



MPICO LIMITED

(Incorporated in the Republic of Malawi on 12 August 1972)

(Registration number 1495)

(Share code: MPICO)

(“MPICO” or “Company”)

Renounceable Rights Issue to Shareholders

Third Announcement

12 October 2016

MPICO shareholders ("Shareholders") are referred to the previous announcement published on 10 October 2016, wherein it was advised that the Company proposes to raise approximately MK9 billion through a renounceable underwritten rights issue ('Rights Issue'). The Rights Issue will be implemented on the basis of one (1) Rights Issue share for every one (1) existing ordinary share of the Company ('Shares') held by Shareholders who are eligible to participate in the Rights Issue.

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 ("MSE") 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 Issue 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. The average interest rate on the loans to be repaid is about 35.5% per annum.

3. Terms of the Rights Issue

MPICO is offering a total of 1,149,023,730 MPICO shares for subscription, by way of renounceable rights issue, at a subscription price of 783 tambala per MPICO share at a subscription ratio of one (1) Rights Issue share for every one (1) MPICO share held by shareholders.

Qualifying shareholders recorded in the register of MPICO at the close of business on the **14 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. Timetable of the Rights Issue

The expected timetables of principal events relating to the Rights Issue are presented below. Shareholders are advised that in the event that the dates presented below change, Shareholders shall be timeously informed by way of a further announcement.

Event	Date
Last date for the first announcement giving the last day for registration for the rights	Friday, 30 September 2016
Second announcement giving the terms of the rights.	Monday, 10 October 2016
Third announcement giving the salient dates for the rights offer. All documentation described in the MSE listing requirements must have been submitted to and approved by the MSE.	Wednesday, 12 October 2016

Last day to register for the rights offer.	Friday, 14 October 2016
Rights offer opens: Listing of and trading in Letters of Allocation on the MSE commences. Securities listed ex rights.	Monday, 17 October 2016
Last day for receipt of postal registrations	Wednesday, 19 October 2016
Prospectus/Circular and/or pre-listing statement and letters of allocation posted to shareholders registered for the rights offer.	Friday, 21 October 2016
Last day for dealing in letters of allocation. Last day for splitting letters of allocation (15h00).	Wednesday, 9 November 2016
Rights Offer closes (15h00) (earliest date).	Friday, 11 November 2016
The last date for postal acceptances of the Rights Offer	Wednesday, 16 November 2016
Fourth announcement giving the results of the rights offer	Friday, 18 November 2016
The securities that are the subject of the rights offer listed (if granted)	Monday, 21 November 2016

References to times in this timetable are to Malawi times.

5. Shareholder Commitments and Underwriting

The Rights issue is fully underwritten. Old Mutual Limited (“OML”), which holds 57.0% of MPICO shares, has irrevocably committed to follow its rights pursuant to the Rights Issue.

The balance of the Rights Issue has been underwritten by FDH Financial Holdings Limited (27.4%), OML (10.0%) and NICO Asset Managers Limited (5.6%).

6. Approval for listing

The following approvals have been obtained for the implementation of the Rights Issue:-

- the MSE Committee has approved the Rights Issue Circular;
- the Circular has been registered with the Registrar of Financial Institutions
- the MSE Committee has granted the listing for the renounceable letters of allocation and the listing of the Rights Issue Shares;

The copies of the circular and pre-listing statement will be available for inspection at the following offices by Friday, 14 October 2016.

Sponsoring Broker

FDH Stockbrokers Limited
Umoyo House,
Victoria Avenue
Blantyre

Transfer Secretary

National Bank of Malawi
NBM Towers
7th Henderson Street
Blantyre

Registered Office

MPICO Limited
Old Mutual House
Robert Mugabe Crescent
Lilongwe



Cosmas Katulukira
Company Secretary
MPICO Limited



Shakil Satar
Head, Investment Banking
Standard Bank Limited

Sole Financial Advisor



Legal Advisor

SAVJANI & CO.

Reporting Accountant



Sponsoring Broker

