



## CONDITIONAL DISPOSAL OF THE OPERATIONAL ASSETS OF THE KWV GROUP

### 1. INTRODUCTION

Shareholders are advised that KWV Holdings Limited (“KWV”) and its wholly-owned subsidiary, KWV South Africa (Pty) Ltd (“KWV SA”) have concluded conditional agreements in terms of which, *inter alia*, KWV SA shall dispose of the operational assets of the KWV group, and KWV shall dispose of all of its shares in and loan accounts against its wholly-owned subsidiary, KWV Intellectual Properties (Pty) Ltd, for an aggregate consideration of approximately R1 150 000 000. The agreements are subject to various conditions.

### 2. PURCHASER

The operational assets will be acquired by companies associated with the Vasari group. The Vasari group has significant experience in operating multinational spirits and beverage companies and is led by Vivian Imerman.

### 3. THE SUBJECT MATTER

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.

In KWV’s financial statements, the consolidated book value of the above operational assets is approximately R1 325 000 000 as at 31 March 2016.

These assets exclude certain non-operational assets, including the Laborie Estate, KWV’s art, the KWV Head Office and other non-operational land.

### 4. CONDITIONS PRECEDENT AND EFFECTIVE DATE OF THE TRANSACTION

The effective date of the transaction will be on the first month-end after all the conditions precedent has been met. The most important of these conditions are:

- Approval of the transactions by a special resolution of the shareholders of KWV;
- Successful completion of a due diligence investigation by the purchaser companies;
- Approval of the transactions by the Competition Authorities.



KWV HOLDINGS LIMITED

57 Main Street Paarl 7646 South Africa . PO Box 528 Paarl 7624 South Africa

Tel +27 21 807 3911 Fax +27 21 807 3000 E-mail [customer@kwv.co.za](mailto:customer@kwv.co.za) [www.kwv.co.za](http://www.kwv.co.za)

Directors M J A Golding (Chairman), \*A Van Der Veen (Chief Executive Officer), J A Copelyn, Ms F A Du Plessis, N L Ellis, M N Joubert, K I Mampeule, Ms M M Mhlarhi, Prof L A Van Dyk, \*DP Smit, A W Eksteen (Secretary) \*Executive Director

## **5. PAYMENT OF CONSIDERATION**

R575 000 000 (50% of the purchase consideration) will be paid on the effective date of the transactions; and the remainder will be deferred and settled in three instalments on each of the first, second and third anniversaries of the effective date.

The full consideration of R 1 150 000 000 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; and they will carry interest at 8,5%, annually compounded.

Management and the board will update shareholders on the status of the transaction and the fulfilment of the conditions precedent in due course.

André van der Veen  
Chief Executive Officer

Paarl  
11 May 2016