1. Introduction

Further to the detailed announcement dated 29 June 2011, regarding Turnstar’s proposed acquisition of the Mlimani City Property Development in Dar es Salaam, Tanzania ("Proposed Acquisition") and subsequent cautionary announcements published in the press, the last of which was on 14 August 2011, Turnstar is pleased to confirm the terms of the Proposed Acquisition including the unaudited pro forma financial effects thereof.

2. Background

On 27 June 2011, Turnstar signed an agreement ("Agreement") to acquire the Mlimani City Property Development for US$77 million ("Purchase Consideration") effective from 1 August 2011 ("Effective Date"), subject to the fulfilment of the conditions precedent.

The current owners of the Mlimani City Property Development are GH Group (Proprietary) Limited ("GH Group") and the Associated Investment and Development Corporation (Proprietary) Limited ("AIDC") (collectively referred to as "the Vendors").

The Corporate Finance division of Investec Bank Limited has been appointed as investment bank and transaction adviser to advise Turnstar and its board of directors on the Proposed Acquisition. In addition, in fulfilment of the Botswana Stock Exchange ("BSE") listings requirements, KPMG Botswana ("KPMG") (acting independently of Investec) has been appointed to provide the Turnstar board with an independent fair and reasonable opinion on the Proposed Acquisition.

2.1. Overview
The Mlimani City Property Development is an unrivalled, quality property complex situated within the University of Dar es Salaam campus in Dar es Salaam, Tanzania, which consists of:

a) A fully let modern retail shopping centre with gross lettable area of ±18,794m²:
   - The shopping centre (Mlimani City) is Tanzania’s first indoor air conditioned mall and home to notable South African retail giants such as Shoprite, Game, Mr Price and Truworths among others. For an unmatched shopping experience to the residents of Dar es Salaam and surrounding towns, the shopping centre also boasts an ample offering of regional retailers, banking services, restaurants and eateries, fashion boutiques, cell phone and electronics stores and a cinema operated by Century Cinemax.

b) A fully let office park consisting of 4 double-storey A-grade office buildings with combined gross lettable area of ±11,308m²:
   - 3 of the 4 double storey office buildings are occupied by Vodacom Tanzania, the operating subsidiary of Vodacom Group Limited, while the fourth office building is occupied by the Tanzania Investment Bank.

c) A world class conference centre with gross lettable area of ±4,403m²:
   - The conference centre is designed to cater for 2,000 people standing, 1,200 people in conference seating or 1,000 people with dining tables. It can also subdivide down into six separate conference rooms and has the full range of conference facilities and amenities including breakaway plenary rooms and a modern kitchen to offer catering in-house where required. The conference centre recently successfully hosted the African leg of the World Economic Forum in May 2010 and even more recently in 2011, hosted the Africa Investment Forum of the Commonwealth Business Council. As the only conference centre of its size and stature in Tanzania, the conference centre also enjoys the support and use of the local population for pageants, concerts, weddings, graduations, state briefings and numerous other functions.

d) A residential housing estate with combined gross lettable area of ±7,451m²:
   - The residential housing estate consists of 50 units (10 one bedroom units, 23 two bedroom units and 17 three bedroom units) and provides a secure housing estate environment to the corporate rental market (which in Dar es Salaam is strong given the prevalence of expatriate workers in the community) for long and short term accommodation; and

e) ±75,695m² of undeveloped land which has been earmarked with no pre-emptory provisions for the development of additional offices, a value shopping centre and a 3-star hotel.

In this context, at the Effective Date, the weighted average lease expiry (weighted by rentals) of the Mlimani City Property is as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail</td>
<td>4.2</td>
</tr>
<tr>
<td>Office</td>
<td>4.0</td>
</tr>
</tbody>
</table>
Eris Property Group has performed an independent valuation of the Mlimani City Property Development at 1 June 2011, at US$78.2 million.

2.2. **Rationale**

The Proposed Acquisition represents a significant milestone in the life of Turnstar and is in line with Turnstar’s strategy to become a significant regional property company. In addition, the Proposed Acquisition:

- will deliver operational control to Turnstar of a unique world class property asset, simultaneously improving the geographic diversification of its property portfolio in light of the significant amount of competing additional retail and office space currently under construction in Botswana, which is expected to be completed in the next two years;
- will enable Turnstar to leverage the benefits associated with the low interest rate environment for US dollar denominated debt financing as compared to equivalent Pula denominated debt financing;
- will deliver a natural currency hedge for local investors;
- will enable Turnstar to take advantage of the favourable investment climate in Tanzania, a strong democracy and one of the fastest growing economies globally; and
- will deliver improved distributions, earnings and net asset value to Turnstar and Turnstar’s unit holders.

### 3. **Terms of the Proposed Acquisition and settlement of the Purchase Consideration**

<table>
<thead>
<tr>
<th>Settlement as follows:</th>
<th>US$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase Consideration</td>
<td>77m</td>
</tr>
<tr>
<td>Issue of 77,558,140 new Turnstar units to Vendors at an issue price of P1.72 (&quot;Issue Price&quot;)</td>
<td>(20m)</td>
</tr>
<tr>
<td>Raising of new USD debt*</td>
<td>(30m)</td>
</tr>
<tr>
<td>Issue of 108,784,884 new units to unit holders in a renounceable rights offer (&quot;Rights Offer&quot;)**</td>
<td>(27m)</td>
</tr>
</tbody>
</table>

* Turnstar has secured a commitment for the new USD loan at USD LIBOR plus 1.85%.
** The Rights Offer is subject to the approval of the Proposed Acquisition by Turnstar unit holders. The Vendors have undertaken to underwrite the Rights Offer at the Issue Price.

The Issue Price represents Turnstar’s volume weighted average price from 1 January 2010 to 27 June 2011, the date of signature of the Agreement, and a premium of 14.9% to the 30 day volume weighted average price of the Turnstar linked units on the BSE to 27 June 2011. The Issue Price has been determined with reference to Turnstar’s weighted average price over an enduring period in order to exclude the impact of
short term fluctuations in the Turnstar share price.

Together with the aforementioned Rights Offer, Turnstar intends to raise additional capital by issuing by way of a rights offer 71,685,415 additional linked units (collectively the "Rights Offers"), the proceeds of which will be used to settle Turnstar’s P100 million overdraft facility with FNB Botswana and cover costs incurred pursuant to the Proposed Acquisition and the Rights Offers. Settlement of the existing FNB overdraft facility which was utilised by Turnstar to undertake and complete:

- the construction of the Game City Shopping Centre extension;
- a reconfiguration of a portion of the Game City Shopping Centre; and
- the refurbishment of Turnstar House,

will allow Turnstar to reduce its Pula denominated debt financing (which in the current interest rate environment is at a considerably higher cost than equivalent USD debt financing) and provide sufficient flexibility for future expansion, refurbishments or acquisitions.

4. **Conditions precedent**

The University of Dar es Salaam, the Lessor and rights holders of the leasehold land on which the Mlimani City Property Development is situated, has given its approval for the Proposed Acquisition by Turnstar.

Outstanding conditions precedent are:

- Completion of a satisfactory due diligence by Turnstar which is ongoing;
- Tanzanian regulatory approval (Tanzanian Investment Committee and Tanzanian Competition Commission approval) for which applications has been made;
- BSE approval which is ongoing;
- Turnstar unit holder approval.

A detailed circular containing full details of the Proposed Acquisition, KPMG’s fair and reasonable opinion, Eris Property Group’s property valuation, a notice of general meeting of Turnstar unit holders and revised listing particulars is being prepared and will be posted to Turnstar’s unit holders following conclusion of the detailed due diligence and final BSE approval.

5. **Indicative pro forma financial effects**

Subject to the conclusion of the ongoing due diligence a summary of the initial unaudited pro forma financial effects of the Proposed Acquisition and the Rights Offers on the historic (for the year ended 31 January 2011) and forecast (for the year ending 31 January 2012) financial information of Turnstar is set out in the
Table below. In this context:

- for the historic *pro forma* financial effects purposes it has been assumed that the Proposed Acquisition and the Rights Offers were implemented with effect from 1 February 2010 and 31 January 2011 for income statement and balance sheet purposes, respectively;
- for the forecast *pro forma* financial effects purposes it has been assumed that the Proposed Acquisition and Rights Offers were implemented with effect from 1 February 2011.

The unaudited *pro forma* financial effects set out below have been prepared for illustrative purposes only, and because of their nature, may not fairly present Turnstar's financial position, changes in equity, results of operations or cash flows post the Proposed Acquisition and Rights Offers.

<table>
<thead>
<tr>
<th>Per linked unit (thebe)</th>
<th>SUSTAINABLE IMPACT</th>
<th>ONCE-OFF COSTS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Before[III]</td>
<td>After Proposed Acquisition and Rights Offer[IV]</td>
</tr>
<tr>
<td><strong>Historic</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NAV per linked unit</td>
<td>1.58</td>
<td>2.21</td>
</tr>
<tr>
<td>Distribution per linked unit</td>
<td>12.20</td>
<td>14.07</td>
</tr>
<tr>
<td>Basic earnings per linked unit</td>
<td>26.70</td>
<td>39.23</td>
</tr>
<tr>
<td><strong>Forecast</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Distribution per linked unit</td>
<td>14.76</td>
<td>16.85</td>
</tr>
<tr>
<td>Basic earnings per linked unit</td>
<td>15.06</td>
<td>32.58</td>
</tr>
</tbody>
</table>

Notes:

i. Historic information is per Turnstar audited financial statements for the year ended 31 January 2011, extracted without adjustment.

ii. Forecast information is per Turnstar’s budget for the year ending 31 January 2012, extracted without adjustment.

iii. *Pro forma* financial information of Turnstar after implementation of the Proposed Acquisition and the Rights Offer.

iv. *Pro forma* financial information of Turnstar after implementation of the Proposed Acquisition and the rights offer to settle the FNB overdraft.

v. *Pro forma* financial information of Turnstar after implementation of the Proposed Acquisition and the rights offer to settle the FNB overdraft and after taking into account once-off costs incurred pursuant to the Proposed Acquisition and Rights Offers.

The unaudited *pro forma* financial effects set out above have been reviewed by Grant Thornton, the
Company’s reporting accountants and prepared by the directors of Turnstar in accordance with Turnstar’s accounting policies and International Financial Reporting Standards. A copy of the final reporting accountants report on the unaudited pro forma financial information will be included in the detailed circular to Turnstar unit holders.

Following the conclusion of the ongoing due diligence, a final unaudited pro forma financial effects of the Proposed Acquisition and Rights Offers will be communicated to unit holders.

6. Renewal of cautionary statement

As the final unaudited pro forma financial effects of the Proposed Acquisition and Rights Offers have not yet been confirmed to unit holders, unit holders are advised to continue exercising caution in trading their linked units until the publication of such information. Following the conclusion of the ongoing due diligence process, the final unaudited pro forma financial effects and Proposed Acquisition and Rights Offers timetable will be communicated to unit holders.

The Board of Directors
Turnstar Holdings Limited

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Financial adviser and Investment bank

Investec

Corporate adviser in Botswana

Neill Armstrong

Sponsoring broker

motswedisecurites

Reporting accountants

Grant Thornton

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