CHOBE HOLDINGS LIMITED

CHOBE HOLDINGS LIMITED
(the “Company” or “Group”)

Incorporated in the Republic of Botswana (Registration Number Co. 4543)


1. Introduction
Further to the cautionary announcement of 27th July 2017, the Company is pleased to announce that it has reached an agreement with Messrs JG Steyn, DG Steyn, MA Steyn and CC Steyn (the “vendors”) resulting in the acquisition – through its wholly-owned subsidiary Ker & Downey Botswana (Pty) Ltd (“KDB”) – of the entire shareholding in Dinaka Safaris (Pty) Ltd, Flavoured Properties (Pty) Ltd, Horizon Deep (Pty) Ltd and Sunbelly Ventures (Pty) Ltd (“the entities”) with effect from 1st September 2017 (the “transaction”).

2. Background information on KDB
KDB, which became a wholly owned subsidiary of Chobe Holdings Ltd on 10th April 2008, has been operating in the safari business in Northern Botswana since 1962. Today, from the company’s base in Maun, KDB continues to strengthen its offering and is one of the most renowned photographic safari operators in the region. KDB currently operates three camps in the Moremi Game Reserve and Okavango Delta, having a total 54 available beds.

3. Background information on the vendors
The vendors are South African citizens who have owned and operated the entities for the past 11 years.

4. Background information on the entities
Flavoured Properties (Pty) Ltd, Horizon Deep (Pty) Ltd and Sunbelly Ventures (Pty) Ltd hold an estimated 18,000 hectares of adjoining land in the Hainaveld area through leases with the Tawana Land Board. All three leases commenced in 1990 and expire in 2040 with an option to renew for a further 50 years from the year 2040.

5. Consideration
KDB settled the acquisition price of P56 million through internal cash resources and the transaction does not require any debt or further equity financing.

6. Rationale for the transaction
The addition of Dinaka to the Group’s portfolio of camps and lodges provides an opportunity for the packaging of group business in the highly sought diverse areas of the Kalahari, Okavango Delta and Moremi Game Reserve.

The leases provide considerably more certainty due to their long term nature. This is in contrast to the Group’s other leases which are relatively short term.

The transaction offers the Group marketing and operational synergies, with no material cost increases, through the well-established Group marketing and lodge support operational infrastructure in Maun.

7. Effect of the transaction on the Group’s net assets
No change in the Group’s net asset value per share is expected due to the transaction consideration being settled through internally generated cash resources.

8. Effect of the transaction on the Group’s profitability
It is estimated that the entities, when fully integrated into KDB and operational for a full financial year, will contribute between 3% and 6% to the Group’s earnings per share.

9. Withdrawal of cautionary announcement
Shareholders are referred to the cautionary announcement of 27th July 2017 and are advised that as of 4th September 2017, following the disclosure of the above transaction, caution is no longer required.

The Board of Directors, Chobe Holdings Limited
4th September 2017