

Tiger Brands Limited  
(Registration number 1944/017881/06)  
(Incorporated in the Republic of South Africa)  
Share code: TBS  
ISIN: ZAE000071080  
("Tiger Brands" or "the Company")

ACQUISITION OF DAVITA TRADING (PROPRIETARY) LIMITED ("DAVITA")  
BY TIGER BRANDS

1. INTRODUCTION

Shareholders of Tiger Brands are advised that the Company has entered into an agreement in terms of which Tiger Brands will acquire the entire issued share capital of Davita ("the Proposed Acquisition").

2. NATURE OF BUSINESS OF DAVITA

Davita is a South African manufacturer and exporter of powdered seasonings and beverage products with a presence in 28 countries across Africa and the Middle East. Davita sells its products under three brands which are well-known across the continent, namely Davita (premium powdered beverages), Jolly Jus (mass market powdered beverage offerings) and Benny (powdered seasonings). Davita has a very strong presence in many of the markets in which it operates.

Davita achieved an annual turnover of R567 million for the financial year ended 28 February 2010, of which approximately 99% was from exports. The value of the net assets of Davita at 28 February 2010 was R505.8 million, before deducting the value of interest-bearing shareholder loans due by Davita of R367.7 million.

3. RATIONALE

As previously reported, Tiger Brands has identified growth on the rest of the African continent as one of its key strategic thrusts. To this end, a number of transactions were recently announced which will meaningfully increase the Company's footprint on the rest of the continent. The Proposed Acquisition will further increase Tiger Brands' presence on the continent.

Consistent with its growth strategy, Tiger Brands has been progressively building its sales and marketing infrastructure to service Africa. This has resulted in strengthened regional sales and marketing representation across large parts of the continent, enabling the Company to increase brand awareness and improve product activation for new products and markets.

Davita has an established distribution footprint on the African continent which will provide Tiger Brands' export division with new growth vectors by leveraging off Davita's solid distributor relationships and penetrating new geographies as well as deepening market penetration in existing markets. The existing infrastructure within the Tiger Brands export division will assist in driving further growth across the expanded product portfolio.

Davita will provide additional synergies as a potential manufacturer of certain products for Tiger Brands' South African business units.

After implementation of the Proposed Acquisition, it is the intention to retain Davita as a self-standing entity within the Tiger Brands group. The relationship with distributors will not be affected as a result of the Proposed Acquisition.

Davita's managing director, Mr David Desilets, has agreed to continue his employment with the Company until 31 December 2011.

#### 4. PURCHASE CONSIDERATION

The purchase price for the Proposed Acquisition is estimated to be R1.345 billion, based on an enterprise value of R1.625 billion, and will be settled in cash. The determination of the final purchase price will be dependent upon Davita's actual levels of interest bearing debt and working capital on the Effective Date of the Proposed Acquisition, defined in paragraph 6 below.

## 5. CATEGORISATION OF THE TRANSACTION

In terms of the Listings Requirements of the JSE Limited ("Listings Requirements"), the Proposed Acquisition is categorised below the threshold of a category 2 transaction. Tiger Brands has, however, elected voluntarily to provide to its shareholders details of the Proposed Acquisition in the interest of full disclosure.

## 6. DETAILS OF THE PROPOSED ACQUISITION

The effective date of the Proposed Acquisition will be the last day of the month in which the last of the conditions precedent contemplated in paragraph 7 below is fulfilled, which is not anticipated to be before 1 April 2011 ("Effective Date").

The sellers of the entire issued share capital of Davita are Corvest 6 (Proprietary) Limited, RZT Zelpy 4976 (Proprietary) Limited and Mr David Desilets (collectively "the Sellers").

## 7. CONDITIONS PRECEDENT

The Proposed Acquisition is subject to the fulfilment or waiver (where appropriate) of a number of conditions precedent including the unconditional approval by the South African competition authorities ("Competition Authorities") in terms of the Competition Act No. 89 of 1998, as amended, or the conditional approval by the Competition Authorities on terms and conditions acceptable to Tiger Brands.

## 8. FINANCIAL EFFECTS

Although the Proposed Acquisition is expected to be earnings accretive with immediate effect, the impact on the earnings and headline earnings per share of Tiger Brands will not be significant in the short term. The strategic benefits of the Proposed Acquisition, as mentioned above, are anticipated to result in an increasing contribution to profits from Tiger Brands' export business over time. The illustrative pro forma financial effects of the Proposed Acquisition set out below have been prepared to assist Tiger Brands shareholders in assessing the impact of the

Proposed Acquisition on the net asset value ("NAV") and tangible net asset value ("TNAV") per share. The material assumptions are set out in the notes following the table. Due to their nature, the illustrative pro forma financial effects may not fairly present the financial position, changes of equity, results of operations or cash flows of Tiger Brands after the Proposed Acquisition. The pro forma effects are the responsibility of the directors of Tiger Brands and are provided for illustrative purposes only.

	Before the Proposed Acquisition <sup>(1)</sup>	After the Proposed Acquisition <sup>(1),(2)</sup> & (3)	Percentage change (%)
NAV per Tiger Brands share (cents) <sup>(4)</sup>	5 246.7	5 242.9	(0.07)
TNAV per Tiger Brands share (cents) <sup>(4)</sup>	3 993.8	3 052.3	(23.6)

Notes:

1. As per Tiger Brands' published audited annual results for the financial year ended 30 September 2010.
2. Based on the estimated purchase price for the entire issued share capital of Davita of R1 345.1 million and Davita's audited balance sheet as at 28 February 2010.
3. The effects on NAV and TNAV per share are based on the following principal assumptions:
  - \* the Proposed Acquisition was effective on 30 September 2010; and
  - \* the inclusion of transaction costs of R6 million which are once-off in nature.

The calculations of NAV per share and TNAV per share as at 30 September 2010 have been based on 158 497 661 ordinary shares in issue (which excludes the 10 326 758 treasury shares held by a wholly-owned subsidiary of Tiger Brands, as well as 21 375 586 shares held by various empowerment entities which are consolidated by Tiger Brands for accounting purposes).

4. The pro forma financial information has been prepared using the same accounting policies as those applied in the most recently published annual financial statements of Tiger Brands.

9. DAVITA'S ARTICLES OF ASSOCIATION

In terms of paragraph 9.16 of the Listings Requirements, Tiger Brands will confirm in writing to the JSE that Davita's articles of association will be amended to conform to the Listings Requirements, if necessary.

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Bryanston

15 February 2011

Advisor

Deutsche Securities (SA) (Proprietary) Limited

Legal advisor

Edward Nathan Sonnenbergs Inc.

Sponsor

JP Morgan Equities Limited