

Registration number CO 90/1818
Share code: BIHL ISIN: BW 000 000 0033
Incorporated in the Republic of Botswana ("BIHL" or "the Company")

‘Notice to BIHL Shareholders Regarding the Nico Holdings Limited and Botswana Insurance Company Limited Transactions’

BIHL was established in 1975. BIHL and its related companies, associates and subsidiaries (The “BIHL Group”) is a broad based financial services organisation. BIHL has the following wholly owned subsidiaries, Botswana Life Insurance Limited, Botswana Insurance Fund Management and Legal Guard. BIHL also has investments in associated companies such as Letshego Holdings Limited and Funeral Services Group Limited, which companies are both listed on the Botswana Stock Exchange (“BSE”). BIHL is Botswana’s oldest insurance company and a key player on the BSE.

As part of the BIHL Group’s overall strategy to broaden its ability to offer a wide range of financial services and in exploring ways of adding value to the shareholder, BIHL Group is continuously looking for ways to expand its operations.

The BIHL Board is excited in what is already a milestone year for the BIHL Group after 40 years of operation and is pleased to inform the shareholders that it has entered into agreements to make the following acquisitions

A. ACQUISITION OF 25.1% OF THE ISSUED ORDINARY SHARES OF NICO HOLDINGS LIMITED (“NICO”) BY BIHL FROM SANLAM EMERGING MARKETS (PROPRIETARY) LIMITED -RELATED PARTY TRANSACTION

1. Nature of the business of Nico

Nico was founded in 1971 and operates its business through six segments, which are general insurance business, life insurance & pensions business, banking business, asset management, information technology and investment holding. Nico is listed on the Malawian Stock Exchange and operates in five countries being Malawi, Tanzania, Uganda, Zambia and Mozambique.

2. Related Party Interest

Sanlam Emerging Markets (Proprietary) Limited (“SEM”), is a South African financial services company which is a 100% subsidiary of Sanlam Limited, a listed company on the Johannesburg Stock Exchange. SEM owns 25.1% in Nico and 58.3% of the share capital in BIHL. The transaction involves parties that are related through the beneficial material shareholding that SEM has in both BIHL and Nico. Consequently the transaction is deemed to be a related party transaction subject to section 10 of the BSE listing requirements.

Since this is a related party transaction, it is subject to the shareholders in BIHL approving the acquisition of 261,760,272 shares, representing 25.1% issued share capital in Nico, at a duly convened extraordinary general meeting and also may require other regulatory approvals including the approvals required in terms of the Malawian Stock Exchange pertaining the transaction.

3. Consideration

The aggregate purchase price payable for the Transaction is approximately BWP 145 million. The market value of Nico is MK 31.3 billion (which is approximately BWP 600 000 000). This is based on a BWP/MK exchange rate of BWP1 = MK54. The purchase price is to be discharged by way of cash settlement through an authorized broker of the Malawian Stock Exchange.

4. Transaction

BIHL intends to only acquire 25.1% of the issued ordinary shares in Nico, the remaining equity is to be held by various other shareholders as it is public listed company. BIHL at this stage does not intend to acquire the remaining 74.9% in Nico which is held by various shareholders.

5. Net asset value

The related party transaction will not adversely affect the cash flow of BIHL.

The impact of the related party transaction on the net assets of the Company will not be material. The pro-forma 12 month positive impact on the net assets of the Company is estimated to be BWP 20 million which equates to an increase of BWP 0.07 per share. The unaudited net asset value per share as at 30th June 2015 was BWP 10.18 per share.

6. Net profit after tax

The impact of this related party transaction on the net profit of the Company will not be material. The pro-forma 12 month impact on the net profit after tax accruing from the related party transaction is estimated to be BWP 20 million which equates to earnings of 7 thebe per share. The unaudited earnings for the half year ended 30th June 2015 of the Company was BWP 105 per share.

7. Benefits

The opportunity presented to buy 261,760,272 shares representing 25.1% issued share capital in Nico is attractive because Nico’s business is well diversified into a number of financial services spanning over 5 countries in Southern Africa. It further offers BIHL an opportunity to expand into Southern Africa at a market related price with attractive growth opportunities and enhanced return on group equity value.

8. Circular

A Circular to shareholders setting out the full details of the transaction will be dispatched to shareholders for purposes of approving the transaction.

B. INDIRECT ACQUISITION OF 50% OF SHARES IN BOTSWANA INSURANCE COMPANY LIMITED (“BIC”)

9. Nature of the business of BIC

BIC was established in 1975, and after 40 years in business, maintains its market share lead as the oldest short term insurance provider in Botswana. BIC is an AA- rated insurance company, with a strategic focus on providing, innovative commercial, personal and specialised insurance products and services to its clientele. BIC has also contributed tremendously to empowerment programs, employment creation, diversification, investment and economic growth.

10. Transaction

BIHL is considering a series of proposed transactions which will result in it acquiring up to 50% of the issued share capital of Teledimo Proprietary Limited (“Teledimo”). Teledimo directly owns 50% of the shares in BIC. The first of these transactions is acquisition of the 23.33% stake in Teledimo currently held by 21st Century Proprietary Limited (“21st Century”) and the 10% stake in Teledimo held by Tantamoga Investments Proprietary Limited (“Tantamoga”). Further transactions will be implemented to increase the acquisition

up to 50%. The first transaction is subject to competition approval which is currently being submitted. More detail on this transaction will be published in the next annual financial statements issued by BIHL.

11. Consideration

The total consideration for the first transaction is BWP 82,5 million. The apportionment for the first transaction is BWP 57,5 million in respect of shares held by 21st Century and BWP 25 million for the shares held by Tantamoga.

12. Net asset value

The transaction will not adversely affect the cash flow of BIHL.

The impact of the transaction on the net assets of the Company will not be material. The pro-forma 12 month positive impact on the net assets of the Company is estimated to be BWP 10 million which equates to an increase of 3.5 thebe per share. The unaudited net asset value per share as at 30th June 2015 was BWP 10.18 per share.

13. Net profit after tax

The impact of this transaction on the net profit of the Company will not be material. The pro-forma 12 month impact on the net profit after tax accruing from the transaction is estimated to be BWP 10 million which equates to earnings of BWP 0.035 per share. The unaudited earnings for the half year ended 30th June 2015 of the Company was BWP 105 per share.

14. Benefits

This transaction will allow BIHL and BIC to enhance their product offering and the ability to cross sell with a view of creating greater value for the shareholder.

For and on behalf of the board



R Modikana
BIHL Company Secretary

motswedisecurities (pty)Ltd
A member of the Botswana Stock Exchange

ARMSTRONGS
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