

NIVEUS INVESTMENTS LIMITED  
(Incorporated in the Republic of South Africa)  
(Registration number: 1996/005744/06)  
Share code: NIV  
ISIN: ZAE000169553  
("Niveus" or "the Company")

## **CATEGORY 1 TRANSACTION ANNOUNCEMENT: PROPOSED DISPOSAL BY NIVEUS OF CERTAIN GAMING BUSINESSES**

### **1. INTRODUCTION**

Shareholders are referred to the announcement released on the Stock Exchange News Service of the JSE ("**SENS**") by Hosken Consolidated Investments Limited ("**HCI**") on 14 December 2016 ("**HCI Announcement**"), in which HCI, *inter alia*, announced its intention to reorganise its various gaming investments, including its investments in Niveus and Tsogo Sun Holdings Limited ("**Tsogo**").

Shareholders are herewith advised that Niveus has accepted an indicative offer from Tsogo for the sale of all its interests in Vukani Gaming Corporation Proprietary Limited ("**Vukani**") and Galaxy Gaming and Entertainment Proprietary Limited ("**Galaxy**") and all their associated entities, trusts and businesses (collectively the "**Gaming Businesses**") to Tsogo for a purchase consideration consisting of 160 million ordinary shares in the issued share capital of Tsogo ("**Consideration Shares**") and a cash amount equal to the agreed costs incurred by the Gaming Businesses in respect of new gaming licences ("**Proposed Transaction**").

Following the implementation of the Proposed Transaction, it is Niveus' intention to retain the Consideration Shares.

### **2. DESCRIPTION OF THE GAMING BUSINESSES**

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, Niveus will sell the Gaming Businesses to Tsogo 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:

- the Consideration Shares, the total 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
- a cash amount equal to the agreed costs incurred by the Gaming Businesses in respect of new gaming licences.

The Consideration Shares will be issued to Niveus ex dividends.

#### 4. RATIONALE FOR THE PROPOSED TRANSACTION

The rationale for the Proposed Transaction, as set out in the HCI Announcement, is to consolidate the HCI group's South African gaming interests under Tsogo.

The transaction enables Niveus shareholders to realise value for its investments in the LPM and bingo industries and provides the Niveus shareholders with more diversified exposure in the gaming, leisure and property market through the Tsogo Consideration Shares.

#### 5. CONDITIONS PRECEDENT

The Proposed Transaction is subject to the fulfilment of 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 sale agreements are concluded between Tsogo and Niveus; and
- that the parties obtain any and all required 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.

The Conditions Precedent must be fulfilled by not later than 31 May 2017, which date may be extended by mutual consent between the parties.

#### 6. EFFECTIVE DATE OF THE PROPOSED TRANSACTION

Delivery and payment in respect of the Gaming Businesses shall take place on the 1<sup>st</sup> business day of the month following the date on which the last of the Conditions Precedent is fulfilled.

The effective date of the Proposed Transaction is anticipated as being 1 June 2017.

#### 7. FINANCIAL INFORMATION

The value of the net assets of the Gaming Businesses attributable to equity holders of Niveus 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

As the value of the Proposed Transaction exceeds 30% of Niveus' market capitalisation, it meets the definition of a category 1 transaction as contemplated in section 9 of the JSE Listings Requirements and accordingly is required to be approved by an ordinary resolution of the shareholders of Niveus.

Tsogo is a related party to Niveus due to the fact that it is a subsidiary of HCI (which is Niveus' holding company). The Proposed Transaction is therefore a related party transaction in terms of the JSE Listings Requirements and will require a fairness opinion to be prepared by an independent expert and the approval of the Niveus shareholders by an ordinary resolution.

The Proposed Transaction also constitutes the sale of the greater part of the assets or undertaking of Niveus in terms of section 112 of the Companies Act and will require the approval of the Takeover Regulation Panel and compliance with the provisions of section 115 of the Companies Act. The board of directors of Niveus has retained the right to make the Proposed Transaction

conditional on a maximum threshold of shareholders that exercise their appraisal rights in accordance with section 115 of the Companies Act. The threshold will inter alia be determined by the cash resources available to the group to satisfy any claims under section 115.

As a result of the above, a fairness opinion will be prepared by an independent expert and will be included in the circular to Niveus shareholders referred to in paragraph 9 below, a general meeting of Niveus shareholders will be convened and a special resolution in respect of the Proposed Transaction will be required to be approved by Niveus shareholders at such general meeting.

**9. CIRCULAR**

A circular containing the full details of the Proposed Transaction, incorporating a notice convening the required Niveus general meeting and a copy of the fairness opinion, will be posted to shareholders in due course and the salient dates and times of the Proposed Transaction, including the date of the general meeting, will be announced on SENS once the circular has been posted.

**10. CAUTIONARY**

Niveus shareholders are referred to the renewal of a cautionary announcement released by Niveus on SENS on 18 November 2016 and are advised that, as the particulars of the Proposed Transaction have now been announced, caution is no longer required to be exercised by shareholders when dealing in Niveus securities.

Cape Town  
14 December 2016

Sponsor: PSG Capital Proprietary Limited