



MPICO LIMITED

(INCORPORATED IN THE REPUBLIC OF MALAWI ON 12TH AUGUST 1972)

(REGISTRATION NUMBER 1495)

(SHARE CODE: MPICO)

("MPICO" OR "COMPANY")

RENOUNCEABLE RIGHTS ISSUE TO SHAREHOLDERS

30TH SEPTEMBER 2016

MPICO shareholders are referred to the 43rd Annual General Meeting of the Company, held on Thursday 30th June 2016, where:

- I. it was resolved that the authorized share capital of the Company be increased by K90 million from K60 million (being 1,200,000,000 ordinary shares) to K150 million (being 3,000,000,000 ordinary shares) at 5 tambala each ranking pari passu with the existing equity shares; and
- II. a renounceable underwritten rights issue ('Rights Issue') of up to 1,586,000,000 new ordinary shares of 5 tambala each in the capital of the Company ('Rights Shares'), at such a price not being lower than the book value per share less 50% discount based on the latest book value as audited by the company's external auditors for each Rights Share ('Issue Price'), on the basis of one (1) Rights Share for every one (1) existing ordinary share of the Company ('Shares') held by shareholders of the Company ('Shareholders') who are eligible to participate in the Rights Issue ('Entitled Shareholders') was approved.

1. COMPANY PROFILE AND BACKGROUND

MPICO (formerly Malawi Property Investment Company Limited) engages in the development, rental, and management of properties primarily in Lilongwe, Blantyre and Mzuzu. The Company currently owns and manages a property portfolio valued at over MK44 billion. Key tenants of MPICO include the Government, NGOs and various corporate entities.

MPICO's key interests in property development are mainly in shopping malls, office complexes and the hospitality space, with a key recent milestone being the completion and opening of The Gateway Mall in Lilongwe in 2015. The current occupancy rate at The Gateway Mall is 65% and expected to grow to 85% once new tenants take occupancy in November 2016.

The Company was listed on the Malawi Stock Exchange on 12 November 2007 and is the sole property investment and management company listed on the Malawi bourse. The share price of MPICO has been trading at a weighted average share price of 846 tambala over the past 12 months.

2. RATIONALE FOR THE RIGHTS ISSUE

As part of MPICO's objective to minimize the cost of finance and subsequent capital restructuring initiative, the Board of MPICO has resolved to proceed with the rights offer in order to raise an amount of approximately MK9.0 billion in order to repay the Company's existing local currency debt. Owing to a high interest rates environment, MPICO has incurred high interest costs that have affected profitability and its ability to pay dividends. The Rights Issue proceeds will be used to repay a significant part of MPICO's local currency debt. This is expected to reduce finance related charges which have in the past adversely impacted MPICO's ability to operate effectively and deliver sustainable value to shareholders.

Restructuring MPICO's balance sheet will result in lower finance costs and free up capital for growth prospects in its key interest areas resulting in higher profitability and dividends to its shareholders in the medium to long term.

3. TERMS OF THE RIGHTS ISSUE

Qualifying shareholders recorded in the register of MPICO at the close of business on the 14th October 2016 will be entitled to participate in the Rights Issue. Qualifying MPICO shareholders will be entitled to apply for additional Rights Issue shares over and above their entitlement.

The Rights Issue shares will, upon allotment and issue, rank pari passu with all other existing ordinary shares in terms of both voting rights and dividends.

4. SHAREHOLDER COMMITMENTS AND UNDERWRITING

The Rights issue will be fully underwritten and MPICO's major shareholder has committed to follow its rights pursuant to the Rights Issue.

5. CONDITIONS PRECEDENT

The implementation of the Rights Issue is subject to the fulfilment of the following conditions:

- approval being obtained from the MSE for the Rights Issue Circular;
- approval being obtained from the MSE for the listing of the letters of allocation and the listing of the Rights Issue Shares; and
- registration of the Circular with the Registrar of Financial Institutions and Registrar of Companies.

6. FURTHER NOTICES

It is anticipated that the second and third announcement for the Rights Issue will be released on Monday 10th October and Wednesday 12th October 2016 respectively in major daily newspapers.

Cosmas Katulukira
Company Secretary
MPICO Limited

Shakil Satar
Head, Investment Banking
Standard Bank Limited

SOLE FINANCIAL ADVISOR

LEGAL ADVISOR

REPORTING ACCOUNTANT

SPONSORING BROKER

