



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

TERMS ANNOUNCEMENT IN RESPECT OF THE ACQUISITION BY CAPRICORN GROUP OF AN ADDITIONAL 15.6% SHAREHOLDING IN CAPRICORN INVESTMENT HOLDINGS (BOTSWANA) LIMITED ("CIHB")

1. Introduction

Shareholders are advised that Capricorn Group will acquire an additional 15.6% of the issued share capital of CIHB 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, Capricorn Group will acquire 15.6% of the issued share capital ("the shares") of Capricorn Investment Holdings (Botswana) Limited ("CIHB"), which owns 100% of the share capital of Bank Gaborone Limited.

3. The vendor

Capricorn Investment Holdings Limited ("CIH"), a significant shareholder of Capricorn Group, holds 15.6% in the issued ordinary share capital of CIHB, as at the effective date.

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 Capricorn Group's registered office for a period of 28 days from the date of this announcement.

4. Rationale for the transaction

Capricorn Group already controls CIHB through its 68.7% shareholding and now wishes to purchase CIH's remaining shareholding of 15.6% in CIHB.

5. Terms of the transaction

5.1 Purchase consideration and mechanism

Capricorn Group will purchase the shares of CIHB from the vendor for a consideration of P66,308,520. Based on the exchange rate at 31 December 2017 of P1.252, the purchase consideration amounts to N\$83,018,272. The transaction will be settled in a 50:50 split between cash and equity. All suspensive conditions have been met. Capricorn Group will issue 2,306,063 shares on 23 March 2018. 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 2018, and all the benefits and risks in respect of the shares shall be deemed to have passed to Capricorn Group on the effective date.

6. Description of CIHB

CIHB owns 100% of the share capital of Bank Gaborone Limited, which 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 9 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.

7. Pro forma financial effects on Capricorn Group

The pro forma financial information provided is the responsibility of the directors of Capricorn Group. 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 Capricorn Group or results of its operations after the acquisition:

	Before the transaction (cents)	After the transaction (cents)	Change (%)
Earnings per share	93.6	93.4	-0.2%
Headline earnings per share	93.4	93.4	0.0%
Net asset value per share	1,039.7	1,057.2	1.7%
Net tangible asset value per share	981.4	999.2	1.8%
Number of shares in issue ('000)	516,878	519,184	0.4%
Weighted average number of shares in issue ('000)	509,953	512,259	0.5%

Notes:

- The reviewed earnings and headline earnings per share of the continuing operations of Capricorn Group as published in the interim financial statements for the 6 months ended 31 December 2017 are reflected in Column 1. The pro forma earnings and headline earnings per share for the 6 months ended 31 December 2017, based on the following principal assumptions, are reflected in Column 2:
 - the transaction was effective 1 July 2017;
 - the purchase consideration was funded out of debt and equity with the debt bearing interest at market related rates;
 - the number of shares issued was determined by using the closing price of Capricorn Group of N\$18.00 as at 31 December 2017;
 - the purchase consideration exchange rates were determined on 31 December 2017 with profit and loss impact based on average exchange rates for the 6 months ending 31 December 2017; and
 - the premium of the purchase consideration over the book asset value of CIHB at 31 December 2017 resulting from the acquisition is N\$7.4 million and will be recognised directly in equity as a common control transaction.
- The reviewed net asset value and net tangible asset value per share at 31 December 2017 are reflected in Column 1. The effective net asset value and net tangible asset value per share on 31 December 2017 assuming the transaction was effected on 1 July 2017 are reflected in Column 2.
- The net asset value of CIHB as at 31 December 2017 was N\$484.6 million. The net profit after taxation for the 6 months ended 31 December 2017 attributable to CIHB was N\$30.2 million.

By order of the Board
Windhoek
22 March 2018

Sponsor



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