



GRAND PARADE INVESTMENTS LIMITED
(Incorporated in the Republic of South Africa)
(Registration number: 1997/003548/06)
Share code: GPL
ISIN: ZAE000119814
("GPI")

GRAND PARADE
INVESTMENTS LIMITED

PROPOSED PARTIAL DISPOSAL OF SHAREHOLDINGS IN SUNWEST INTERNATIONAL PROPRIETARY LIMITED AND WORCESTER CASINO PROPRIETARY LIMITED AND CAUTIONARY ANNOUNCEMENT

1. Introduction

Terms have been agreed between Grand Parade Investments Limited ("GPI"), Sun International Limited ("SIL") and Tsogo Sun Gaming Proprietary Limited ("Tsogo") regarding a proposed disposal by GPI and SIL of a 10% interest each in SunWest International Proprietary Limited ("SunWest") (in the case of GPI a 10% economic interest and 19.96% voting interest) and a 10% interest each in Worcester Casino Proprietary Limited ("Worcester") to Tsogo ("Proposed Transaction").

2. Background to SunWest and Worcester

SunWest and Worcester have casino and hotel operations in the Western Cape. SunWest's primary assets consist of the GrandWest Casino and Entertainment World and the Table Bay Hotel in Cape Town situated on the historic Victoria & Alfred Waterfront. Worcester operates the casino, hotel and ancillary leisure and entertainment business in respect of the Golden Valley Casino at Worcester in the Breede River Valley.

GPI holds an economic interest of 25.1% in each of SunWest and Worcester.

3. Salient Terms of the Proposed Transaction

The Proposed Transaction entails GPI disposing of a 10% economic interest and 19.96% voting interest in SunWest and 10% economic and voting interest in Worcester for a purchase consideration of R675 million ("Purchase Consideration") ("GPI Disposal"). The Purchase Consideration is calculated based on the aggregate of the forecast EBITDA (excluding rentals) for both of SunWest and Worcester for the financial year ended 30 June 2016 and the aggregate of the forecast net debt of both the companies as at 30 June 2016. In the event that the actual EBITDA (excluding rentals) is less than R975 million at 30 June 2016, then a downward adjustment will be made to the Purchase Consideration. The Purchase Consideration will also be adjusted by any variation from the forecast net debt. Tsogo will settle the Purchase Consideration through an initial payment of R37.5 million followed by the payment of 17 monthly instalments of R37.5 million each (unless adjusted per the foregoing), with the monthly instalments commencing in the month following the fulfillment of the conditions precedent to the Proposed Transaction (including specifically GPI shareholder approval), which conditions precedent are anticipated to be fulfilled by 30 June 2016.

The Proposed Transaction also entails SIL disposing of a 10% interest in SunWest and Worcester on the same conditions as the GPI Disposal ("Sun Disposal"). The Sun Disposal is conditional upon receipt of confirmation from the Sun International Employee Share Trust ("SIEST"), by not later than 30 April 2016 that it has waived its pre-emptive rights in terms of the current shareholders agreement. SIEST has a right to increase its current shareholding in SunWest from 3.3% to 3.5%. The condition is anticipated to be fulfilled by 30 April 2016.

Should the GPI sale not obtain the necessary Shareholder approvals, GPI will continue to operate on the current status quo.

The Proposed Transaction will not result in a change of control in respect of SunWest and Worcester. Following the implementation of the Proposed Transaction, the effective voting and economic shareholding of SunWest and Worcester will be as follows:

	SunWest		Worcester	
	SIL and GPI Sell 10% each Voting	Economic	SIL and GPI Sell 10% each Voting	Economic
SIL	50.05%	61.60%	61.40%	61.40%
GPI	29.93%	15.10%	15.10%	15.10%
Sun International Employees Share Trust ("SIEST")	0.01%	3.30%	3.50%	3.50%
Tsogo	20.00%	20.00%	20.00%	20.00%
Total	100.00%	100.00%	100.00%	100.00%

Tsogo's investment in SunWest and Worcester will be that of a passive investor and Tsogo will therefore have no:

- representation on the board of directors of either SunWest or Worcester;
- operational involvement in SunWest and Worcester; or

- access to any information regarding SunWest and Worcester, except for information to which it has statutory rights as a shareholder, which will include the audited financial statements of SunWest and Worcester.

Sun International Management Limited will continue to manage SunWest and Worcester under its existing management contract on the same terms and conditions.

4. Rationale and Use of Proceeds

The Proposed Transaction will realise significant value for GPI shareholders and represents an excellent return on investment. GPI has been invested in SunWest and Worcester, as SIL's initial BEE partner, for 17 years, but believes that the timing and terms of the Proposed Transaction support GPI's strategy to pursue new investment opportunities in the food industry as well as to reduce debt obligations in GPI. Importantly, SIL and Tsogo have the necessary financial capability, requisite BEE credentials, regulatory and industry knowledge to implement the Proposed Transaction at a valuation that meets GPI's expectations.

GPI has identified a number of advantages to the Proposed Transaction, which include the following:

- compelling valuation and returns;
- the anticipated proceeds place GPI in a strong cash position with the flexibility to either invest in its existing food related assets and to pursue new investment opportunities within the food and its related industries; and
- GPI will be in a position to reduce its debt obligations from the current levels, which are at the upper end of its target debt equity range of between 20.0% and 35.0%, to its preferred target debt equity level of 20.0%.

5. Conditions Precedent

The GPI Disposal is conditional on the following conditions precedent ("Conditions Precedent"):

- GPI obtaining its shareholder approval by 30 June 2016; and
- GPI securing the release of its shares in SunWest that are currently subject to security arrangements with The Standard Bank of South Africa and Nedbank Limited.

6. Effective date of the Proposed Transaction

The effective date will be the closing date of the Proposed Transaction, being the first day following the month in which the Conditions Precedent have been fulfilled (envisaged for 1 July 2016).

7. Unaudited Pro Forma Financial Effects of the GPI Disposal

As at the date of this announcement, the pro forma financial effects of the Proposed Transaction in relation to GPI has not yet been finalised and shareholders are hereby advised that the pro forma financial information will be announced in due course.

8. Categorisation

In terms of the Listings Requirements of the JSE, as the value of the Proposed Transaction, insofar as it relates to GPI, exceeds 30% of GPI's market capitalisation, it meets the definition of a category 1 transaction as contemplated in terms of section 9 of the Listings Requirements of the JSE. As a result, a general meeting of GPI shareholders will be convened and an ordinary resolution in respect of the Proposed Transaction will be required to be approved by GPI shareholders at the general meeting.

9. Circular

A circular containing the full details of the Proposed Transaction, incorporating a notice convening the required GPI general meeting will be posted to shareholders on or around 30 May 2016 and the date of the general meeting will be announced on SENS once the circular is posted.

10. Cautionary

GPI shareholders are advised that, due to the fact that the pro forma financial effects of the Proposed Transaction have not yet been announced, to exercise caution when dealing in their securities until such time as the pro forma financial information of the aforementioned transactions have been announced.

Cape Town
4 April 2016

Legal Advisor to GPI

**BERNADT • VUKIC
POTASH • & • GETZ
ATTORNEYS**

Sponsor & Transaction Advisor



PSG CAPITAL