ACQUISITION OF THE MLIMANI CITY PROPERTY DEVELOPMENT AND CAUTIONARY ANNOUNCEMENT

1. Introduction

Further to the cautionary announcements published in the press, the last of which was released on 5 June 2011, Turnstar is pleased to announce that it has concluded an agreement ("Agreement") with the shareholders of Island View (Proprietary) Limited ("Island View"), to effectively acquire the Mlimani City Property Development in Dar es Salaam Tanzania ("the Proposed Acquisition"), through the acquisition of the entire issued share capital of Island View and Mlimani Holdings (Proprietary) Limited ("Mlimani Holdings"), subject to certain conditions precedent as set out below for US$77 million ("the Purchase Consideration").

The shareholders of Island View are GH Group (Proprietary) Limited ("GH Group") and the Associated Investment and Development Corporation (Proprietary) Limited ("AIDC") (collectively referred to as "the Vendors").

The Mlimani City Property Development represents a modern retail shopping centre, an office park with four modern office buildings, a world-class conference centre, a residential housing estate and significant undeveloped land.

The Purchase Consideration will be discharged as follows:

- 77,558,140 linked units in Turnstar to the Vendors at a unit price of p=77 per linked unit ("Issue Price") to settle US$29 million of the Purchase Consideration; and
- the payment of US$47 million in cash ("Cash Portion") from a combination of bank debt and a successful rights offer ("Rights Offer") to Turnstar linked unit holders.

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 35 day volume weighted average price of the Turnstar linked units on the Botswana Stock Exchange ("BSE") to 27 June 2011.

2. Rationale for the Proposed Acquisition

The Proposed Acquisition represents a significant milestone in the life of the Company and is in line with the Company’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, immediately 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; and
- will enable Turnstar to take advantage of the favourable investment climate in Tanzania, a strong democracy and one of the fastest growing economies globally.

3. Overview of Mlimani Holdings and the Mlimani City Property Development

Mlimani Holdings is a Tanzanian subsidiary of Island View, whose only asset is the Mlimani City Property Development. Mlimani Holdings enjoys strategic investor status in Tanzania.

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 modern retail shopping centre with a gross lettable area of 18,764m2;
- an office park with a combined gross lettable area of 31,398m2;
- a world class conference centre with a gross lettable area of 24,403m2;
- a residential housing estate with a combined gross lettable area of 27,451m2; and
- up to 75,695m2 of undeveloped land which has been earmarked for the development of additional offices, a value shopping centre and a 3-star hotel.

The Mlimani City Property Development enjoys local support and is uniquely situated in a prime location within the University of Dar es Salaam campus (13km from the city centre and 6km from high cost, low density residing areas of Massani Peninsula and Oyster Bay), along Sam Nujoma Road in Dar es Salaam, a significant hub of economic activity in the city. The retail shopping centre is the first of its kind in Tanzania and is home to notable South African retail giants such as Shoprite, Game, M-Price and Travcour and amongst others, Vodacom Tanzania, another notable blue-chip tenant occupies three out of the four office buildings that comprise the office park. Furthermore, the conference centre, the only conference centre of its size and stature in Dar es Salaam enjoys the support and use of the local population and has also recently successfully hosted the African leg of the World Economic Forum in May 2010 and even more recently hosted the Africa Investment Forum of the Commonwealth Business Council.

Mlimani Holdings and the Mlimani City Property Development's function currency is US Dollars.

4. Terms of the Proposed Acquisition

Under the terms of the Agreement, Turnstar will, with effect from the date of fulfilment of the Conditions Precedent acquire the entire shareholding of Island View and Mlimani Holdings ("Fulfilment Date"). In order to recapitalise Mlimani Holdings, Turnstar will also subscribe for debentures in Mlimani Holdings, the proceeds of which will be utilised to settle existing shareholder loans and claims in Mlimani Holdings.

Post implementation of the Proposed Acquisition Turnstar will directly hold:

- 100% of the ordinary shares of Island View and Mlimani Holdings; and
- 100% of the debentures in Mlimani Holdings.

Irrespective of the Fulfilment Date, the financial benefits of the Proposed Acquisition will accrue to Turnstar from the agreed effective date of 1 August 2011. In addition, in accordance with the Listings Requirements of the BSE ("BSE Listings Requirements"), post implementation of the Proposed Acquisition the articles of association of Island View and Mlimani Holdings will be amended to conform to schedule 10 of the BSE Listings Requirements.

5. Conditions precedent to the Proposed Acquisition

The Proposed Acquisition is subject to the fulfilment of inter alia, the following conditions precedent:

- Turnstar completing of a satisfactory due diligence of Island View, Mlimani Holdings and the Mlimani City Property Development;
- Turnstar having obtained all regulatory approvals in Tanzania and Botswana, including, but not limited to the approval of the BSE necessary to give effect to the Proposed Acquisition;
- The shareholders of Turnstar passing in a general meeting such resolutions as may be necessary for the Proposed Acquisition to proceed;
- Turnstar raising the Cash Portion, on terms acceptable to the Company, and
- The listing of the Turnstar linked units to be issued.

6. Related party transaction

GH Group, a 50% shareholder of Island View is also an 8% unit holder in Turnstar. In addition, Mr Gulaam Abdalla, an executive director of the Company is a shareholder of GH Group. Accordingly, the Proposed Acquisition will be categorised as a related party transaction in terms of section 10 of the BSE Listings Requirements. The Board of Turnstar has appointed KPMG Services (Proprietary) Ltd to provide the board with a fair and reasonable opinion regarding the Proposed Acquisition. The fair and reasonable opinion and the statement of non-reliance regarding the Proposed Acquisition will be included in the circular to unit holders referred to in 8 below.

7. Pro forma financial effects

The financial effects of the Proposed Acquisition are in the process of being finalised and a further announcement will be published in due course. A final announcement regarding the Rights Offer will also be published in due course.

8. Documentation

The Proposed Acquisition is a Category 1 transaction in terms of the BSE Listings Requirements. A circular containing full details of the Proposed Acquisition and incorporating KPMG’s fair and reasonable opinion and a notice of general meeting of unit holders and revised listing particulars will be posted to ‘Turnstar’s unit holders in due course.

9. Renewal of cautionary statement

As the pro forma financial effects of the Proposed Acquisition have not yet been communicated to unit holders, unit holders are advised to continue exercising caution in trading their linked units until the publication of such information.

The Board of Directors
Turnstar Holdings Limited
29 June 2011