



TSOGO SUN HOLDINGS LIMITED
(Incorporated in the Republic of South Africa)
Registration number: 1989/002108/06
Share Code: TSH ISIN: ZAE000156238
(**"Tsogo"**)

ACQUISITION BY TSOGO OF A MINORITY INTEREST IN EACH OF SUNWEST AND WORCESTER

1. Introduction

The board of directors of Tsogo is pleased to announce that on 4 April 2016, Tsogo Sun Gaming Proprietary Limited (**"Tsogo Sun Gaming"**), a subsidiary of Tsogo, Sun International Limited (**"Sun International"**) and certain of its subsidiaries (collectively, **"Sun International Sellers"**), Grand Parade Investments Limited (**"GPI"**) and certain of its subsidiaries (collectively **"GPI Sellers"**), entered into an agreement (**"Transaction Agreement"**) in terms of which Tsogo Sun Gaming will acquire a 20% interest in each of SunWest International Proprietary Limited (**"SunWest"**) and Worcester Casino Proprietary Limited (**"Worcester"**), for an aggregate consideration of R1,350 million (**"Proposed Transaction"**).

In terms of the Proposed Transaction, Tsogo Sun Gaming will acquire:

- (i) a 10% voting and economic interest in SunWest and a 10% voting and economic interest in Worcester from the Sun International Sellers, respectively, for an aggregate consideration of R675 million (**"Sun International Acquisition"**); and
- (ii) a 10% voting and economic in SunWest and a 10% voting and economic interest in Worcester from the GPI Sellers, respectively, for an aggregate consideration of R675 million (**"GPI Acquisition"**).

The GPI Acquisition is conditional on (i) GPI obtaining the requisite shareholder approval for the GPI Acquisition; (ii) the release of the shares, the subject of the GPI Acquisition, from the security arrangements in favour of The Standard Bank of South Africa Limited and Nedbank Limited, to which they are subject, and (iii) the Sun International Acquisition having been implemented, by 30 June 2016 (which date may be extended by GPI in respect of (i) and (ii) above for a further period not exceeding 30 days).

In the event that the GPI Acquisition does not become unconditional by such date or extended date, Sun International will increase the shares disposed of under the Sun International Acquisition such that Tsogo Sun Gaming will acquire further voting and economic interests in each of SunWest and Worcester from the Sun International Sellers in order to bring Tsogo Sun Gaming's aggregate economic interest in each of SunWest and Worcester to 20% ("**Additional Sun International Acquisition**").

The Proposed Transaction, itself, is subject to the fulfilment (or waiver) of the condition precedent referred to in paragraph 5 below, and the respective effective dates of the Sun International Acquisition, the GPI Acquisition or, failing the GPI Acquisition, the Additional Sun International Acquisition, will be the respective dates of payment of the first instalment of the purchase consideration due, in respect of each acquisition.

2. Rationale

The Proposed Transaction represents an attractive investment opportunity for Tsogo which will provide Tsogo with an interest in quality casino assets in the Western Cape, an area where Tsogo has limited exposure. The Proposed Transaction is consistent with Tsogo's growth strategy of allocating capital to attractive opportunities in the hotel and gaming sector.

3. Information about SunWest and Worcester

SunWest

SunWest conducts the casino, leisure and entertainment business in respect of the GrandWest Casino and Entertainment World at Goodwood in Cape Town. SunWest also owns the hotel business in respect of the Table Bay Hotel situated at the Victoria & Alfred Waterfront in Cape Town.

The voting and economic interests in SunWest after the implementation of the Proposed Transaction, will be as follows:

Shareholder	Sun International and GPI sell 10% each		Sun International sells 20%	
	% voting interest	% economic interest	% voting interest	% economic interest
Sun International	50.05%	61.60%	50.01%	51.60%
GPI	29.93%	15.10%	49.89%	25.10%
Tsogo (through Tsogo Sun Gaming)	20.00%	20.00%	0.09%	20.00%
Sun International Employee Share Trust ("SIEST")	0.01%	3.30%	0.01%	3.30%

Worcester

Worcester conducts the casino, hotel, leisure and entertainment business in respect of the Golden Valley Casino at Breede River Valley in Worcester.

The voting and economic interests in Worcester after the implementation of the Proposed Transaction, will be as follows:

Shareholder	Sun International and GPI sell 10% each		Sun International sells 20%	
	% voting interest	% economic interest	% voting interest	% economic interest
Sun International	61.40%	61.40%	51.40%	51.40%
GPI	15.10%	15.10%	25.10%	25.10%
Tsogo (through Tsogo Sun Gaming)	20.00%	20.00%	20.00%	20.00%
SIEST	3.50%	3.50%	3.50%	3.50%

4. Terms of the Proposed Transaction

4.1. Purchase consideration

The aggregate consideration payable by Tsogo Sun Gaming in terms of the Proposed Transaction is R1,350 million (the “**Purchase Consideration**”) which will be settled in cash and will be funded from Tsogo’s existing resources.

The Purchase Consideration is calculated based on the aggregate of the forecast earnings before interest, taxes, depreciation and amortisation (“EBITDA”) to 30 June 2016 of both SunWest and Worcester and the aggregate of the forecast net debt position at 30 June 2016 of both SunWest and Worcester. In the event that the aggregate of the 30 June 2016 actual EBITDA is less than the aggregate of the forecast 30 June 2016 EBITDA by more than R25 million then an adjustment will be made to the Purchase Consideration. The Purchase Consideration will also be adjusted for any variation in the aggregate of the 30 June 2016 actual net debt from the aggregate of the forecast 30 June 2016 net debt.

Tsogo Sun Gaming will settle the Purchase Consideration through the payment of 18 monthly instalments.

4.2. Tsogo’s participation in SunWest and Worcester

Tsogo (through Tsogo Sun Gaming) will be a minority shareholder in both SunWest and Worcester, will have no representation on the boards of directors of SunWest and Worcester and will not have any operational responsibilities. All operations of SunWest and Worcester will continue to be managed by Sun International Management Limited, a subsidiary of Sun International, under its existing management contracts.

Tsogo will not have access to any information regarding SunWest and Worcester, except for information to which it has statutory rights as a shareholder (which will include the audited financial statements of SunWest and Worcester) and for information which is in the public domain.

4.3. Put Option

In the event that any party (and/or parties acting in concert with it) ("**Offeror**") acquires 35% or more of the issued ordinary shares of Sun International, excluding treasury shares ("**Trigger Shareholding**") or makes an offer or causes a scheme of arrangement or any other transaction or arrangement to be proposed which, if implemented, will result in the Offeror holding a Trigger Shareholding or acquiring all or the greater part of the assets or undertaking of Sun International ("**Offeror Transaction**"), then Tsogo Sun Gaming or its successor-in-title within the Tsogo Group of companies to Tsogo Sun Gaming's voting and economic interest in SunWest and Worcester ("**Tsogo Shareholder**") may elect, by written notice given to Sun International within 30 days of the announcement of the Offeror Transaction or of written notice of the Offeror Transaction being given by Sun International to the Tsogo Shareholder ("**Offer Announcement**"), whichever is the earlier, to put the interest held by the Tsogo Shareholder in SunWest and Worcester to Sun International, in consideration for the issue of new ordinary shares in Sun International and/or for a cash consideration, based on the aggregate value of the Tsogo Shareholder's interest in SunWest and Worcester. Sun International will determine the proportion of the consideration which will be settled by the issue of new Sun International ordinary shares or in cash.

The aggregate value of the interest held by the Tsogo Shareholder in SunWest and Worcester will be determined based on an EBITDA multiple of 7.5, where the EBITDA is determined based on the last available financial information of SunWest and Worcester as published by Sun International. The amount of the Tsogo Shareholder's interest in SunWest and Worcester which it will be entitled to put to Sun International will be limited to an interest having a value of not more than 29.99% of Sun International's market capitalisation at that time ("**Capped Amount**"), unless Sun International, in its discretion, elects to obtain the requisite shareholder approval for acquisition of the Tsogo Shareholder's interest in SunWest and Worcester pursuant to the exercise of the put option. Failing such shareholder approval being obtained, the Tsogo Shareholder will only be entitled to put to Sun International so much of its interest in SunWest and Worcester as is equal to the Capped Amount and will retain the balance of its interest.

In the event that Sun International new ordinary shares are to be issued in settlement of the consideration then the 5-day volume weighted average price at which Sun International ordinary

shares trade on the exchange operated by the JSE Limited ("JSE") following the Offer Announcement will apply.

5. Condition precedent to the Proposed Transaction

The Proposed Transaction is subject to the fulfilment (or waiver) by 30 April 2016 (or such later date or dates as the parties to the Transaction Agreement may agree) of the condition precedent that the trustees of SIEST shall have, *inter alia* (i) waived, consented to and/or approved of the sales of shares in SunWest and Worcester by the Sun International Sellers and the GPI Sellers in terms of the Proposed Transaction and (ii) waived its pre-emptive or other similar rights which it may have in respect of the further transfers of shares in SunWest and Worcester as contemplated in the Transaction Agreement.

6. Financial effects of the Proposed Transaction

The 20% proportional aggregate net asset value of SunWest and Worcester attributable to Tsogo is R65.6 million as at 31 December 2015.

For the six months ended 31 December 2015, SunWest and Worcester achieved an aggregate profit after tax of R256.3 million of which Tsogo's 20% interest would have been R51.3 million.

7. Categorisation

In terms of the Listings Requirements of the JSE, the Proposed Transaction constitutes a category 2 transaction for Tsogo and, accordingly, does not require approval by Tsogo shareholders.

Fourways
4 April 2016

Investment bank and transaction sponsor
Investec Bank Limited

Sponsor
Deutsche Securities (SA) Proprietary Limited

Corporate law adviser
Mervyn Taback Incorporated

Competition law adviser
Nortons Inc