CHOBE HOLDINGS LIMITED

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


ACQUISITION OF MOREMI SAFARIS (PTY) LTD

1. Introduction
Further to the cautionary announcement of 11 July 2013, the Company is pleased to announce that it has reached an agreement with Messrs WFA Burre and VN Brown (the “vendors”) to acquire – through its wholly-owned subsidiary Desert & Delta Safaris (Pty) Ltd (“DDS”) – the entire shareholding in Moremi Safaris (Pty) Ltd (“MS”) with effect from 1 August 2013 (the “transaction”). The necessary regulatory approvals, including approval of the transaction by the Competition Authority and Tawana Land Board, have also been obtained.

2. Background information on DDS
DDS has been operating in the safari business in Northern Botswana since 1983. Today, from the company’s base in Maun, DDS continues to strengthen its offering and is one of the most renowned photographic safari operators in the region. DDS currently operates five camps and lodges in the Moremi Game Reserve, Okavango Delta, Chobe National Park and on the fringes of the Mahgaditgadi Pans National Park, having a total 112 available beds.

3. Background information on the vendors
Messrs WFA Burre and VN Brown have owned and operated MS for the past 30 years.

4. Background information on MS
MS has owned and operated Xakanaxa Camp, a 24-bed five star tourist camp in the Moremi Game Reserve for the past 30 years. The land on which the camp is situated is held through a lease between MS and Tawana Land Board for a period of 15 years from 1 January 2013 with an option to renew for a further period of 15 years.

Xakanaxa Camp has earned its place both within the Botswana tourism industry and amongst a wide range of loyal international tour operators as a respected, high quality property, offering a high quality safari experience to enthusiastic safari travelers.

5. Consideration
DDS will settle the acquisition price of P38 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 Xakanaxa Camp to the Group’s portfolio of camps and lodges provides an opportunity for the packaging of group business in the highly sought after areas of the Chobe Riverfront and Moremi Game Reserve.

Xakanaxa Camp is a well known, established and respected brand which has provided a good return for MS over many years as a stand alone product. The addition of this camp to the DDS circuit places Xakanaxa Camp in an even better position to grow its profile and earnings potential thereby contributing positively to the Group’s profitability.

The transaction offers the Group marketing and operational synergies through the well-established Group marketing and lodge support operational infrastructure in Maun.

7. Effect of the transaction on the Group’s net assets
The fair value of MS’ net assets as at 31 July 2013 is estimated to be P39 million, representing 28% of the Group’s net asset value as at 28 February 2013. Given the cash outflow in settlement of the transaction, the Group’s net asset value per share is expected to increase by no more than 1% as a result of the transaction.

8. Effect of the transaction on the Group’s profitability
It is estimated that, once MS’ operations are fully integrated into the Group, and based on a profit contribution for a full financial year, the transaction will result in an increase in the Group’s earnings per share of between 2.36thebe and 3.54thebe.

9. BSE Listing Requirements
Shareholders are advised that the extent of disclosure of information on this transaction is still under consideration by the BSE. Further information may be disclosed subsequent to the BSE’s decision on the matter.

The Board of Directors
Chobe Holdings Limited
26 August 2013

Sponsoring Broker

Stockbrokers Botswana Ltd.
Member of the Botswana Stock Exchange