

TSOGO SUN LIMITED

Incorporated in the Republic of South Africa

Registration number 1989/002108/06

Share code: TSG

JSE Alpha Code: TSGI

ISIN: ZAE000273116

("Tsogo Sun" or "the Company")

SMALL RELATED PARTY TRANSACTION CONCLUDED WITH HCI MONTE PRECINCT PROPRIETARY LIMITED

1. INTRODUCTION

Shareholders are advised that Company's wholly owned subsidiary, Tsogo Sun Casinos Proprietary Limited ("**TSC**"), has concluded a sale of undivided share agreement ("**Sale of Undivided Share Agreement**") with HCI Monte Precinct Proprietary Limited ("**HCI Monte**"), in terms of which TSC shall purchase, and HCI Monte shall sell, a 25.355% (twenty five point three five five percent) undivided share in the commercial office park development in Fourways which is operated as a rental enterprise, and is commonly known as "**Monte Circle**", for an aggregate purchase consideration not exceeding R167,000,000.00 (one hundred and sixty seven million Rand), payable in cash, upon the terms set out hereunder ("**Proposed Transaction**").

2. RATIONALE FOR THE PROPOSED TRANSACTION

Monte Circle is the last remaining asset having a cross holding between the Company's holding company, Hosken Consolidated Investments Limited ("**HCI**"), through HCI Monte, and the Company, through TSC, with each of TSC and HCI Monte holding a 25.355% (twenty five point three five five percent) undivided share.

It makes commercial sense for the Company to consolidate these interests in Monte Circle, which is situated adjacent to its major casino investment precinct, Montecasino, into TSC, which owns other parcels of land in and around the Montecasino precinct that are earmarked for future development.

3. PARTICULARS OF THE PROPOSED TRANSACTION

3.1. PARTIES

The parties to the Sale of Undivided Share Agreement are TSC and HCI Monte, a wholly owned subsidiary of HCI. HCI is a material shareholder of the Company which, as at the date of this announcement, directly and indirectly owns approximately 50% (fifty percent) of the total issued shares in the Company.

3.2. SALIENT TERMS

- 3.2.1. TSC shall with effect from the Effective Date, as described in paragraph 3.4 below, acquire a 25.355% (twenty five point three five five percent) undivided share ("**HCI Monte's Undivided Share**") in the commercial office park development in Fourways commonly known as "**Monte Circle**" ("**Monte Circle Development**"), which Monte Circle Development is owned and operated as a rental enterprise by a co-ownership established by the members of a consortium (which includes TSC and HCI Monte) known as Consortium 64 and comprises, *inter alia*:

- 3.2.1.1. the immovable properties on which the Monte Circle Development is situated ("**the Immovable Properties**");
- 3.2.1.2. all fixed and movable assets associated with the Immovable Properties and the Monte Circle Development, all of which are co-owned by the Consortium 64 members (in their undivided share percentages) and are used in connection with the management, control, maintenance

and/or functioning (and which are integral to the operation) of the Monte Circle Development; and

3.2.1.3. the rights and title in and to all contracts concluded by Consortium 64 in respect of the Monte Circle Development which are in force as at the Effective Date of the Proposed Transaction, including all leases concluded with tenants of Consortium 64 in respect of the Monte Circle Development.

3.2.2. The aggregate purchase price (“**Purchase Price**”) payable by TSC for HCI Monte’s Undivided Share of the Monte Circle Development is equal to the sum of:

3.2.2.1. R163,000,000.00 (one hundred and sixty three million Rand); plus

3.2.2.2. the total funds actually advanced by HCI Monte to Consortium 64 prior to, and up until the Effective Date, for the sole purpose of funding HCI Monte’s proportionate share of Consortium 64’s costs of the development of the building currently under construction on the Immovable Properties and described as “*Building G*”, which funds as at the date of this announcement are estimated to amount to approximately R2,450,172.00 (two million four hundred and fifty thousand one hundred and seventy two Rand), and which shall in any event be limited to an aggregate amount of R4,000,000.00 (four million Rand),

in each case, including VAT at the rate of 0% (zero percent).

3.2.3. The Purchase Price is payable in full on the Effective Date by way of electronic funds transfer into the bank account of HCI Monte.

3.3. **EFFECTIVE DATE AND TRANSFER OF HCI MONTE’S UNDIVIDED SHARE IN THE IMMOVABLE PROPERTIES**

The Proposed Transaction has become unconditional with effect from the date of publication of this announcement. All risk and benefit in and to HCI Monte’s Undivided Share of the Monte Circle Development shall transfer to TSC with effect from the Effective Date, being 31 October 2024, whilst registration of transfer of the *bare dominium* of HCI Monte’s Undivided Share in the Immovable Properties shall be given to and taken by TSC, on and with effect from the date of registration of transfer thereof into the name of TSC in the deeds office.

3.4. **OTHER SIGNIFICANT TERMS OF THE PROPOSED TRANSACTION**

The Sale of Undivided Share Agreement contains such warranties, undertakings and breach provisions that are normal for a transaction of this nature.

4. **FINANCIAL INFORMATION**

4.1. The value of the net assets of HCI Monte as at 31 March 2024, being the date of the most recent published financial results, amounted to R11,897,393.00 (eleven million eight hundred and ninety seven thousand three hundred and ninety three Rand).

4.2. The profit after tax of HCI Monte for that period is R10,070,592.00 (ten million and seventy thousand five hundred and ninety two Rand).

5. **CATEGORISATION**

5.1. By virtue of the fact that HCI is a material shareholder of (and controls) TSG, and HCI Monte is an associate of HCI, the Proposed Transaction constitutes a “related party transaction” in terms of section 10 of the JSE Listings Requirements.

5.2. As the Purchase Price payable by TSC constitutes less than 5% of the Company’s market capitalisation as at the date of conclusion of the Sale of Undivided Share Agreement, the Proposed Transaction constitutes a “small related party transaction” in terms of section 10.7 of the JSE Listings Requirements.

- 5.3. Small related party transactions are not subject to shareholder approval provided that the issuer has informed the JSE in writing of the details of the transaction and has provided the JSE with written confirmation by an independent professional expert acceptable to the JSE that the terms of the proposed transaction with the related party are fair as far as the shareholders of the issuer are concerned.

6. FAIRNESS OPINION

- 6.1. The Company appointed Valeo Capital Proprietary Limited ("**Valeo**"), an independent professional expert acceptable to the JSE, to provide its directors with an independent professional expert's opinion regarding the fairness of the Proposed Transaction as required in terms of the JSE Listings Requirements.
- 6.2. Written confirmation has been received from Valeo that the terms of the Proposed Transaction are fair as far as the shareholders of the Company are concerned ("**Fairness Opinion**"). The Fairness Opinion will lie for inspection to shareholders of the Company at the Company's registered office (Palazzo Towers East, Montecasino Boulevard, Fourways, 2055) for a period of 28 (twenty eight) days from the date of this announcement.
- 6.3. The terms of the Proposed Transaction and Fairness Opinion have been considered and approved by the non-conflicted directors of the Company.

Fourways

15 October 2024

Equity Sponsor:

Investec Bank Limited

Debt Sponsor:

Nedbank Corporate and Investment Banking, a division of Nedbank Limited

Legal Advisor:

White and Case