

**NIVEUS INVESTMENTS LIMITED**  
(Incorporated in the Republic of South Africa)  
(Registration number: 1996/005744/06)  
Share code: NIV  
ISIN: ZAE000169553  
("Niveus")

**PROPOSED CONDITIONAL DISPOSAL OF THE OPERATIONAL ASSETS OF KWV HOLDINGS LIMITED ("KWV")**

**1. INTRODUCTION**

Shareholders are hereby advised that KWV and its wholly-owned subsidiary, KWV South Africa Proprietary Limited ("KWV SA") have concluded conditional agreements, dated 10 May 2016, in terms of which, *inter alia*, KWV SA shall dispose of all its operational assets, and KWV shall dispose of all of its shares in and loan accounts against its wholly-owned subsidiary, KWV Intellectual Properties Proprietary Limited ("the Disposal"). Niveus holds an interest of 57,13% of the ordinary shares of KWV.

**2. THE BUSINESS OF KWV**

KWV is one of the leading wine and spirits producers in South Africa. The company sources wines and grapes from the best and most sought after viticultural regions in South Africa. In addition, KWV owns several internally renowned brands such as Roodeberg, KWV Wines, Laborie, Golden Kaan, Cathedral Cellar, Cafe Culture, jimmijagga, Wild Africa Cream and the KWV 3, 5, 10, 15 and 20-year old brandies.

**3. RATIONALE FOR THE DISPOSAL**

Niveus is an investment company and the offer represents a return on investment that warrants acceptance thereof.

**4. CLASSIFICATION OF THE DISPOSAL**

The Disposal is classified as a category 2 transaction in terms of the Listings Requirements of the JSE Limited for Niveus.

**5. DETAILS OF THE DISPOSAL**

**5.1. THE PURCHASER**

The operational assets of KWV will be acquired by New Rose 7 Proprietary Limited and Warshay Investments Proprietary Limited, associated with the Vasari group. The Vasari group has significant experience in operating multinational spirits and beverage companies and controlled by Mr Vivian Imerman ("The Purchaser").

**5.2. OPERATIONAL ASSETS**

In terms of the Disposal, the conditional agreements provide for the disposal of KWV's operational assets which include all property, plant and equipment used in the production of wine, brandies and other alcoholic beverages, as well as the shares in and claims against KWV

SA's local and foreign subsidiaries and associate companies. It also encompasses all inventories, all brands and all contractual arrangements with regard to purchasing, producing, distributing, marketing and selling of branded liquor products.

The assets exclude certain non-operational assets, including the Laborie Estate, KVV's art collection, the KVV head office building (La Concorde) and other non-operational land.

In the Niveus financial results, the consolidated book value of the operational assets of KVV, which is the subject of the Disposal, is approximately R1,7 billion as at 31 March 2016. The book value includes IFRS fair value adjustments of approximately R410 million raised by Niveus on consolidation.

The net profit attributable to the operational assets, which is the subject of the Disposal, was R24 million for the year ended 31 March 2016 before non-controlling interest.

### **5.3. DISPOSAL CONSIDERATION**

The Disposal consideration is in the amount of approximately R1,15 billion ("**Consideration**"). The Consideration will be settled as follows:

- i) R575 million (being 50% of the Consideration) will be paid in cash on the effective date of the Disposal; and
- ii) the remainder of the Consideration will be deferred and settled in three equal cash instalments on each of the first, second and third anniversaries of the effective date.

The Consideration will increase by 6% per annum from 1 May 2016 onwards. This increase will be added to the value of the three deferred instalments. These deferred instalments will be secured by way of bank guaranteed promissory notes, carrying interest at 8,5%, compounded annually.

### **5.4. EFFECTIVE DATE**

The effective date of the Disposal will be on the first month-end after all the conditions precedent have been fulfilled.

### **5.5. CONDITIONS PRECEDENT**

The relevant conditions precedent to the Disposal are as follows:

- approval of the Disposal by way of a special resolution of the shareholders of KVV;
- successful completion of a due diligence investigation by the Purchaser; and
- approval of the Disposal by the Competition Authorities.

### **5.6. APPLICATION OF THE PROCEEDS FROM THE DISPOSAL**

There are no immediate plans for the application of the proceeds and the cash will be retained by the group.

### **5.7. OTHER DETAILS**

The Disposal agreements provide for warranties and indemnities that are normal for a transaction of this nature.

Cape Town

11 May 2016

Sponsor: PSG Capital Proprietary Limited