UPDATE ON THE PROPOSED ACQUISITION OF THE MLIMANI CITY PROPERTY DEVELOPMENT AND TERMS OF THE FULLY UNDERWRITTEN RENOUNCEABLE RIGHTS OFFER AND WITHDRAWAL OF CAUTIONARY

1. Introduction

Further to the detailed announcement dated 4 September 2011, regarding Turnstar’s proposed acquisition of the Mlimani City Property Development in Dar es Salaam, Tanzania (“Proposed Acquisition”) and subsequent cautionary announcement published in the press on 2 October 2011, Turnstar is pleased to confirm the terms of the Proposed Acquisition and fully underwritten renounceable rights offer (“Rights Offer”) including the unaudited pro forma financial effects thereof.

2. Background

On 27 June 2011, Turnstar signed an 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.
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 Turnstar unit holders (&quot;Unitholders&quot;) in a renounceable Rights Offer**</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 Unitholders. The Vendors have undertaken to underwrite the Rights Offer at the Issue Price.

A further US$3,340,112 has been secured by way of third party funding from Barclays Bank of Botswana to cover the costs incurred pursuant to the Proposed Acquisition and Rights Offer.

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.

4. Irrevocable undertakings

Turnstar Unitholders holding 294,169,198 Linked Units, representing approximately 76.2% of the issued Linked Unit capital and over 80% of the Unitholders who are eligible to vote at the EGM have irrevocably undertaken to vote in favour of the Resolutions required to effect the Proposed Acquisition and the Rights Offer, subject to fulfilment of the outstanding conditions precedent. The Unitholders that have provided irrevocable undertakings are BIFM, Allan Gray Botswana, Coronation Botswana, Fleming Asset Management, Investec Asset Management Botswana and Stanbic Investment Management Services.

Furthermore, Turnstar Unitholders holding 114,281,495 Linked Units, representing approximately 29.6% of the issued Linked Unit capital have irrevocably undertaken to follow their Rights in terms of the Rights Offer, subject to fulfilment of the outstanding conditions precedent. These commitments taken together with the underwriting commitments provided by the Underwriters secure 100% of the quantum to be raised pursuant to the Rights Offer.
5. **Underwriting**

Turnstar has entered into an underwriting arrangement with the Vendors ("Underwriters"), whereby the Underwriters have irrevocably agreed to collectively underwrite the Rights Offer ("Underwritten Rights Offer Linked Units") at the Issue Price. To the extent that Unitholders do not take-up, dispose of or renounce their Rights to a third party, the Underwriters will subscribe for such remaining Rights Offer Linked Units up to a maximum of the Underwritten Rights Offer Linked Units. The Unitholder commitments detailed in paragraph 4 above, taken together with the underwriting commitments provided by the Underwriters secure 100% of the quantum to be raised pursuant to the Rights Offer.

For the underwriting there shall be no underwriting fee, however Turnstar shall be obliged to compensate the Underwriters for direct and actual costs incurred by them in such underwriting.

Details of the underwriting arrangement are set out in the Proposed Acquisition and Rights Offer circular ("Circular") posted to Unitholders on 18 October 2011.

6. **Terms of the Rights Offer**

Turnstar is seeking to raise P187,110,000 through the issue of 108,784,884 Rights Offer Linked Units at the Rights Offer Price of P1.72 per Linked Unit. The Proposed Acquisition is subject to the approval of the resolutions by the requisite majority of Unitholders at the EGM to be held on 14 November 2011.

Unitholders will have the right to subscribe for 28.196 Rights Offer Linked Units at the Rights Offer Price of P1.72, for every 100 Linked Units held by them on the Record Date. In this context, Turnstar will offer to Unitholders recorded in the register of unitholders on the record date ("Qualifying Unitholders") for the Rights Offer a total of 108,784,884 Rights Offer Linked Units for subscription by way of a renounceable Rights Offer.

Excess applications for Rights Offer Linked Units will not be allowed and any Rights Offer Linked Units not accepted, renounced or sold shall revert to the Underwriter.

The Rights Offer Linked Units will rank *pari passu* with the existing issued Linked Units.

7. **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.

The Proposed Acquisition will be subject to the fulfilment of the following conditions precedent:

In Tanzania:

- Tanzanian Investment Committee and Competition Commission approval
- Amendment of the Performance Agreement and registration thereof in the Tanzanian Minister of Finance Register of Agreements
- Publication in Tanzania of government notices to confirm Mlimani tax exemptions for VAT,
Indicative pro forma financial effects

The unaudited pro forma financial effects of the Proposed Acquisition and Rights Offer 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;
- 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 Offer.

<table>
<thead>
<tr>
<th>Historic Turnstar before Proposed Acquisition and Rights Offer</th>
<th>Turnstar after Proposed Acquisition</th>
<th>% change after total once-off costs</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>NAV per linked unit</td>
<td>1.58</td>
<td>1.63</td>
<td>3.2%</td>
</tr>
<tr>
<td>Distribution per linked unit</td>
<td>12.20</td>
<td>14.07</td>
<td>15.3%</td>
</tr>
<tr>
<td>Basic earnings per linked unit</td>
<td>26.70</td>
<td>39.23</td>
<td>46.9%</td>
</tr>
<tr>
<td>Forecast^1</td>
<td>14.76</td>
<td>16.85</td>
<td>14.2%</td>
</tr>
<tr>
<td>Basic earnings per linked unit</td>
<td>15.06</td>
<td>32.58</td>
<td>116.2%</td>
</tr>
</tbody>
</table>

Notes:
1. Historic information is per Turnstar audited financial statements for the year ended 31 January 2011, extracted without adjustment.
2. Forecast information is per Turnstar’s budget for the year ending 31 January 2012, extracted without adjustment. No capital appreciation (and related effect on tax thereon) in the value of Turnstar’s properties have been taken into account.
3. Pro forma financial information of Turnstar after the Proposed Acquisition and the Rights Offer.
4. Pro forma financial information of Turnstar after the Proposed Acquisition and the Rights Offer and after taking into account once-off costs incurred pursuant to the Proposed Acquisition and Rights Offer.
5. Transaction costs of approximately P21,668,141 have been taken into account against stated Share capital and Debenture capital as costs directly attributable to the issue of Linked Units.

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.
9. Salient dates and times

<table>
<thead>
<tr>
<th>Description</th>
<th>2011</th>
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<tbody>
<tr>
<td>Circular posted to Unitholders</td>
<td>Tuesday, 18 October</td>
</tr>
<tr>
<td>EGM (09h00)</td>
<td>Monday, 14 November</td>
</tr>
<tr>
<td>Results of EGM plus third Rights Offer announcement</td>
<td>Tuesday, 15 November</td>
</tr>
<tr>
<td>Record date</td>
<td>Friday, 18 November</td>
</tr>
<tr>
<td>Letters of allocation and Rights Offer Linked Units listed on the BSE</td>
<td>Monday, 21 November</td>
</tr>
<tr>
<td>Last day for receipt of postal registrations</td>
<td>Wednesday, 23 November</td>
</tr>
<tr>
<td>Rights Offer opens (09h00)</td>
<td>Friday, 25 November</td>
</tr>
<tr>
<td>Form of instruction posted to Qualifying Unitholders</td>
<td>Friday, 25 November</td>
</tr>
<tr>
<td>Last day for dealing in Letters of allocation</td>
<td>Wednesday, 14 December</td>
</tr>
<tr>
<td>Rights Offer Linked Units listed on the BSE</td>
<td>Thursday, 15 December</td>
</tr>
<tr>
<td>Rights Offer closes (14h30)</td>
<td>Friday, 16 December</td>
</tr>
<tr>
<td>Last day for postal acceptances</td>
<td>Wednesday, 21 December</td>
</tr>
<tr>
<td>Results of Rights Offer announced</td>
<td>Friday, 23 December</td>
</tr>
</tbody>
</table>

10. Posting of the Circular

Unitholders are advised that the Circular containing full details of the terms of the Proposed Acquisition and Rights Offer has been mailed to all Unitholders on Tuesday, 18 October 2011. A form of instruction in respect of a letter of allocation will also be mailed to Unitholders on or about Friday, 25 November 2011.

Application has been made to the Botswana Stock Exchange for a listing of the renounceable letters of allocation and subsequent securities.

11. Finalisation announcement

It is anticipated that the finalisation announcement for the Rights Offer will be published on or about Friday, 23 December 2011.

12. Withdrawal of Cautionary

Shareholders are referred to the cautionary announcement of 2 October 2011 and are advised that in light of the disclosure above, caution is no longer required when dealing in Turnstar linked units.
The Board of Directors
Turnstar Holdings Limited
19 October 2011

Financial adviser and Investment bank

Investec

Corporate adviser

Neill Armstrong

Sponsoring broker

Mrotsedi Securities

Independent expert

KPMG

Reporting accountants

Grant Thornton

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Directors: CM Lekaukau (Chairman), J Motshabane (Managing Director), GH Abdoola, NW Armstrong, AJ Lemo, INshakazhogwe, T Kgatlwane, P Pillar