



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 12 May 2014, Tsogo, Sun International Limited (“**Sun International**”), Grand Parade Investments Limited (“**GPI**”), and various of Sun International and GPI’s subsidiaries entered into transaction agreements (the “**Transaction Agreements**”) in terms of which Tsogo will acquire a 40% equity interest in each of SunWest International Proprietary Limited (“**SunWest**”) and Worcester Casino Proprietary Limited (“**Worcester**”) (collectively, the “**Proposed Transaction**”) for an aggregate consideration of R2,185 million.

In terms of the Proposed Transaction, Tsogo will acquire a 14.9% equity interest in SunWest and a 14.9% equity interest in Worcester from Sun International (South Africa) Limited (“**SISA**”), a wholly-owned subsidiary of Sun International, and Afrisun Leisure Proprietary Limited, a subsidiary of Sun International, respectively, for an aggregate consideration of R635 million. Tsogo will subscribe for new shares in SunWest and Worcester for an aggregate subscription price of R1,550 million and each of SunWest and Worcester will undertake a specific share repurchase for the entire equity interest held by GPI and its subsidiaries in SunWest and Worcester for an aggregate cash consideration of R1,550 million.

The Proposed Transaction is subject to the fulfilment (or waiver, as the case may be) of the conditions precedent referred to in paragraph 5 below, and the effective date of the Proposed Transaction will be the third business day following the date when all the conditions precedent are fulfilled or waived (“**Effective Date**”).

2. Information about SunWest and Worcester

SunWest

SunWest, a subsidiary of SISA, 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 and owns a 24.8% equity interest in the Cape Town International Convention Centre Company SOC Limited. The current equity interests in SunWest, prior to the Proposed Transaction, are as follows:

| Shareholder | % equity interest |
|---|-------------------|
| SISA and its subsidiaries | 71.6% |
| GPI and its subsidiaries | 25.1% |
| Sun International Employee Share Trust (“ SIEST ”) | 3.3% |

Worcester

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

The current equity interests in Worcester, prior to the Proposed Transaction, are as follows:

| Shareholder | % equity interest |
|---------------------------|--------------------------|
| SISA and its subsidiaries | 71.4% |
| GPI | 25.1% |
| SIEST | 3.5% |

3. Rationale

The Proposed Transaction represents an attractive investment opportunity for Tsogo which will provide Tsogo with an interest in quality casino assets in 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.

4. Terms of the Proposed Transaction

4.1. Purchase consideration

The aggregate consideration payable by Tsogo in terms of the Proposed Transaction is R2,185 million which will be settled in cash on the Effective Date and will be funded from Tsogo's existing resources.

4.2. Tsogo's participation in SunWest and Worcester

Tsogo will be a minority shareholder in SunWest and Worcester and will not have any operational responsibilities. All operations of each of SunWest and Worcester will continue to be managed by Sun International Management Limited, a subsidiary of Sun International, under its existing management contracts.

The equity interests in SunWest and Worcester after implementation of the Proposed Transaction will be as follows:

| Shareholder | SunWest % equity interest | Worcester % equity interest |
|-----------------------|--|--|
| SISA and subsidiaries | 56.7% | 56.5% |
| Tsogo | 40.0% | 40.0% |
| SIEST | 3.3% | 3.5% |

5. Conditions precedent

The Proposed Transaction is subject to the fulfilment (or waiver, where applicable) of, *inter alia*, the following conditions precedent:

- 5.1. the shareholders of GPI having approved the Proposed Transaction, in accordance with the terms of the Transaction Agreements;

- 5.2. the requisite resolutions of the shareholders of GPI (referred to in paragraph 5.1) shall not have been set aside by the court in accordance with sections 115(7) of the Companies Act;
- 5.3. independent experts appointed by SunWest and Worcester in terms of section 114(2) of the Companies Act having delivered to the respective boards and the shareholders of those companies the report referred to in section 114(3) of the Companies Act;
- 5.4. the shareholders and directors of SunWest and Worcester passing the necessary resolutions for implementation of the Proposed Transaction and the lodging of any applicable notices of amendment to the Memorandum of Incorporation having been filed with the Companies and Intellectual Property Commission;
- 5.5. the release of GPI and its subsidiaries' shares in SunWest and Worcester from the security interests held over them;
- 5.6. the requisite approvals for the Proposed Transaction having been obtained from the JSE Limited ("JSE"), the Takeover Regulations Panel, the relevant provincial Gambling Authorities and the Competition Authorities; and
- 5.7. the shareholders of Sun International approving the placing of shares under the control of the directors of Sun International to give effect to an undertaking in terms of which, in the event that an offeror acquires 35% or more of the issued shares of Sun International, Sun International may be required to issue shares in Sun International to Tsogo in exchange for some or all of Tsogo's shares in SunWest and Worcester.

6. ***Pro forma* financial effects**

The *pro forma* financial effects of the Proposed Transaction on Tsogo's historical earnings, headline earnings, net asset value and net tangible asset value are not significant.

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
13 May 2014

Investment bank and transaction sponsor

Investec Bank Limited

Corporate law adviser

Tabacks Incorporated

Sponsor

Deutsche Securities (SA) Proprietary Limited