



Capricorn Investment Group Limited
(previously Bank Windhoek Holdings Limited)
(Incorporated in the Republic of Namibia)
(Date of Registration: 5 September 1996)
(Registration Number: 96/300)
Share code: CGP ISIN: NA000A1T6SV9
("CGP" or "the group")

TERMS ANNOUNCEMENT IN RESPECT OF THE ACQUISITION BY CGP OF THE CONTROLLING SHAREHOLDING IN CAPRICORN INVESTMENT HOLDINGS (BOTSWANA) LIMITED ("CIHB") AND CAVMONT CAPITAL HOLDINGS ZAMBIA PLC ("CCHZ")

1. Introduction

Pursuant to the cautionary announcement by CGP published on NENS dated 8 November 2016, shareholders are advised that CGP will acquire the controlling issued share capital of CIHB and CCHZ as at the effective date, subject to the terms and conditions as set out herein ("the transaction").

2. The transaction

In terms of the agreement, CGP will acquire 65% of the issued share capital of Capricorn Investment Holdings (Botswana) Limited, which owns 100% of the share capital of Bank Gaborone, and 97.9% of Cavmont Capital Holdings Zambia Plc, which owns 100% of the share capital of Cavmont Bank (the aforementioned companies referred to collectively as "the banks") ("the shares").

3. The vendors

Capricorn Investment Holdings Limited ("CIH"), the ultimate holding company of CGP, holds shareholdings of 80.6% and 73% in the issued ordinary share capital of CIHB and CCHZ respectively, as at the effective date. The 15.6% shareholding in CIHB retained by CIH is to honour a commitment to a local Botswana investor. CGP will, in addition to the 73% acquired from CIH in CCHZ, acquire an additional 24.9% in CCHZ on the same terms from other minority shareholders.

This transaction is regarded as a small related party transaction in terms of the Namibian Stock Exchange ("NSX") Listing Requirements. Paragraph 10.7(b) of the NSX Listing Requirements has been complied with and the transaction has been declared to be fair and reasonable. The fair and reasonable opinion statement will lie for inspection at CGP's registered office for a period of 28 days from the date of this announcement.

4. Rationale for the transaction

The transaction is seen as a key enabler towards achieving CGP's aim to diversify the business interests of the group and expand its footprint outside Namibia. This transaction will also strengthen the already close collaboration and alignment between the entities in the three countries through the shared interest held by CIH. The banks

are already aligned to the group risk methodologies, policies and technology platforms and have also adopted the “As One” strategic initiatives of the group.

Furthermore, the brands of Bank Gaborone and Cavmont Bank are closely aligned to the brand of Bank Windhoek Limited (a 100% subsidiary of CGP) and will in future be even more aligned with the group after the roll-out of the group’s new brand architecture, which was launched on 22 September 2016 with the rebranding of Bank Windhoek Holdings Limited to CGP.

5. Terms of the transaction

5.1 Purchase consideration and mechanism

CGP will purchase the shares of CIHB and CCHZ from the vendors for a consideration of P240.9 million and K81.0 million, respectively. Based on the exchange rates at 30 November 2016 of P0.7676 and K0.7053, the purchase consideration amounts to N\$428.8 million. The exchange rates are subject to change until the effective date. The transaction will be settled in a 50:50 split between debt and equity within 60 business days of all suspensive conditions being fulfilled. The number of shares issued will be based on the final purchase consideration and the 30-day weighted average share price before the effective date. The transaction is subject to such terms as are normal for such a transaction.

5.2 Effective date

The effective date of the acquisition is 1 January 2017 and all the benefits and risks in respect of the shares shall be deemed to have passed to CGP on the effective date.

5.3 Conditions precedent

The transaction is subject to the fulfilment of certain conditions precedent, including inter alia:

- the conclusion of sale and purchase agreements between vendors and CGP in respect of the banks;
- the performance of due diligence investigations on the banks; and
- any other regulatory approvals as required in Namibia, Botswana and Zambia.

A final announcement will be made when all conditions precedent have been fulfilled.

6. Description of the banks

Bank Gaborone Limited is a relatively new bank in Botswana that opened its first branch in September 2006. The bank has a market share of approximately 6% with 8 branches, 3 agencies and 9 BG Finance (micro finance) branches. Bank Gaborone was recently recognised by a KPMG survey as the most customer focused bank in Botswana.

Cavmont Bank Limited was established on 1 January 2004, following a merger between Cavmont Merchant Bank Limited (incorporated October 1992) and New Capital Bank Plc (incorporated June 1992). The bank was historically a savings bank but was subsequently repositioned as a full scope retail and commercial bank. The bank has a network of 17 branches and 3 agencies in 6 of the 10 provinces in Zambia. Cavmont Bank received the accolades of Best Retail Bank Zambia and Best Customer Service Bank Zambia by Global Banking and Finance Review for 2016.

7. Pro forma financial effects on CGP

The pro forma financial information provided is the responsibility of the directors of CGP. The pro forma financial information has been prepared for illustrative purposes only and because of its nature, may not fairly reflect the financial position of CGP or results of its operations after the acquisition:

	Before the transaction (cents)	After the transaction (cents)	Change (%)
Earnings per share	181.2	175.9	-2.9%
Headline earnings per share	181.2	176.0	-2.9%
Net asset value per share	855.6	885.7	3.5%
Net tangible asset value per share	815.8	835.9	2.5%
Number of shares in issue ('000)	505,280	517,672	2.5%
Weighted average number of shares in issue ('000)	499,534	511,926	2.5%

Notes:

- The audited earnings and headline earnings per share of the continuing operations of CGP as published in the annual financial statements for the 12 months ended 30 June 2016 are reflected in Column 1. The pro forma earnings and headline earnings per share for the 12 months ended 30 June 2016, based on the following principal assumptions, are reflected in Column 2:
 - the transaction was effective 1 July 2015;
 - the purchase consideration was funded out of debt and equity with the debt bearing interest at market related rates;
 - Number of shares issued was determined by using the closing price of CGP of N\$17.30 as at 30 November 2016;
 - Purchase consideration exchange rates were determined on 30 November 2016 with profit and loss impact based on average exchange rates for the year ending 30 June 2016; and
 - the premium and discount of the purchase consideration over the book asset value of the banks at 30 June 2016 resulting from the acquisition, is N\$27.9 million (premium) and N\$49.0 million (discount) for CIHB and CCHZ respectively and will be recognised directly in equity as a common control transaction.
- The audited net asset value and net tangible asset value per share at 30 June 2016 are reflected in Column 1. The effective net asset value and net tangible asset value per share on 30 June 2016 assuming the transaction was effected on 1 July 2015 are reflected in Column 2.
- The net asset value of the banks as at 30 June 2016 was N\$633.4 million. The net profit after taxation for the year ended 30 June 2016 attributable to the banks was N\$21.5 million.

8. Withdrawal of cautionary announcement

Shareholders should note that the cautionary announcement dated 8 November 2016 is hereby withdrawn and shareholders are no longer required to exercise caution when dealing in the group's shares.

By order of the Board
Windhoek
8 December 2016

Sponsor



PSG Wealth Management (Namibia) (Pty) Ltd
Member of the Namibian Stock Exchange