ANNOUNCEMENT RELATING TO THE PROPOSED ACQUISITION OF 12 STORES OPERATING IN NAMIBIA, INVOLVED IN THE DISTRIBUTION OF FAST MOVING CONSUMER GOODS

This announcement is published in accordance with the Botswana Stock Exchange (“BSE”) Listing Requirements and contains salient information on the proposed acquisition by Sefalana of 12 stores operating in the fast moving consumer goods (“FMCG”) sector in Namibia (“Acquisition”). A circular detailing more information on this acquisition will be issued to shareholders in due course, by no later than 31 March 2014.

1. THE ACQUISITION

1.1. Sefalana was the first company to list on the BSE and is currently the only Botswana listed company without a controlling shareholder. It operates in a number of different sectors, predominantly in the FMCG business.

1.2. On 18 December 2013 the Sefalana entered into an agreement which will enable the Company to acquire the business conducted by Metcash Namibia (Pty) Ltd (“Metcash Namibia”), Metcash Trading Africa (Pty) Ltd (together the “business”), Mr. Mahomed Gatho and Mr. Shiraz Gathoo, subject to completion of certain conditions precedent.

1.3. The business relates to the distribution of groceries and other consumer goods in 12 stores located across Namibia operating under the trade name “Metro Cash and Carry Namibia”.

1.4. This acquisition is part of the Group’s overall growth strategy through the entry into new markets in the Region.

1.5. Acquiring 12 additional stores in Namibia will allow the Group to build on the extensive expertise from its existing FMCG business whilst also reducing its macro and micro economic exposure to the Botswana economy.
1.6. Sefalana intends to roll out its business model in the Namibian territory, enabling greater economies of scale and profitability for the Group and therefore enhanced shareholder value.

1.7. The purchase price is to be supported by the completion of a due diligence exercise which will be completed by 28 February 2014. The price is expected to be less than 15% of the market capitalisation of Sefalana. The purchase consideration will be discharged predominantly through the raising of funds by way of a rights issue expected to occur on or before 30 April 2014. Short term debt finance will be utilised if the acquisition is completed prior to the completion of the rights issue. Payment in respect of the consideration will be made over 6 equal instalments.

1.8. Net assets to be acquired in relation to the business is expected to be approximately P15 million which is not considered to be material in relation to the net assets of Sefalana (the BSE guidelines refer to material being greater than 3%), and is not expected to have a material impact on the profit before tax for the year ending 30 April 2014 (“2014 year end”), as the effective date of the Acquisition is anticipated to be 1 May 2014. In the event that the acquisition completes before this date, the impact on profit is not expected to be material in relation to the 2014 year end results of the Group.

1.9. Since the Company intends to embark on a capital raising programme to finance the Acquisition, any effects on the net assets will be disclosed in the circular. The profits attributable to the net assets, the subject of the transaction and the effect of the net asset per share of the company, after completion of the acquisition shall also be disclosed in the Circular to be issued.

2. DIRECTORS OPINION AND RECOMMENDATIONS

The Directors of Sefalana are of the opinion that the terms and conditions of the Acquisition are fair and reasonable and will be to the long-term benefit of Sefalana and its Shareholders.

3. BOARD OF DIRECTORS

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<tr>
<th>Name</th>
<th>Age</th>
<th>Director Representation</th>
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</thead>
<tbody>
<tr>
<td>JM Nganunu (Motswana)</td>
<td>71</td>
<td>Chairman Non-Executive Director</td>
</tr>
<tr>
<td>CD Chauhan (Motswana)</td>
<td>51</td>
<td>Group Managing Director</td>
</tr>
<tr>
<td>EM Dewah (Motswana)</td>
<td>71</td>
<td>Independent Non-Executive Director</td>
</tr>
<tr>
<td>HW Kampmann (South African)</td>
<td>50</td>
<td>Managing Director – Sefalana Cash &amp; Carry Ltd</td>
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4. **CIRCULAR**

A combined Circular detailing the Acquisition and the Rights Issue shall be despatched on or about 31 March 2014 which will give further details of the Acquisition.

5. **OTHER POTENTIAL TRANSACTION**

Shareholders of Sefalana are also hereby advised that negotiations with another third party in the Region have commenced which, if successfully concluded, and subject to relevant regulatory approval, will result in a transaction that might have an impact on the price of the Company’s shares. Accordingly, Shareholders are advised to continue to exercise caution when dealing in the Company’s shares until a further announcement is made. Further details will be provided in the Circular to be issued on or about 31 March 2014.

By order of the Board

Mohamed Osman
Company Secretary

22 December 2013