

ACQUISITION OF NEW JUST FUN BY DENEB

1. THE ACQUISITION

Shareholders are hereby advised that Deneb has entered into a sale of shares and claims agreement with Main Street Holdings Proprietary Limited ("Main Street Holdings"), ("the Seller") and New Just Fun Group Proprietary Limited ("New Just Fun") dated 12 July 2017 in terms of which Deneb has agreed to purchase 100% of the shares in, and claims against New Just Fun (collectively, "the Sale Equity")("the Acquisition").

2. DETAILS OF THE BUSINESS OF NEW JUST FUN

New Just Fun is a South African toy distributor holding exclusive distribution rights to some of the world's leading toy brands.

3. RATIONALE FOR THE ACQUISITION

3.1 Deneb is an investment holding company with interests in property, branded product distribution and manufacturing.

3.2 Deneb has exposure to the toy distribution industry, through its investment in Prima Toys, and this acquisition improves economies of scale thereby unlocking efficiencies to the benefit of both the Company and its customers.

4. EFFECTIVE DATE OF THE ACQUISITION

The effective and closing date ("Closing Date") of the Acquisition will be the 5th (fifth) business day immediately following date of fulfilment or written waiver, as the case may be, of the last of the conditions precedent as set out in paragraph 6, which is expected to be on or before 30 November 2017.

5. PURCHASE CONSIDERATION

5.1 The cash purchase consideration payable by Deneb to the Seller for the Sale Equity is R40,5 million ("Purchase Consideration").

5.2 The Purchase Consideration will be increased by the lesser of a nominal annual rate of 2% below the prime rate from 1 April 2017 to the Closing Date, and the earnings of New Just Fun earned in respect of the business during the period from 1 April 2017 to the Closing Date.

6. CONDITIONS PRECEDENT

The Acquisition is subject to the fulfillment of the following outstanding conditions precedent on or before 30 November 2017:

- 6.1 The parties entering into certain transaction agreements containing usual provisions for a transaction of this nature;
- 6.2 Approval by the respective board of directors of Deneb, Main Street Holdings and New Just Fun;
- 6.3 Completion of a due diligence to the satisfaction of Deneb;
- 6.4 Release by First National Bank of various cross-securities and pledges provided by New Just Fun and its related parties;
- 6.5 Obtaining consents that may be required from third parties to implement the Acquisition including any consents relating to change in control provisions;
- 6.6 Regulatory approvals which may be required in order to implement the Acquisition;
- 6.7 The Acquisition being approved by the relevant competition authorities; and
- 6.8 No material adverse change occurring prior to the Closing Date.

7. OTHER SIGNIFICANT TERMS OF THE AGREEMENT

The Agreement provides for warranties and indemnities that are normal for a transaction of this nature.

8. NEW JUST FUND FINANCIAL INFORMATION

- 8.1 For the 12 month period ending 31 March 2017, being the latest available set of audited financial statements, the value of the net assets of New Just Fun that will be acquired by Deneb was R24,5 million, turnover was R201 million and profit after taxation attributable to the net assets being acquired was R11,9 million.
- 8.2 The financial information contained in this announcement has not been reviewed or reported on by the Company's auditors.

9. CATEGORISATION

The Acquisition is a Category 2 transaction for Deneb as contemplated in the Listings Requirements of the JSE Limited.

Cape Town
13 July 2017

Sponsor and corporate advisor
PSG Capital