

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

NIVEUS INVEST 19 LIMITED
(Incorporated in the Republic of South Africa)
Registration number: 2015/269000/06
("Gameco")

JOINT ANNOUNCEMENT OF THE FIRM INTENTION OFFER BY TSOGO TO ACQUIRE THE ENTIRE ISSUED SHARE CAPITAL OF GAMECO

1. Introduction

As contemplated in the announcements released by Tsogo and Niveus Investments Limited ("**Niveus**") on the Stock Exchange News Service of the JSE Limited ("**SENS**") on 14 December 2016, 16 January 2017, 14 March 2017, 11 May 2017, 27 June 2017, 14 September 2017 and 3 October 2017, Tsogo will, pursuant to the implementation of the agreement dated 27 June 2017 with Hosken Consolidated Investments Limited ("**HCI**") and Niveus ("**Transaction Agreement**"):

- acquire from HCI a 50.8% shareholding interest in Gameco in exchange for 81 272 918 Tsogo shares ("**HCI Transaction**"); and
- make an offer ("**Offer**") to shareholders of Gameco ("**Gameco Shareholders**") in terms of section 117(1)(c)(v) of the Companies Act 71 of 2008, as amended ("**Companies Act**"), to acquire all of the ordinary shares in Gameco held by the Gameco Shareholders, other than those Gameco shares to be acquired by Tsogo in terms of the HCI Transaction, ("**Gameco Shares**"),

(collectively, the "**Transaction**").

The purpose of this joint firm intention announcement ("**Firm Intention Announcement**") is to advise Gameco Shareholders of the terms and conditions of the Offer.

2. Salient terms of the Offer

In consideration for their Gameco Shares, Gameco Shareholders will receive:

- 1 ordinary Tsogo share ("**Consideration Share**") for every 2.875 Gameco Shares ("**Share Based Alternative**"); or, at their election
- 20% in Consideration Shares (in the ratio of 1 Consideration Share for every 2.875 Gameco Shares) and 80% of R9.796 per Gameco Share in cash ("**Cash Based Alternative**").

(collectively, the "**Offer Consideration**").

Tsogo has sufficient authorised but unissued Consideration Shares to settle the Share Based Alternative and the Consideration Share component of the Cash Based

Alternative. The cash component of the Cash Based Alternative will be funded from Tsogo's available cash resources and/or facilities.

If 90% or more of the Gameco Shares which are the subject of the Offer, is acquired by Tsogo in terms of the Offer, Tsogo intends to invoke the provisions of section 124 of the Companies Act to acquire the remaining Gameco Shares in respect of which the Offer has not been accepted, on the same terms and conditions, *mutatis mutandis*, as the Offer.

In the event that 20% or more of the issued share capital of Gameco is held by Gameco Shareholders other than Tsogo on the first business day after the closing date of the Offer, Tsogo has in terms of the Transaction Agreement, irrevocably undertaken to make application to the JSE Limited ("**JSE**") to list the Gameco Shares on the main board of the JSE, within a period of 12 months from the first business day after the closing date of the Offer.

3. Conditions Precedent

The Offer is unconditional.

4. Pro forma financial effects

The *pro forma* financial effects of the Offer on a Gameco Shareholder are the responsibility of the Tsogo and Gameco Directors and have been prepared for illustrative purposes only to provide information on the *pro forma* effects of the Offer on a Gameco Shareholder had the Transaction been effective on 1 April 2016 for earnings effects and on 31 March 2017 for the effect on net assets. Due to their nature, the *pro forma* financial effects may not fairly present a Gameco Shareholder's financial position, changes in equity, and results of operations or cash flows after the implementation of the Offer.

The *pro forma* financial effects have been prepared in accordance with the Listings Requirements and the Guide on Pro Forma Financial Information issued by the South African Institute of Chartered Accountants using accounting policies that comply with International Financial Reporting Standards and that are consistent with those applied to the audited results of Tsogo for the financial year ended 31 March 2017.

Per Gameco or equivalent Gameco share	Before	Pro forma after the Offer*	% change
Basic earnings per share (cents) ¹	48.7	17.2	n/m
Headline earnings per share (cents) ¹	48.9	14.1	n/m
Net asset value per share (Rand) ²	1.5	8.5	n/m
Net tangible asset value per share (Rand) ²	1.4	8.0	n/m
Number and weighted average number of Gameco or equivalent Gameco shares in issue ('million)	460		

* The "Pro forma after the Offer reflects the *pro forma* impact on a Gameco shareholder, assuming Gameco Shareholders elect the Cash Based Alternative.

Note:

1. *Earnings effects include 20% of the proportionate share (1:2.875) of Tsogo's pro forma after the Transaction earnings and exclude any return Gameco Shareholders may receive on the cash portion (R9.796 x 80%) of the Offer Consideration due to the uncertainty of the returns that may be received.*
2. *Net asset effects represent 20% of the proportionate share (1:2.875) of Tsogo's pro forma after the Transaction net assets plus the cash portion of R7.84 (R9.796 x 80%) of the Offer Consideration.*
3. *The pro forma financial effects of Gameco Shareholders electing the Share Based Alternative are as follows:*

a. <i>EPS (cents per share)</i>	<i>85.9</i>
b. <i>HEPS (cents per share)</i>	<i>70.3</i>
c. <i>NAV (Rand per share)</i>	<i>3.2</i>
d. <i>NTAV (Rand per share)</i>	<i>1.0</i>

Shareholders should exercise caution in reading these financial effects as the effects of the Cash Based Alternative do not consider the effects of potential earnings on the cash portion of the consideration and the pro forma effect on NAV does not consider the market value per Tsogo Share.

5. Guarantees and confirmations to the TRP

The Takeover Regulation Panel has been furnished with irrevocable unconditional guarantees in compliance with Takeover Regulations 111(4) and (5) from ABSA Bank Limited and FirstRand Bank Limited issued as a *stipulatio alteri* (contract for the benefit of a third party), for the benefit of each Gameco Shareholder that accepts the Offer and elects the Cash Based Alternative the benefit of which may be accepted by such Gameco Shareholder at any time prior to the expiry of the guarantees.

6. Documentation and salient dates

A circular will be sent to Gameco Shareholders ("**Circular**"), the purpose of which is to

- set out the terms on which the Offer is made to Gameco Shareholders;
- provide Gameco Shareholders with information on Gameco and Tsogo;

- inform Gameco Shareholders of the manner in which the Offer may be accepted and the manner in which the Offer will be implemented; and
- provide Gameco Shareholders with a copy of the Independent Expert's Report and the opinion and recommendation of the Independent Board of Gameco, with regard to the Offer.

In addition to the information above, the Circular will contain, *inter alia* a Form of Acceptance, Surrender and Transfer for use by Certificated Shareholders, who wish to accept the Offer.

The Consideration Shares component of the Offer Consideration constitutes an offer to the public in terms of section 95(1)(h) of the Companies Act. As such the Circular will be accompanied by a prospectus issued by Tsogo for the purpose of providing Gameco Shareholders with information on Tsogo ("**Prospectus**"). The Prospectus has been registered with the South African Companies and Intellectual Property Commission on 30 October 2017.

The Circular and Prospectus will be posted and made available to Gameco Shareholders on Tsogo's website (www.tsogosun.com) on Tuesday, 14 November 2017.

The other salient dates in relation to the Offer are set out below:

Record date in order for Gameco Shareholders to be eligible to receive the Circular on	Monday, 13 November 2017
Posting date for the Circular to Gameco Shareholders	Tuesday, 14 November 2017
Opening Date of the Offer, at 09:00 on	Wednesday, 15 November 2017
Last day to trade to take up the Offer	Friday, 22 December 2017
Offer Consideration Settlement Date	Every Monday during the Offer Period
Record date, being the final date upon which Gameco Shareholders must be recorded in the register in order to be eligible to accept the Offer	Friday, 29 December 2017
Closing Date of the Offer, at 12:00 on	Friday, 29 December 2017
Last payment date	Tuesday, 2 January 2018
Results of the Offer announced on SENS on	Tuesday, 2 January 2018

7. **Beneficial interests in Gameco**

In terms of the HCI Transaction, Tsogo has agreed to acquire 233 659 638 shares in Gameco, constituting approximately 50.8% of the issued share capital of Gameco from HCI.

Niveus, in terms of the Transaction Agreement, is irrevocably obliged to accept the Offer in respect of 20 535 720 shares in Gameco, constituting 4.5% of the issued share capital of Gameco.

Gameco Shareholders (excluding HCI and Niveus) have provided Tsogo with irrevocable undertakings to accept the Offer in respect of 94 768 719 Gameco Shares, in the aggregate, constituting 20.6% of the issued share capital of Gameco.

8. Tsogo responsibility statement

The board of directors of Tsogo accepts responsibility for the information contained in this Firm Intention Announcement to the extent that it relates to Tsogo and confirms that, to the best of its knowledge and belief, the information contained in this Firm Intention Announcement is true and that nothing has been omitted which is likely to affect the importance of the information in relation to Tsogo contained in this Firm Intention Announcement.

9. Gameco responsibility statement

The Independent Board of Gameco accepts responsibility for the information contained in this Firm Intention Announcement to the extent that it relates to Gameco and confirms that, to the best of its knowledge and belief, the information contained in this Firm Intention Announcement is true and that nothing has been omitted which is likely to affect the importance of the information in relation to Gameco contained in this Firm Intention Announcement.

Corporate advisor and transaction sponsor to Tsogo

Investec Bank Limited

Corporate law advisor to Tsogo

Tabacks

Legal advisor to Gameco

ENSafrica