

TSOGO SUN HOLDINGS LIMITED
(Incorporated in South Africa)
(Registration number 1989/002108/06)
JSE share code: TSH
ISIN: ZAE000156238
("Tsogo")

ACQUISITION OF CERTAIN GAMING BUSINESSES FROM NIVEUS INVESTMENTS LIMITED ("NIVEUS")

1. INTRODUCTION

Shareholders are advised that Niveus has accepted an indicative offer from Tsogo whereby Tsogo will acquire all of Niveus' interests in Vukani Gaming Proprietary Limited ("**Vukani**") and Galaxy Bingo Proprietary Limited ("**Galaxy**") and all their associated entities, trusts and businesses (collectively the "**Gaming Businesses**") on substantially the terms and conditions set out below ("**Proposed Transaction**").

2. DESCRIPTION OF THE GAMING BUSINESS

Vukani is the largest route operator of limited pay-out machines ("LPMs") in South Africa and manages more than 5 000 LPMs at third-party sites. It is the only LPM route operator that is licenced in all provinces and has been involved in the industry since its inception.

Galaxy was established in 1997 to operate licensed bingo centres. Bingo is offered through electronic bingo terminals ("EBTs") and paper bingo games at Galaxy's licensed bingo centres. At present, Galaxy is licensed in Gauteng, KwaZulu-Natal, Limpopo, North West, Mpumalanga and the Eastern Cape. Galaxy also operates the Kuruman Grand Oasis casino in the Northern Cape.

3. PARTICULARS OF THE PROPOSED TRANSACTION

In terms of the Proposed Transaction Tsogo will acquire the Gaming Businesses from Niveus as going concerns, free of interest bearing liabilities and cash, other than working capital required in the ordinary course of business.

The purchase consideration will comprise of:

- 160 million ordinary shares in the issued share capital of Tsogo ("**Consideration Shares**") the total aggregate value of which is approximately R4,648 billion, calculated based on the volume weighted average trading price of the Consideration Shares for the 30 trading days prior to the date of this announcement; and
- the cash value of the agreed costs incurred by the Gaming Businesses in respect of new gaming licenses incurred up to 31 March 2017.

The Consideration Shares will be issued to Niveus ex dividends.

4. RATIONALE FOR THE PROPOSED TRANSACTION

Tsogo and Niveus are both subsidiaries of Hosken Consolidated Investments Limited (“**HCI**”). The Proposed Transaction restructures HCI’s gaming operations under one vehicle, Tsogo. The Proposed Transaction simplifies the HCI group structure and provides investors with a single entry point for gaming exposure.

5. CONDITIONS PRECEDENT

The Proposed Transaction is subject to the fulfilment of *inter alia* the following conditions precedent (“**Conditions Precedent**”):

- that Tsogo concludes, and is satisfied with the results of, a due diligence investigation in respect of the Gaming Businesses, particularly including a review of the earnings of the Gaming Businesses for the financial year ended 31 March 2017, which due diligence investigation is expected to be concluded by no later than 31 May 2017;
- that the Proposed Transaction be approved by a subcommittee of independent directors of Tsogo;
- that final formal written agreements are concluded between Tsogo and Niveus; and
- that the parties obtain any and all necessary statutory and regulatory approvals for the implementation of the Proposed Transaction (including shareholder approval in terms of the JSE Listings Requirements) on such conditions as are acceptable to Niveus and Tsogo.

6. EFFECTIVE DATE OF THE PROPOSED TRANSACTION

Application will be made to the JSE for the listing of the Consideration Shares once all the Conditions Precedent have been fulfilled. Delivery and payment in respect of the Gaming Businesses shall take place on the 1st business day of the month following the date on which the last of the Conditions Precedent is fulfilled.

7. FINANCIAL INFORMATION

The value of the net assets of the Gaming Businesses as at 30 September 2016 was R700 million and the attributable headline profits for the 12 months then ended, was R210 million.

8. CLASSIFICATION OF THE PROPOSED TRANSACTION

The Proposed Transaction is classified as a category 2 transaction in terms of the JSE Listings Requirements. Furthermore, Tsogo is a related party to Niveus due to the fact that it is a subsidiary of HCI (which is the holding company of both Tsogo and Niveus). As a result, the Proposed Transaction is a related party transaction in terms of the JSE Listings Requirements.

Accordingly, a fairness opinion is required and the shareholders of Tsogo will have to approve the Proposed Transaction in a general meeting prior to the implementation thereof. The board of

directors of Tsogo will appoint an independent expert to prepare a fairness opinion which will be included in the circular to shareholders of Tsogo as set out in paragraph 9 below.

9. CIRCULAR

A circular containing the full details of the Proposed Transaction, incorporating a notice convening the required general meeting of Tsogo shareholders and a copy of the fairness opinion ("the Circular"), will be posted to the shareholders of Tsogo in due course. The salient dates and times of the Proposed Transaction will be announced on the Stock Exchange News Service of the JSE once the Circular has been posted.

14 December 2016

Corporate advisor and transaction sponsor to Tsogo
Investec Bank Limited

Sponsor to Tsogo
Deutsche Securities (SA) Proprietary Limited