CAUTIONARY ANNOUNCEMENT
AND NOTICE OF INTENTION TO OFFER CONVERTIBLE BONDS BY WAY OF PRIVATE PLACEMENT

1. INTRODUCTION

Turnstar Holdings Limited ("Turnstar") has commenced the refurbishment and expansion ("Development Projects") of two of its flagship properties - Game City Shopping Centre in Gaborone, Botswana ("Game City"), and Mlimani City Property, in Dar es Salaam, Tanzania ("Mlimani City"). Mlimani City comprises of a shopping centre, an office park, a conference centre and a residential estate. The rental income from Mlimani City is largely denominated in US dollars ("USD").

The Development Projects will enhance the quality of Turnstar’s property portfolio as well as its underlying net asset value.

- The refurbishment and expansion of Game City is expected to be completed by the end of 2016 and includes refurbishments to existing structures and the addition of a restaurant node, multi-function entertainment area with play section for children, an additional ±4,000m² of retail space (including a high fashion wing) and a secure underground parkade accommodating ±400 vehicles. The Game City expansion is already fully funded through existing debt facilities.

- The refurbishment and expansion of Mlimani City is expected to be completed in 2017 and includes the addition of ±15,997m² of new retail (±10,577m²), office (±5,000m²), and conference centre space (±420m²), up to 342 bays of basement parking and a hotel. A botanical garden will also be developed to complete the attraction of the Mlimani City node. The Mlimani City expansion is estimated to cost ±US$45m and will generate an attractive development yield of ±13% in addition to net asset value uplift going forward. Turnstar proposes to fund the Mlimani City expansion through a mix of bank debt, internal cash reserves and the issue of up to US$30 million of USD denominated convertible bonds ("Convertible Bonds").

2. UPDATE ON TURNSTAR'S PROPERTY PORTFOLIO AND SALE OF FAIRGROUND OFFICE PARK

Turnstar continues to maximise property performance through the active management of its portfolio. The properties are maintained to a good standard and continue to increase in value. In addition to the aforementioned developments to the Game City and Mlimani City properties, the Company’s residential housing estates in Tapologo Estate and Mogoditshane have also undergone a facelift recently.

Turnstar has completed the sale of its Fairgrounds Office Park property to Botswana Life Insurance Limited for a sum of P129,000,000 (excluding VAT). The value of the property was P121.5m and the profit attributable to the sale is P7.5m. The disposal resulted in a decrease of 8.58% in the Group’s net assets and a 1.53 t decrease in the net value per share.

The proceeds of the sale will be reinvested in further yield-enhancing opportunities.

The sale of the Fairgrounds Office Park is consistent with a strategic imperative to manage exposure to the office property sub-sector in Botswana which is expected to remain under pressure with increasing vacancies in the medium term.

Pursuant to the above, Turnstar’s exposure to the office property sub-sector in Botswana has been strategically limited to one office property being Turnstar House, which is fully tenanted.
3. PROPOSED CONVERTIBLE BOND OFFERING

3.1. Indicative salient terms of the Convertible Bonds

In order to complete the financing for the Mlimani City expansion, Turnstar intends to launch an offering of USD-denominated senior unsecured compulsory convertible bonds to raise gross proceeds of US$ 30,000,000. The Convertible Bond offering forms part of the Company's strategy to deliver continued capital and distribution growth to its linked unitholders driven by active asset management and portfolio enhancing developments. The introduction of this diversified funding source establishes a sustainable long term capital structure to support Turnstar's inherent growth strategy supported by USD cash flows from Mlimani City.

The proposed salient terms of the Convertible Bond are as follows:

- Estimated issue date: May 2016
- Tenor: 7 years
- Estimated maturity date: May 2023
- Fixed USD coupon: 4.5% per annum payable semi-annually in arrears
- Estimated conversion price at maturity: P5.00 – P5.40

It is expected that the Convertible Bonds will be issued during May 2016, at which time the final terms thereof will be announced.

Other notable salient terms include:

- The (“Botswana Pula”) BWP conversion price will be converted to USD at the prevailing USD:BWP exchange rate on the day that the Convertible Bonds are issued.
- The Convertible Bonds will be offered through a book-building process to qualifying institutional and retail investors only. This will not be an offer to the public.
- Standard covenants and events of default will apply.
- Turnstar intends to apply for admission of the Convertible Bonds to trade on the Botswana Stock Exchange.

Investec Bank Limited is acting as Bookrunner in connection with the offering of the Convertible Bonds.

3.2. Conditions precedent

The issue of the Convertible Bonds will be subject to the fulfilment of the following conditions precedent:

- Approval by Turnstar linked unitholders in general meeting of the necessary resolutions required to undertake the Convertible Bond offering;
- The Botswana Stock Exchange (“BSE”) granting approval of the circular and Convertible Bond offering documentation; and
- The BSE granting approval of the listing of the Convertible Bonds on the BSE.

4. CAUTIONARY ANNOUNCEMENT

As the final terms of the Convertible Bonds have not been confirmed, linked unitholders are advised to exercise caution when dealing in their Turnstar linked units until a further announcement is made.

Gaborone
7 April 2016

The Board of Directors
Turnstar Holdings Limited

Financial adviser and Investment bank

Investec

Legal adviser

Khan Corporate Law

Sponsoring broker

Stockbrokers Botswana Ltd.