October 2015, the Group acquired 5.0% of GF Meat Plant from Nadesons Investments for R2.9 million. Hassen Adams and Alan Keet are both Executive Directors of GPI and are affiliates of Nadesons Investments.

In addition to this transaction, the Group, in the ordinary course of business, entered into various transactions with related parties consistent with those as reported at 30 June 2015. During the year, employees exercised share options with the strike price settled by both loan financing and cash.

DIRECTORATE

On 9 September 2016, Tasneem Karriem was appointed as an Executive Director. Tasneem has been part of the GPI executive management team since 20 July 2015, and has been responsible for the corporate finance activities of the Group since joining. She will continue to lead the Group corporate finance activities in her capacity as an Executive Director.

There were no changes in Directors' interests between the end of the financial year and date of approval of the annual financial statements.

PROSPECTS

The upcoming financial year is going to be approached by the Group with a significant amount of optimism despite the anticipated strong headwinds caused by a sustained weak local economy. The Group will continue to receive the monthly instalments of R37.5 million per month from Tsogo for the part disposal of SunWest International and Worcester Casino, and will receive a total of R450.0 million during the course of the 2017 financial year. The Group will utilise the proceeds to repay its R225.0 million revolving loan facility, which is expected to reduce its debt equity ratio to 17.6%.

The Group's focus during the next financial year will be on delivering on its strategy to grow its Food business which includes the continued improvement in the profitability of BKSA, launching both Dunkin' Donuts and Baskin Robbins and unlocking the synergies between the various food investments. In addition, the Group will look to continue investing in food businesses via premium restaurant brands and supply chain services and product to support the restaurant brands.

The Group will remain dividend active and will look to realign its dividend policy to align its ordinary dividends with the Group's earnings profile. Special dividends will be paid out of surplus proceeds from the realisation of the Group's investments.

INVESTMENT REVIEWS

GPI WILL CONTINUE TO GROW AND DIVERSIFY ITS PORTFOLIO, SEEKING INVESTMENT IN ENTERPRISES WITH HIGH GROWTH POTENTIAL, COMMITTED LEADERSHIP AND AN ENTREPRENEURIAL SPIRIT TO MATCH ITS OWN.

FOOD INVESTMENTS

- BURGER KING SOUTH AFRICA
- GRAND FOODS MEAT PLANT
- MAC BROTHERS CATERING EQUIPMENT
- SPUR CORPORATION LTD

GAMING INVESTMENTS

- SUNWEST INTERNATIONAL
- GPI SLOTS

BURGER KING South Africa

OWNERSHIP STRUCTURE

91.1%	(R29.9 million)	(R600.7 million)
effective ownership (as at 30 June 2016)	loss contribution to GPI headline earnings (2015: R62.6 million loss contribution)	intrinsic net asset value at 30 June 2016

OPERATIONAL FOOTPRINT	BEE RATING	EMPLOYEES
10.9 million customers served (2015: 5.9 million)	Level 2 (measured as part of GPI consolidated scorecard under the pre-amended codes)	1 768 employees
68 restaurants in five provinces (2015: 43)		97% historically disadvantaged individuals (HDIs)(African, Coloured, Indian only – 1 711)
Western Cape: 23 (14) Gauteng: 32 (20) KwaZulu-Natal: 8 (7) Mpumalanga: 2 (1) North West: 3 (1)		71% females (1 249)
		90% previously unemployed individuals (first time employed and previously employed – 1 595)

KEY FINANCIAL INDICATORS (R'000s)

	2016	2015	2014	2013
Revenue	**485 162**	303 883	124 862	5 026
Restaurant EBITDA*	**14 757**	3 198	(31 969)	(5 941)
EBITDA	**(36 506)**	(72 301)	(66 665)	(17 754)
Net profit after tax	**(75 850)**	(72 085)	(52 790)	(18 120)
Shareholder loan	**441 888**	231 893	–	–
Total debt excluding shareholder loans	**1 898**	1 132	944	–

* EBITDA achieved by the restaurants excluding head office costs.

OPERATING CONTEXT AND PERFORMANCE

We have managed to achieve peak season break-even at the company level for the first time this year, and we are achieving monthly restaurant break-even on a consistent basis.

The restaurant mix is being shifted towards higher turnover drive-throughs from about 21% of total restaurant mix (R57 million) to 39% (227 million). Drive-throughs are achieving an average revenue per sale that is 38% (2015: 45%) higher than our food courts, and 43% (2015: 36%) higher than our in-line restaurants.

The negative same-store restaurant sales improved from -31% for the first half of the year to -22% for the second half of the year, with June being -16% (2015: -31%).

Our gross margin improved by 6.5% to 55.2% from the prior year of 48.70%, driven mainly by the economy of scale achieved from localising the production of our patties in South Africa and the increase of volumes through the meat plant, making the Plant's cost per patty more competitive.

We have had conservative sales price increases to maintain our price point and competitiveness in the market against the backdrop of a consumer under pressure. We have expanded our menu to include value options aimed at attracting first time buyers from all segments of the market; these are showing positive results in our same-store traffic.

PROSPECTS

With a reversing trend in negative same-store sales, we anticipate positive traffic growth for 2017. The overall trend is an improvement in our stores' operating performance in all key metrics, from gross margin to average restaurant sales and labour costs.

The industry is under general pressure following a persistent reduction in consumer spending and significant cost-push inflation on food input prices. Contributory factors to food inflation include the local drought, which resulted in local supply shortages, and the import substitution of local retail meat and chicken products, which resulted in weak recoveries in meat and chicken, placing pressure on the margins of the major chicken and beef producers in the local economy.

Together with constant currency fluctuations and the general rand-devaluation trend, the import substitution opportunities of locally produced products is difficult to benchmark and capitalise on. To control cost-push inflation in the forecast period we are implementing a strategy of securing forward pricing for the longest possible time frames.

We plan to continue a strong roll out, substituting poor performing restaurants for more profitable drive-throughs to achieve a drive-through store mix in excess of 50% for 2017.

We anticipate achieving peak season profitability at a company level this year for the June/July and December seasonal periods, and consistent month-on-month Company profitability for the last quarter of the budget period. This trend is forecast to improve as we obtain economies of scale in store numbers and shared central costs.

Grand Foods Meat Plant

OWNERSHIP STRUCTURE

96.9%	(R0.1 million)	R82.5 million
effective ownership (as at 30 June 2016)	loss contribution to GPI headline earnings (2015: R0.8 million loss contribution)	intrinsic net asset value at 30 June 2016

OPERATIONAL FOOTPRINT	BEE RATING	EMPLOYEES
One	Level 3	29 employees (2015: 32)

KEY FINANCIAL INDICATORS (R'000s)

	2016	2015*	2014	2013
Revenue	**69 052**	31 352	–	–
EBITDA	**3 856**	4 148	–	–
Net profit after tax	**50**	(1 461)	–	–
Shareholder loan	**11 100**	–	–	–
Total debt excluding shareholder loans	**44 946**	–	–	–

* Results are for the six-month period after GPI took control.

OPERATING CONTEXT AND PERFORMANCE

The Plant has maintained an average monthly gross profit margin of 18.5%, and produced an average sales volume of 122 tons per month since being acquired by the GPI Group. Average production yields have improved from 4.6% in the prior year to 1.54%. Sales have increased by 7% year-on-year to R44.7 million for the period ended 30 June 2016. Despite these improvements the Plant has not yet broken even.

Raw material costs for fresh and frozen beef have increased by 8.5% year-on-year. Despite continuous pressure on raw material prices due to the drought, March 2016 saw the expansion of the Plant's product lines with the approval by the Spur Group for the manufacture of their two burger-patty lines. The production of the Spur 100 g and 160 g burger patty, boosted sales by 18 tonnes for the period ended 30 June 2016 and continues to grow.

PROSPECTS

The Plant has recently started exporting product into Africa. The first shipment to Kenya took place in September, with volumes expected to increase as the BURGERKING® brand expands further into Africa. Further export opportunities to countries such as Malaysia, Singapore and Kuwait are also being evaluated. These opportunities continue to be pressed by the fluctuating exchange rate.

Two new products – the Boerie and XT burger – have been added to the Plant's production lines. These lines are expected to roll out into BKSA stores in December 2016. Together with the two lines produced for Spur, the Plant will be producing six different products in total. Further product expansion opportunities are also being explored with the Plant being earmarked to supply mince to a well-known pizza franchise.

The transport costs associated with the delivery of products has proven to be a significant uncontrollable expense for the Plant. In a bid to reduce these costs, the Plant is investigating a potential venture with a reputable logistics carrier.

Mac Brothers Catering Equipment

OWNERSHIP STRUCTURE

100%	R7.5 million	R117.8 million
effective ownership (as at 30 June 2016)	contribution to GPI headline earnings (2015: R5.7 million loss contribution)	intrinsic net asset value at 30 June 2016

OPERATIONAL FOOTPRINT	BEE RATING	EMPLOYEES
Catering and refrigeration equipment manufacturing facility in Cape Town	Level 8 (based on new BBBEE Codes)	254 employees (2015: 248)
Branches in Cape Town, Durban, Johannesburg and Harare		83% HDIs
Established agency network throughout Africa		23% females

KEY FINANCIAL INDICATORS (R'000s)

	2016	2015	2014	2013
Revenue	**267 703**	233 924	180 436	149 565
EBITDA	**18 212**	8 807	12 361	11 023
Net profit after tax	**10 397**	3 736	8 333	7 525
Shareholder loan	**26 231**	25 602	–	–
Total debt excluding shareholder loans	**44 943**	67 726*	76 198	54 578

* Includes GPI Properties loan of R2.529 million.

OPERATING CONTEXT AND PERFORMANCE

Market conditions continue to be tight in South Africa, with certain areas within the food service industry remaining under some stress. The improvement in tourism numbers has provided some relief with many of the hotel chains – and related establishments such as wine farms and guest houses – undertaking strategic upgrading and refurbishments. We have also been fortunate to be a part of various 'new-build' hotel projects. We have focused on diversifying our client base so as not to be reliant on one particular client or industry segment.

Revenue for the 2016 year grew by 21.2% up to R267.7 million, including BKSA sales (comprising 26% of total sales) and sales to other customers improving by 28.9%. EBITDA increased by 97.1% due in the main to a major initiative to control operating expenses, as well as improved efficiency and rationalisation in the business. Although revenue from exports into Africa was disappointing at R9.1 million (2015: R7.4 million), this represented an increase of 24% year-on-year. The main reason for the disappointment was the shelving of projects in markets sensitive to the low oil prices (many of our traditional markets have oil and gas-driven economies). We have not rested on our laurels in these potentially lucrative areas and are positioned to activate projects at short notice.

The fabrication division (operated by our subsidiary, Sabenza Manufacturing Systems) has signed new original equipment manufacturer licence agreements, which will enable us to manufacture certain brands, such as Adande Refrigeration equipment, Bertha charcoal ovens and Synergy Grill, in South Africa. This strategy of 'import replacement' will extend to hotel kitchen cooking suites and certain selected imported items.

We have gained certification according to the SANS IEC 60335 standard applied by the National Regulator for Compulsory Specifications in respect of locally produced equipment as well as all our imported brands. This certification is becoming more stringently controlled and our strict adherence to the standard differentiates our business from others competing in this space.

Spur Corporation

OWNERSHIP STRUCTURE

10%	(R5.8 million)	R66.2 million
effective ownership (as at 30 June 2016)	loss contribution to GPI headline earnings (2015: R5.9 million loss contribution)	intrinsic net asset value at 30 June 2016

OPERATIONAL FOOTPRINT	BEE RATING	EMPLOYEES
517 local stores (2015: 464)	Level 8 (based on new BBBEE Codes)	496 employees (2015: 395)
58 international stores: 11 in Australia; 47 in Africa and Mauritius		65% HDIs
		52% females

KEY FINANCIAL INDICATORS (R'000s)

	2016	2015	2014	2013
Revenue	**737 371**	760 059	732 636	671 552
EBITDA	**180 238**	180 805	194 620	190 630
Net profit after tax	**139 300**	135 653	137 233	133 302
Total debt excluding shareholder loans	**25 746**	17 261	21 302	13 530

OPERATING CONTEXT AND PERFORMANCE

Restaurant sales across Spur's local and international operations grew by 12.9% to R6.97 billion. Domestic restaurant sales grew by 13.0% as economic conditions worsened in the second half of the year while international sales increased by 12.1% in rand terms. Following the opening of new outlets locally in the past year, the group's worldwide restaurant base increased to 517. The Group's headline earnings increased by 15.9% to R164 million with headline earnings per share growing by 11.9% to 170.9 cents.

The Group's brands performed well in the face of lower consumer spending and benefited from new restaurant openings. However, the impact of the widespread drought in South Africa and the deterioration of the rand, together with aggressive discounting by competitors, placed pressure on margins.

During the year, the Group made a strategic decision to focus its international operations primarily on Africa and Australia, and ceased trading in the UK and Ireland. As a result, the remaining eight restaurants in the UK and Ireland were closed.

PROSPECTS

Looking to the year ahead, the Group's middle-income market will remain under pressure in an environment of low economic growth and negative consumer sentiment. The company will continue to attract cost-conscious customers through our quality, value-driven product offering, aggressive marketing campaigns and targeted television advertising.

Despite the slower economy, the Group plans to open 28 restaurants across all brands in South Africa in the next 12 months. Internationally, nine new franchised outlets are planned, including the first Spur outlets in New Zealand and Ethiopia, and additional restaurants in Nigeria and Zimbabwe. The international expansion of RocoMamas will gain momentum with new outlets planned for Saudi Arabia, Oman, Kenya and Mauritius.

SunWest International

OWNERSHIP STRUCTURE

15.1%	R110.7 million	R605.0 million
effective ownership (as at 30 June 2016)	contribution to GPI headline earnings (2015: R116.6 million contribution)	intrinsic net asset value at 30 June 2016

OPERATIONAL FOOTPRINT	BEE RATING	EMPLOYEES
One casino and entertainment complex	Level 4	327 employees
One five-star hotel		90% HDIs
		47% black females

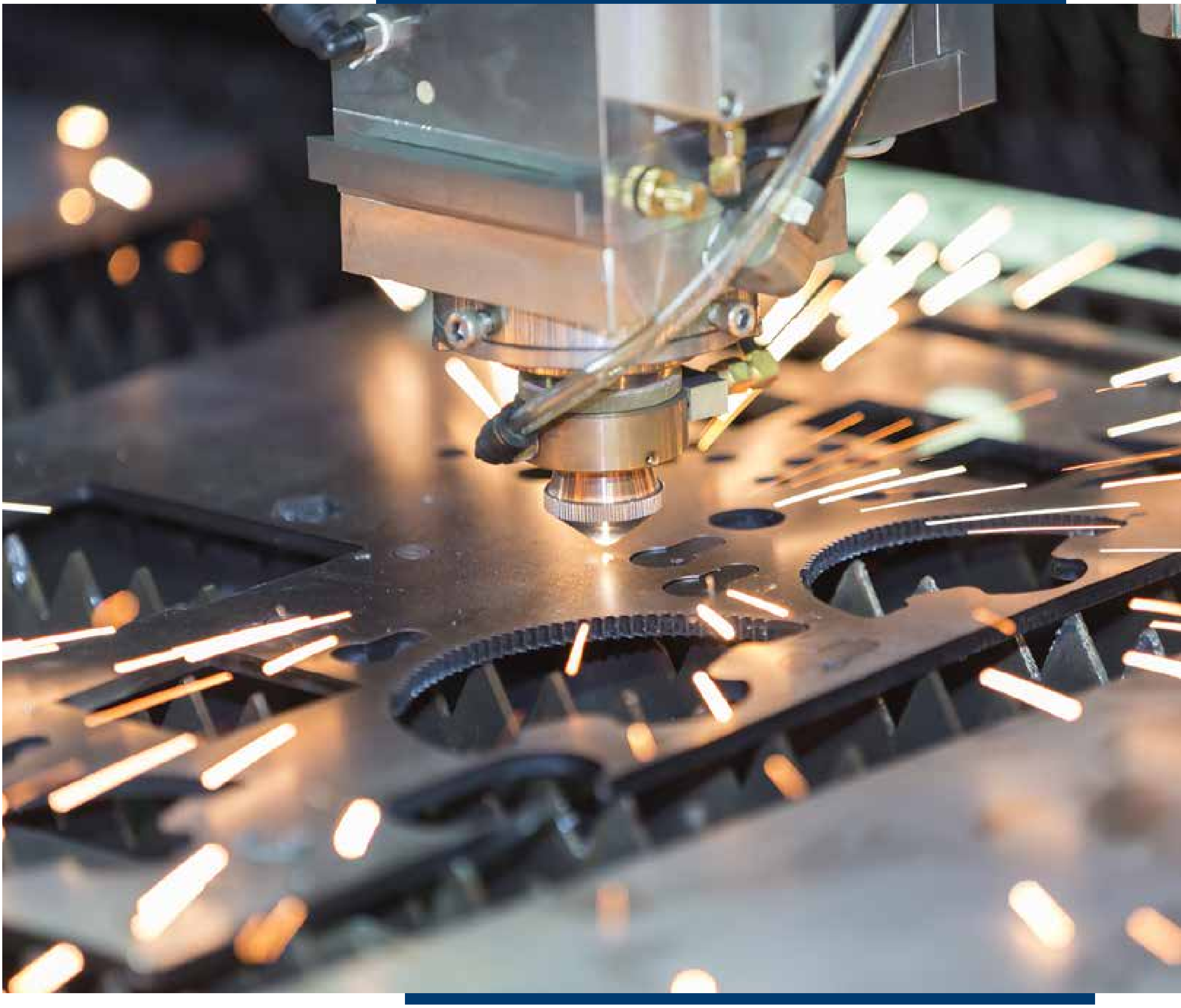
KEY FINANCIAL INDICATORS (R'000s)

	2016	2015	2014	2013
Revenue	**2 488 044**	2 404 223	2 250 457	2 051 094
EBITDA	**9 418 795**	943 529	852 073	791 730
Net profit after tax	**497 928**	515 326	464 193	440 078
Total debt excluding shareholder loans	**990 451**	871 068	848 558	751 072

OPERATING CONTEXT AND PERFORMANCE

SunWest's revenue for the year increased by 4% to R2.488 million (2015: R2.404 million). EBITDA decreased by 0.2% to R941.8 million for the year (2015: R943.5 million) and net profit after tax decreased by 3% to R497.9 million (2015: R515.3 million).

GPI's 25.1% share of SunWest's earnings for the year amounted to R125.0 million, which was reduced by R2.0 million for transaction fees relating to the part-disposal of the investment during the year and by R12.5 million for the interest costs in respect of GPI's debt funding relating to the investment. The earnings were increased by R0.2 million to eliminate GPI's share of SunWest's loss on disposal of property, plant and equipment to provide a profit contribution of R110.7 million to the Group headline earnings for the year.



GPI
SLOTS (PTY) LTD

GPI Slots

OWNERSHIP STRUCTURE

49.9%	R27.7 million	R799.4 million
effective ownership (as at 30 June 2016)	contribution to GPI headline earnings (2015: R9.7 million contribution)	intrinsic net asset value at 30 June 2016

OPERATIONAL FOOTPRINT	BEE RATING	EMPLOYEES
GPI Slots is licensed by relevant Provincial Gambling Boards to operate in the following provinces:	Subject to BBBEE verification at time of report.	222 employees (2015: 208)
Western Cape: 1 000 LPMs		91% HDIs
KwaZulu-Natal: 2 000 LPMs		49% females
Gauteng: 2 000 LPMs		
Mpumalanga: 213 LPMs		

KEY FINANCIAL INDICATORS (R'000s)

	2016	2015	2014	2013
Revenue	**934 666**	799 573	599 616	470 760
EBITDA	**142 201**	182 104	127 442	61 779
Net profit after tax	**108 226**	78 327	51 336	48 728
Shareholder loans	**219 997**	253 544	204 047	100 326
Total debt excluding shareholder loans	**7 824**	94 578	2 289	877

OPERATING CONTEXT AND PERFORMANCE

Despite the shortfall in machine numbers as a result of the usual delays associated with the regulatory constraints, the business reported a commendable growth of 17% in revenue when compared with the previous year. GPI Slot's performance was in line with expectations given the sluggish economy that prevailed particularly in the first half of the year.

With the total number of machines only increasing by 3.9% in the current year, the majority of the growth in gross gaming revenue (GGR) was generated by existing machines and through improved machine mix across all operations. With an overall GGR and LPM market share of 48.33% and 49.59% respectively, the business maintained its competitiveness.

The conclusion of the second tranche of the Slots transaction between Sun International and GPI was an important highlight during April 2016 and saw Sun International gain control of the GPI Slots Group with an ownership of 50.1%. Sun International has since acquired a further 19% of the GPI Slots Group, bringing its total ownership to 70%.

PROSPECTS

The focus for GPI Slots remains on business improvement, alignment and linking into Sun International's expertise where possible. The strategic goals will be further refined to be in line with the proposed plan of reaching the R1 billion revenue mark in the new financial year while seeking new expansion opportunities within the alternate gaming space.

Improvement to the product mix is yet another strategy that the business will pursue in order to improve profitability and grow market share in all regions where the Slots Group operates.

The roll out of type B licences (permitting the operation of up to 40 LPMs per site) in KwaZulu-Natal and Gauteng presents an immediate opportunity to expand the business, and continues to be viewed as a potential growth area.

CORPORATE GOVERNANCE

GPI'S SOLID GOVERNANCE FOUNDATION IS AIMED AT PROMOTING SUSTAINED STAKEHOLDER VALUE AND THE ACHIEVEMENT OF THE GROUP'S STRATEGIC GROWTH OBJECTIVES.

The governance practices in the Group are underpinned by the principles of integrity, transparency, fairness and trust, which collectively serve to reinforce internal systems and controls. This solid governance foundation is aimed at promoting sustained stakeholder value and the achievement of the Group's strategic growth objectives.

APPLICATION OF KING III PRINCIPLES

The Directors confirm that during the 2016 reporting period the Group has, in all material respects, voluntarily applied the King Code of Governance for South Africa 2009 (King III) and complied with the mandatory corporate governance provisions in the JSE Listings Requirements. A schedule of how the Group has applied the King III principles in detail can be viewed on **www.grandparade.co.za** under the investor relations section. An overview of the areas of non-application as well as the development areas, are provided below:

GOVERNANCE PRINCIPLE	GOVERNANCE APPLICATION AND/OR DEVELOPMENT
Principle 2.16: The board should elect a chairman of the board who is an independent non-executive director.	As reported previously, the Board is of the view that Mr Adams' extensive experience and expertise, and his track record of serving the best interests of the Company and its stakeholders, are of such benefit as to mitigate his continued role as the Executive Chairman of the Company.
Principle 2.27: Shareholders should approve the company's remuneration policy	GPI has elected not to propose the remuneration policy to shareholders for a non-binding advisory vote at the Company's Annual General Meeting, but has disclosed details of the remuneration policy and structure in the Remuneration Report included in this Integrated Annual Report. The remuneration paid to Executive and Non-executive Directors during the year has been fully disclosed in the Group's annual financial statements available on the Company website at **www.grandparade.co.za**.
Principle 5: The governance of Information and Technology	Management of key classes of information continues to be a priority and ongoing improvements are being made in this regard. With the sale of Grand Linkstate to EOH during the financial year, we are currently implementing revised reporting lines and intend to engage independent experts to assist us in developing a framework to enable the protection of high-value information assets and personal information.
Principle 9.3: Sustainability reporting and disclosure should be independently assured	GPI follows a combined assurance approach that incorporates internal (management and internal audit) and external (BBBEE scorecard verification and external audit) assurance, but has not sought independent assurance for this report. Steps will be taken in the next financial year to develop a framework for sustainability reporting and consideration will be given to obtaining external assurance in this regard.

THE GPI BOARD

The Board provides leadership to the Group and as is ultimately accountable for the overall strategy, performance and governance of the Group. This is achieved by focusing on material issues that impact on value creation and long-term sustainability, as well as reviewing and monitoring the development and implementation of the strategic plans.

Operational responsibility for the various divisions in the Group is delegated to the respective Company boards and to management who are held accountable for strategy implementation and the ongoing management of the respective businesses.

BOARD STRUCTURE AND COMPOSITION

The Board has a unitary structure, and for the duration of the financial year comprised nine Directors, six being Non-executive Directors. The only change to the composition of the Board since the previous integrated report was the appointment, on 9 September 2016, of Ms Tasneem Karriem as an Executive Director. Non-executive Directors nevertheless remain in the majority. Biographies outlining the qualifications and skills of the Directors are included on pages 60 and 62 of this Report.

Mr Hassen Adams continued on the Board as Executive Chairman. His responsibilities and those of the Chief Executive Officer are separated and clearly defined. The Executive Chairman is responsible for leading the Board and ensuring that the Board and its Committees are effective and act with integrity. The Chief Executive Officer is responsible for managing and running the Company's business effectively in accordance with the strategy and objectives approved by the Board.

Dr Norman Maharaj continued as the Lead Independent Director (LID) providing leadership to the Board, Committees, Directors and Executives on matters where conflicts of interest may arise. As the chairperson of the Remuneration and Nomination Committees, he also manages the performance appraisal of the Chairman.

This division of responsibilities ensures a balance of authority and power, with no individual Director having unrestricted powers and decision-making authority.

BOARD CHARTER

The Board Charter outlines the scope of authority, responsibilities, powers, composition and functioning of the Board. Its main purpose is to entrench sound governance practices by setting the tone at the top and providing a context for furtherance of good governance across the Group.

The Charter is aligned with the relevant statutory and regulatory provisions laid down in the Companies Act, and the requirements of the JSE Listings Requirements and the Company's Memorandum of Incorporation, as well as best practice advocated by the King III principles. The Board Charter will be reviewed to bring it into line, where applicable, with the principles of the King IV Report on Corporate Governance for South Africa 2016.

BOARD APPOINTMENTS

The Board relies on the guidance and advice of the Remuneration and Nomination Committee in term of appointments to the Board. When vacancies arise on the Board, the Committee assists the Board with the identification of potential Directors and considers their skills and qualifications with due regard to the Board's knowledge and skills requirements, as well as those laid down in the Act.

Non-executive Directors are selected based on their skills, business experience and qualifications; the Board also considers gender and racial diversity in appointing new Directors. At year-end, black Directors constituted 66% of the Board membership, and membership currently comprises 70% black Directors and 20% black female Directors.

On appointment, a Director receives a formal letter of appointment together with a pack of the relevant statutory information to ensure an understanding of the provisions of the Act and the obligations of Directors. The Director is also provided with information on the Group's strategy, operational activities, and the products and services offered by the various divisions. New Directors are informed of the closed periods for dealing in the Company's securities, the procedure they are required to follow before dealing in securities, as well as details pertaining to related-party transactions.

ROTATION AND ELECTION OF DIRECTORS

One-third of the Executive Directors are required to retire by rotation at the annual general meeting (AGM) of shareholders. Retiring Directors may offer themselves for re-election, while Directors appointed by the Board since the previous AGM must be elected by shareholders at the following AGM. Details of these Directors are given in the Notice of AGM which was distributed to shareholders on 19 September 2016 and is also available online on the Company's website **www.grandparade.co.za**. At the AGM on 6 December 2016, Ms Nombeko Mlambo and Mr Colin Priem were re-elected.

DIRECTORS' INDEPENDENCE

The Board is of the view that the independent Non-executive Directors' qualifications, experience and personal characteristics, as well as the fact that they have no material contractual relationships with the Group, are such that their judgement is exercised independently and in an unfettered manner. The Board is satisfied that the Non-executive Directors with more than nine years' service continue to be independent of mind, and is of the view that their judgement has not been impaired in any way by their length of service on the Board.

INDEPENDENT ADVICE AND ACCESS TO COMPANY INFORMATION

A procedure is in place for Directors to consult independent professional advisors, if necessary and within reason, at the Company's expense, subject to prior notification to the Executive Chairman or the Company Secretary. No such advice was sought during the financial year.

Procedures are in place, through the Executive Chairman and the Company Secretary, giving the Directors access, at reasonable times, to all relevant Company information and to senior management, to assist them in the discharge of their duties and responsibilities and to enable them to make informed decisions. Directors are expected to strictly observe the provisions of the statutes applicable to the use and confidentiality of information.

DISCLOSURES AND CONFLICTS OF INTEREST

Directors are obliged to avoid situations that may place them in conflict with the interests of the Company or the Group. In addition, interests must be declared before each Board meeting and procedures are in place for Directors to provide the Company Secretary with full disclosure of any related-party transactions to which they or their immediate families may be party.

NON-EXECUTIVE DIRECTORS' FEES

The fees paid to Non-executive Directors for their services on the Board were reviewed by the Remuneration and Nomination Committee. It was agreed, with the approval of the Board, that the fee structure as approved by shareholders at the 2015 AGM remain unchanged, but that an increase of 7% be applied in line with the general salary increase that was paid to eligible employees in the Group.

The proposed fees for Non-executive Directors to be paid from 1 January 2017 are set out in the Notice of AGM which was distributed to shareholders on 19 September 2016 and is also available online on the Company's website **www.grandparade.co.za**.

THE BOARD PROVIDES LEADERSHIP TO THE GROUP AND IS ULTIMATELY ACCOUNTABLE FOR THE OVERALL STRATEGY, PERFORMANCE AND GOVERNANCE OF THE GROUP.

DEALING IN THE COMPANY'S SECURITIES

A policy on share dealings and insider trading is applied across the Group to all Company Directors, the Company Secretary, prescribed officers and certain identified senior executives with access to financial results and other price-sensitive information. These individuals may not deal in shares of the Company during the 'closed periods' as defined in the JSE Listings Requirements or while the Company is operating under circumstances where it would be inappropriate to deal in the Company's shares, such as while operating under a cautionary or while the Company is in the process of price-sensitive negotiations or acquisitions.

Directors and the Company Secretary are obliged to obtain the Executive Chairman's written clearance (or in his absence, the LID's) prior to dealing in the Company's shares and all requests are referred through the Company Secretary for record-keeping purposes and to liaise with the Company's sponsors to disclose such dealings to shareholders on SENS.

Company Secretary

The Company Secretary serves as the central source of advice to the Board on the requirements of the Companies Act and the principles of corporate governance as contained in the JSE Listings Requirements and King III. In addition to the Company Secretary's statutory and other duties, she provides the Board as a whole, Directors individually, and the Committees with guidance as to the manner in which their responsibilities should be discharged in the best interests of the Company. The appointment and removal of the Company Secretary is a matter for the Board as a whole.

The Board reviews (through the Remuneration and Nomination Committee) the qualifications, experience and competence of the Company Secretary and has noted that the Company Secretary performed all formalities and substantive duties timeously and in an appropriate manner. Furthermore, the Board is satisfied that the Company Secretary has the appropriate knowledge, skills and experience to execute her duties and that an arm's-length relationship exists between the Company Secretary and the Board.

The Board meets quarterly to discharge its statutory obligations and to ensure adherence to the Company's strategic focus.

BOARD MEETINGS

In addition to meeting quarterly, the Board meets at other times during the course of the year to attend to other specific business as and when the need arises.

Composition of Board and attendance during the 2016 financial year

	Director designation	Number of meetings held	Number of meetings attended
H Adams	Executive Chairman	5	5
A Keet	CEO	5	5
D Pienaar	Finance Director	5	5
NV Maharaj	Lead Independent	5	5
A Abercrombie	Non-executive	5	4
N Mlambo	Independent Non-executive	5	5
CM Priem	Independent Non-executive	5	5
WD Geach	Independent Non-executive	5	5
R Hargey*	Independent Non-executive	5	3

* Appointed 1 September 2015.

BOARD COMMITTEES AND REPORTS

The Board Committees have clear terms of reference that define their powers and duties. These are documented in Committee Charters, which are reviewed by each Committee annually and amended with the approval of the Board. The agenda for each quarterly Board meeting includes as a standing item, Committee Reports and chairpersons of each Committee are expected to provide the Board with a full account of the Committee's activities during the preceding quarter.

The Directors confirm that the Committees have functioned in accordance with their written terms of reference during the financial period.

AUDIT AND RISK COMMITTEE

The Audit and Risk Committee (the Committee) is formally constituted in accordance with the provisions of the Companies Act, King III and the JSE Listings Requirements.

The Committee comprises three suitably qualified and experienced Non-executive Directors who are charged with functions and responsibilities as set out in the Committee's Charter. These include:

- Ensuring that adequate accounting records are maintained and that financial reporting and internal control systems are effective;
- Ensuring that published financial reports comply with relevant legislation, reporting standards and good governance;
- Ensuring that Group assets are safeguarded by monitoring the implementation of effective systems of internal control to safeguard assets and support business sustainability;
- Maintaining oversight over information technology;
- Confirming the nomination and appointment of the external auditor and ensuring that the appointment complies with relevant legislation;
- Approving the terms of engagement and fees paid to the external auditor;
- Approving the provision of non-audit services by the external auditor;
- Considering the findings arising from the annual audit;
- Monitoring the functioning and approval of the internal audit plan ensuring that there is adequate audit coverage in the Group;
- Fulfilling the function of Audit Committee to Group subsidiaries;
- Reviewing the expertise, resources and experience of the Group's finance function and the expertise and experience of the Finance Director;
- Recommending for approval by the Board, the audited financial statements and results, as well as the Integrated Annual Report; and
- Ensuring the effectiveness and reliability of the group's risk management processes and that disclosure regarding risk is comprehensive, timely and relevant.

While the Committee operates independently of management, the Chief Executive Officer, Financial Director, Group Internal Auditor and the external auditors attend meetings of the Committee by invitation. The Committee is also at liberty to hold confidential meetings with the internal and external auditors as well as with management should they so require.

Composition of Committee and attendance during the 2016 financial year

	Director designation	Number of meetings held	Number of meetings attended
CM Priem	Chairman	5	5
WD Geach	Member	5	5
NV Maharaj	Member	5	5

During the reporting period, the Committee attended to the following statutory duties:

- Nominated Ernst and Young Inc. and Mr Chris Sickle as the designated registered auditor of the Company and the Group, ensuring that the appointment of the external auditor complies with the Act and other relevant legislation;
- Determined the fees to be paid to, and the terms of engagement of, the external auditor;
- Determined the nature and extent of any non-audit services that the external auditors may provide to the Company and the Group and pre-approved the fees relating to such services;
- Evaluated the independence, effectiveness and performance of the external auditor and is satisfied as to the independence of the external auditor; and
- Reviewed and made recommendations to the Board in respect of the publicly disclosed financial information including the interim results for the six months ended 31 December 2015 and the audited annual results for the 2016 financial year.

The Committee has furthermore carried out the following responsibilities:

- Reviewed the Integrated Annual Report and the annual financial statements, including the complete annual financial statements, and has recommended it for approval by the Board. In the course of the review the Committee has satisfied itself that the annual financial statements are prepared in accordance with IFRS and the Act;
- Reviewed the adequacy of the systems of internal control and any legal matters which could significantly impact on the group's financial statements;
- Reviewed the risk management framework and made recommendations, where appropriate, to the Board and to management;
- Reviewed and approved the Internal Audit Charter; and
- Evaluated the independence, effectiveness and performance of the internal audit function and approved and reviewed the internal audit annual work plan, as well as quarterly internal audit reports.

The Committee has satisfied itself as to the appropriateness of Mr Dylan Pienaar's expertise and experience and evaluated his performance as the Financial Director of the Company. Biographical details of Mr Pienaar are provided on page 60 of this report.

With the regard to the adequacy of resources in the finance department and the experience of its senior management, the Committee has evaluated the department's performance during the year and is satisfied that the finance function is both well resourced and that its collective experience is appropriate for the needs of the Company and the Group.

The Committee believes that the Group's performance during the year under review has been of an acceptable standard and is satisfied that there have been no instances of material non-compliance with legislation and regulation, or non-adherence with codes of best practice, in relation to the areas within the Committee's mandate.

In conclusion, the Committee is pleased to report that it is satisfied that it has discharged all its statutory, regulatory and other obligations during the year under review.

REMUNERATION AND NOMINATION COMMITTEE (REMCO) REPORT

The Remco comprises four Non-executive Directors, the majority being independent. The Company's Lead Independent Director is the Chairperson in keeping with the mandatory requirements of the JSE Listings Requirements as they relate to companies with executive chairpersons.

The Committee acts independently and makes recommendations to the Board on the remuneration policies and practices for Executive Directors, managing executives and other senior executives, as well as general management and the workforce across all subsidiaries. To help promote GPI's Best People Strategy, the Committee assists the Board in ensuring that fair remuneration practices are adopted and practiced and that communication thereof is open and transparent.

In addition to the above, the Remco also has the following functions and responsibilities:

- To evaluate the performance of Executive Directors in light of the criteria or metrics approved by the Board and recommend, for Board approval, rewards to be paid;
- To consider management's proposals for annual salary increases and adjustments across the Group and make recommendations to the Board;
- To approve changes to the benchmarking methodology used for setting base salaries and incentive targets for employees in the Group;
- To ensure that the annual remuneration report, including the remuneration policy, included in the Company's annual integrated report provides the necessary level of disclosure in respect of the principles recommended in King III or provides an explanation in respect of any principles not applied;
- To assist the Board with the identification and nomination of suitable candidates for appointment to the Board; and
- To annually review the 'independence' of Non-executive Directors, taking into account the applicable governance requirement.

The Committee is authorised to investigate any activity within the scope of its mandate and may call upon management to provide it with information. It also has the right to obtain, at the Company's cost, independent outside professional advice to assist with the execution of its duties, subject to Board approval; and has full access to the Company's records, facilities and any other resources necessary to discharge its duties and responsibilities.

Remuneration philosophy/approach

GPI's remuneration philosophy is aimed at attracting, retaining and rewarding talented people across the Group. The key objectives of the policy are to:

- Maintain a wage gap in line with, or better than, the market average;
- Benchmark all guaranteed salaries to market averages by making use of local salary surveys;
- Reward employees for performance by weighting their total remuneration package towards performance-based remuneration; and
- Align the key decision-makers with the expectations of shareholders and to prevent short-term performance at the expense of long-term profitability, by means of long-term incentives that vest between three and five years.

The Group remuneration policy was thoroughly reviewed and revised during 2015 to bring it into line with the remuneration philosophy, and was again reviewed for relevance by the Remuneration Committee, and left unchanged, during 2016.

Executive Director remuneration

Executive Directors enjoy the following remuneration structure:

- 25% allocated to guaranteed pay
- 25% allocated as a maximum short-term incentive, and
- 50% allocated as a maximum long-term incentive

Guaranteed Pay: Guaranteed pay is benchmarked against the 25th percentile of the local salary survey. Benchmarking the guaranteed pay at the lower end of the scale provides scope to apply a higher weighting to performance-based remuneration.

Short-term Incentives: A maximum of 100% of the Executive Directors' guaranteed pay may be allocated as short-term incentives (per annum). The award is based on achievement of pre-determined key performance indicators and is weighted 60% towards the company's performance and 40% toward the individual's performance. Short-term incentives are in the form of cash awards.

Long-term incentives: A maximum of 200% of the Executive Directors' guaranteed pay may be allocated as long-term incentives (per annum). The award is based on the achievement of the same key performance indicators as the short-term incentives and using the same weightings. The Board has the discretion to determine the form of the long-term awards, with a strong preference towards the award of share options. In determining the form of the long-term award the Board considers the Executive Director's total exposure to GPI shares, his or her length of service and the Director's specific performance during the year. All three Executive Directors in office at financial year-end, received long-term incentives.

Non-executive Director remuneration

Non-executive Directors' remuneration is not linked to the performance of the Group and neither do Non-executive Directors participate in the Group share scheme. The fees paid to Non-executive Directors for their services as Directors, are benchmarked against the fees paid to Non-executive Directors of a JSE-listed peer group and similar small-cap Companies by market capitalisation. The current PWC Non-executive Directors Remuneration Trends Report is also considered when reviewing Non-executive Director remuneration. Fees for 2017 have been proposed in the notice of annual general meeting.

Composition of Committee and attendance during the 2016 financial year

	Director designation	Number of meetings held	Number of meetings attended
NV Maharaj	Chairman	2	2
CM Priem	Member	2	2
N Mlambo	Member	2	1
A Abercrombie	Member	2	1

SOCIAL AND ETHICS COMMITTEE REPORT

The Social and Ethics Committee (the Committee) assists the Board in providing effective ethical leadership by monitoring the Group's performance as a good corporate citizen to ensure accountability from a financial perspective and in terms of the Group's social and environmental impact. The Committee is constituted in terms of the Companies Act and comprises an equal number of Non-executive and Executive Directors.

The Committee's terms of reference are derived from regulation 43(5) of the Companies Regulations and include monitoring the Group's activities in relation to social and economic development, good corporate citizenship, the environment, health and public safety, consumer relationships, and labour and employment.

The Committee makes recommendations to the Board in relation to the above activities and specifically in relation to policies for fair labour practices, sustainable development, responsible product sourcing and social and ethics matters across the Group.

Composition of Committee and attendance during the 2016 financial year

	Director designation	Number of meetings held	Number of meetings attended
H Adams	Chairman	1	1
A Keet	Member	1	1
N Maharaj	Member	1	0
A Abercrombie	Member	1	1

EXECUTIVE DIRECTORS

Dr Hassen Adams (64)

Appointed 1997

Executive Chairman

Appointed 11 February 2011

HDip Civil Engineering (PenTech), PrTech Eng

An engineer by profession, Hassen has been instrumental in establishing a number of successful businesses, the most high profile of these being Grand Parade Investments Ltd (GPI) which he co-founded. In addition to being the Executive Chairman of GPI, Hassen is also Executive Chairman of Burger King South Africa (RF) (Pty) Ltd and Non-executive Chairman of SunWest International (Pty) Ltd. He serves on the Board of Grindrod Ltd and on the Boards of all of GPI's subsidiaries, as well as GPI's Investment Committee and Social and Ethics Committee.

Hassen also holds directorships in diverse industry sectors including construction, gaming, shipping, entertainment and leisure and has extensive experience in corporate finance. He has recently been awarded an Honorary Doctorate in Philosophy from the Department of Economic and Management Science at the University of the Western Cape.

Alan Edward Keet (48)

Appointed 2012

Chief Executive Officer

Appointed 10 April 2012

BCompt Hons (Unisa), CA(SA)

Alan is a chartered accountant by profession. He joined the Group in April 2012 as Chief Executive Officer, prior to which he was the CEO of a national auditing practice where he served his articles and subsequently became a partner in 1998. During his time there, he served on several boards, gaining experience in varied industries from property funds to insurance underwriters and various service industries.

Alan was appointed as a Director of the Company on 10 April 2012 and serves on all the Board Committees in an executive capacity. He also holds a Board position on Spur Corporation as the GPI representative.

Dylan Pienaar (37)

Appointed 2014

Group Financial Director

Appointed 1 November 2014

BCom Hons (UCT), CA(SA), ACMA, CGMA

Dylan is a qualified chartered accountant and a member of the Chartered Institute of Management Accountants (United Kingdom). He joined GPI in 2008 as part of the GPI Slots finance team and has since held various key roles within the Group finance team, including Group Financial Manager and Finance Executive, before being appointed as the GPI interim Group Financial Director on 1 November 2014 and the Group Financial Director on 1 March 2015. He is a member of the Company's Investment Committee and attends meetings of the various committees of the Board in an executive capacity.

Tasneem Karriem (35)

Appointed September 2016

Corporate Finance Executive

Appointed 9 September 2016

BCom Hons (UWC), CA(SA)

Tasneem is a qualified chartered accountant and a member of the South African Institute of Chartered Accountants. She has vast corporate finance experience gained in previous roles as an executive in the corporate finance team at African Equity Empowerment Investments and in senior management within Ernst &Young's Transaction Services Team based in Johannesburg. Tasneem joined GPI in July 2015, heading up the Group's Corporate Finance activities and represents GPI as a director on the board of Grand Tellumat Manufacturing. She also attends meetings of the Company's Investment Committee in an executive capacity.

NON-EXECUTIVE DIRECTORS

Dr Norman Victor Maharaj (65)
Appointed 2008

Lead Independent Director

Appointed 11 February 2011

MB, ChB (UCT)

Norman is a qualified medical doctor and a former Chief Executive Officer of Groote Schuur Hospital and member of the Public Service Commission. He has extensive public service and trade union movement experience as well as analytical and decision-making skills. He has filled the role of Lead Independent Director since February 2011, when Hassen Adams was appointed as Executive Chairman. He is currently Chairman of the Remuneration and Nomination Committee and is also a member of the Board's Audit and Risk Committee and the Social and Ethics Committee.

Alexander Abercrombie (65)
Appointed 1997

Non-executive Director

Appointed 1 March 2015

AttAdmDipl (UWC), PgD (Company Law) (Stell), Cert (Sports Law) (UCT)

Alex is an attorney by profession and a former Director of DLA Cliffe Dekker Hofmeyr. His association with GPI dates back to inception of the Company in 1997, when he was appointed as a Non-executive Director. On 11 June 2012, he was appointed as an Executive Director responsible for the Group's gambling operations until his retirement from the executive role on 28 February 2015. He remains on the Board as a Non-executive Director as well as continuing on the Board of the Grand Gaming Corporate Social Investment Company.

In addition, Alex is the Chairman of the Board of Worcester Casino (Pty) Ltd and represents GPI on the Board of SunWest (Pty) Ltd and the GPI Slots Group. He is also a member of the Board's Investment Committee, Social and Ethics Committee and the Remuneration and Nomination Committee.

Colin Michael Priem (57)
Appointed 2012

Non-executive Director

Appointed 20 August 2012

BCom Hons (UWC)

Colin has a Bachelor's degree in Commerce, with Honours in Business Administration, and is in the process of finalising his dissertation for his Master's degree in Commerce. He is currently the CEO of a large services business in Cape Town and is associated with the University of the Western Cape on a part-time basis. In addition to being a Non-executive Director on the Board of GPI, he also serves as Chairman of the Board's Audit and Risk Committee and as a member of the Remuneration and Nomination Committee and the Investment Committee.

Colin has comprehensive experience in finance, investment and strategic management gained as an academic and through active involvement in business. He also has more than 20 years' experience in the landscape design, construction and services industries.

NON-EXECUTIVE DIRECTORS

Nombeko Mlambo (70)

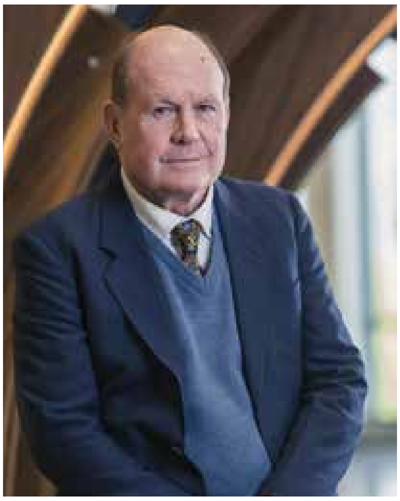
Non-executive Director

Appointed 20 October 1997

BA (Unisa), BEd (UCT), MA in Counselling Psychology (Durham University)

Nombeko has been a Non-executive Director of the GPI Board since its inception in 1997. She is also a member of the Board's Remuneration and Nomination Committee and Chairperson of the Western Cape Women's Investment Forum.

A teacher by profession, Nombeko's interest in education continues to be expressed through the various movements she has co-founded. These include the Community Ploughback Movement, which is focused on community-based educational arts and culture projects; the Council for Black Education and Research Trust, an educational NGO; as well as the Business Skills and Development Centre which focuses on equipping young women with much-needed business skills.



Prof Walter Dayson Geach (61)

Non-executive Director

Appointed 17 September 2013

CA(SA) BA LLB (UCT) MCom FCIS

Walter is a chartered accountant, an admitted advocate of the High Court of South Africa and a professor and Head of the Department of Accounting at the University of the Western Cape. Among his many other academic achievements, he has also authored/co-authored over 14 published books on a variety of subjects such as company law, corporate governance, financial accounting, taxation, financial planning and trusts. The books are used extensively in practice by accountants, consultants, lawyers and financial planners.

In addition, Walter serves as a Non-executive Director on the Boards of Grindrod Ltd and Grindrod Bank and is a member of the Audit Committee of both companies.

Rasheed Hargey (59)

Non-executive Director

Appointed 1 September 2015

BCom Hons (UWC)

Rasheed has a Bachelor's degree in Commerce, with Honours in Management, and has completed the Management Development Programme at Stellenbosch University.

In 1987, he co-founded HNR Computers where he held the position of Managing Director for a period of 10 years. During his tenure, the company became the largest black-owned software distributor in South Africa and won numerous awards, including Black Business of the Year in 1995 and Software Distributor of the Year for 1995, 1996, 1997 and 1998. Rasheed played a significant role in the formation of the Black IT Forum in 1993 and remains a member of the Forum as well as the Institute of Directors, the American Management Association, and the Black Management Forum.

In 2006, Rasheed was appointed as Chief Executive Officer of Tellumat (Pty) Ltd, a diversified technology group focusing on the communications, defence and electronic manufacturing market segments. Under his leadership the company saw impressive growth, developing and completing nine key product families and building projects, engineering, development, manufacturing and servicing skills capacity. He resigned from Tellumat in 2013 to focus on his private business consultancy and his passion for disruptive technologies.

CORPORATE INFORMATION

COMPANY INFORMATION

DIRECTOR DETAILS

Hassen Adams	Executive Chairman
Alan Edward Keet	Chief Executive Officer
Dylan Pienaar	Group Financial Director
Tasneem Karriem*	Executive
Norman Victor Maharaj	Lead Independent Director
Alexander Abercrombie	Non-executive
Walter Geach	Independent Non-executive
Colin Michael Priem	Independent Non-executive
Nombeko Mlambo	Independent Non-executive
Rasheed Hargey	Independent Non-executive

* Appointed on 9 September 2016.

Nature of business:	Investment holding company
Company Secretary:	Lazelle Parton
Public officer:	Dylan Pienaar
Transfer secretaries:	Computershare Investor Services (Pty) Ltd PO Box 61051, Marshalltown, 2107
Auditors:	Ernst & Young Inc.
Attorneys:	Bernadt Vukic Potash & Getz
Bankers:	The Standard Bank of South Africa Ltd
Sponsors:	PSG Capital (Pty) Ltd PO Box 7403, Stellenbosch, 7599
Registered office:	10th Floor 33 on Heerengracht Foreshore Cape Town 8001
Registration number:	1997/003548/06
Share code:	GPL
ISIN:	ZAE000119814
Domicile and country of incorporation:	South Africa

SHAREHOLDERS' INFORMATION

Annual General Meeting	6 December 2016
Dividend	28 December 2016
Financial reports	
Announcement of interim results	March 2017
Announcement of annual results	September 2017
Annual Financial Statements	September 2017

GLOSSARY OF TERMS

AFS	Consolidated Annual Financial Statements for 2016
AGM	Annual General Meeting
Atlas	Atlas Gaming Holdings Pty Ltd, a company registered in Australia
BBBEE	Broad-based black economic empowerment
BEE	Black economic empowerment
Board	GPI Board of Directors
Burger King South Africa/BKSA	Burger King (RF) South Africa (Pty) Ltd
CAPEX	Capital expenditure
CEO	Chief Executive Officer
Companies Act	Companies Act, No. 71 of 2008, as amended
CSI	Corporate social investment
Dolcoast	Dolcoast Investments (Pty) Ltd (previously Dolcoast Investments Ltd)
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
EPS	Earnings per share
EY	Ernst & Young Inc.
GFMP	Grand Foods Meat Plant (Pty) Ltd
GGR	Gross gaming revenue
GPI	Grand Parade Investments Ltd
GPIMS	GPI Management Services (Pty) Ltd
GPI Properties	GPI House Properties (Pty) Ltd
GPI Slots	GPI Slots (RF) (Pty) Ltd
Grand Foods	Grand Foods (Pty) Ltd
Grand Linkstate	Grand Linkstate (Pty) Ltd (formerly Grand Technology (Pty) Ltd)
Grand Sport	Grand Sport (Pty) Ltd
Grand Tellumat	Grand Tellumat Manufacturing (Pty) Ltd
GrandWest	GrandWest Casino and Entertainment World
Group	GPI and all its subsidiaries
HDI	Historically disadvantaged individual
HEPS	Headline earnings per share
IAR	Integrated annual report
IFRS	International Financial Reporting Standards
iNAV	Intrinsic net asset value
IT	Information technology
JSE	Johannesburg Stock Exchange Ltd
King III	King Report on Governance for South Africa 2009
KPI	Key performance indicators
LID	Lead Independent Director
LPM	Limited payout slot machine
Mac Brothers or MBCE	Mac Brothers Catering Equipment (Pty) Ltd
Nadesons Investments	Nadesons Investments (Pty) Ltd
NAV	Net asset value
QSR	Quick service restaurant
SCM	Sanlam Capital Markets Ltd
Spur/Spur Corporation	Spur Corporation Ltd
Standard Bank	Standard Bank of South Africa Ltd
Sun International	Sun International Ltd
SunWest	SunWest International (Pty) Ltd
TNAV	Tangible net asset value
Tsogo Sun	Tsogo Sun Holdings Ltd
Worcester Casino	Worcester Casino (Pty) Ltd

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