

CapitalAppreciation

CAPITAL APPRECIATION LIMITED PRESS ANNOUNCEMENT

28 September 2015

Capital Appreciation to list on the JSE main board

Capital Appreciation (JSE share code to be CTA) will today commence a private placement offering process to qualifying and invited investors, with the intention of listing as a Special Purpose Acquisition Company ("SPAC") in the Specialty Finance sector on the Main Board of the securities exchange operated by the JSE Limited ("JSE"). The company expects to list on the 16 October 2015, at an offer price of R1.00 per share.

Capital Appreciation has been established by Motty Sacks, Bradley Sacks, Alan Salomon and Michael Pimstein (the "Underwriters"), with investment from the Public Investment Corporation Limited ("PIC"), and the Capital Appreciation Empowerment Trust ("CAET"), a black economic empowerment trust established in conjunction with the Company (collectively the "Founders").

Capital Appreciation intends to raise at least R500 million, being the minimum capital required to be raised in order to list as a SPAC on the Main Board but will raise significantly more if demand warrants. The minimum amount of R500 million is fully underwritten by the Underwriters. The Underwriters have also committed to invest not less than R60 million as part of the private placement.

The PIC has committed to invest R250 million and CAET has committed to invest R50 million as part of the private placement. Certain Company related parties have also already committed to invest over R10 million.

African Rainbow Capital, a wholly black-owned investment company, the directors of which are, *inter alia*, Mr. Patrice Motsepe and Mr. Johan van Zyl, has also committed to invest R50 million.

This together with the commitment from PIC, CAET and the minimum commitment of the Underwriters totals more than R420 million.

Upon listing, Capital Appreciation will have no operating business and exist with the *raison d'être* of acquiring control of one or more enterprises of scale with good growth potential.

The operational, commercial, financial and investment experience of the Capital Appreciation leadership is extensive and multifaceted and includes, *inter alia*, financial services, insurance, healthcare, metals and mining, telecommunications, media, technology, property, manufacturing and education. While the Company's efforts in identifying acquisition targets will not be limited to a particular industry or geographic region within South Africa and/or Africa, the Company expects to focus on acquiring a controlling interest in a business in the services sector.

The Company will seek to acquire a business that will provide a platform for future growth and expansion, either directly in its commercial sector or in related sectors. In evaluating acquisition alternatives the Company will consider the scalability and growth potential of the target as well as the Company's ability to add value.

Investors' funds will be held in escrow until the first acquisition is approved by shareholders.

The funds, plus accrued interest, minus permitted expenses will be returned to shareholders if an acquisition is not completed prior to the second anniversary of the listing or such later date at the JSE may permit.

Motty Sacks, Non Executive Chairman said: *"We are launching a private placement for shares in Capital Appreciation on Monday 28 September, likely to be the first Special Purpose Acquisition Company to list on the Main Board of the JSE. With the support and investment of the PIC, a reputable and experienced board and management team, together with strong empowerment credentials in the form of African Rainbow Capital and CAET, we see this new stock exchange listing as an exciting development for the South African market"*

Capital Appreciation Leadership

In addition to being chairmen, CEOs and senior executives of large organisations, the leadership of Capital Appreciation are investors in both public and private entities and are well respected business and civic leaders with extensive networks and relationships in South Africa, Africa generally and internationally.

Motty Sacks is Non-Executive Chairman and has over 45 years of experience advising numerous companies and executives. He was co-founder of Netcare Limited, Aplitec Limited (now Net 1) and Afrocentric Investment Corporation Limited. He has also held executive and non-executive office in various business sectors, including healthcare, financial services, technology, education, property and manufacturing.

Michael Pimstein and Bradley Sacks are Joint Chief Executive Officers of Capital Appreciation. Michael has had over 30 years of experience as a senior executive in the steel, engineering and manufacturing sector, including as CEO of Macsteel Service Centres from 1999 to 2013. Bradley has over 20 years of experience in the financial services and investment business. He is presently the managing partner of Centric Capital Ventures LLC and was previously a Managing Director and Global Head of Technology, Media and Telecommunications Mergers & Acquisitions at Bank of America.

Alan Salomon is Chief Financial Officer. Alan has over 35 years of experience as a senior executive in an array of financial services and industrial sectors. He was Chief Executive Officer of Bidvest Bank from 2006 to 2013 and was an executive director of The Bidvest Group from 1990 to 2012.

Board and Corporate Governance

Capital Appreciation has appointed a strong board comprising Motty, Michael, Bradley and Alan, and also Bukelwa Bulu (Executive, Jade Capital), Meyer Kahn (Former Chairman, SABMiller), Victor Sekese (CEO, SizweNtsalubaGobodo) and Charles Valkin (Special Counsel, Bowman

Gilfillan) as Independent Non-Executive Directors and Dr Daniel Matjila (CEO, PIC) and Roshan Morar (Deputy Chairman, PIC) as Non-Executive Directors.

Professor Mervyn E King SC has also been appointed as a special adviser to the Board in relation to commercial and corporate governance matters. Professor King is a recognised leader on governance and his appointment is testimony to the importance the Board places on rigorous governance and provides investors with added comfort as to the sound stewardship of their investment funds.

PIC Chief Executive, Dr. Daniel Matjila said: *"We are pleased to be part of this ground breaking initiative and hope that the investment community will support the listing. The Founders are not only like minded on investment principles but equally so on the imperatives for BEE promotion. The SPAC structure could well serve as a viable model to address some of the investment and industrialization objectives in South Africa. We look forward to a successful capital raising and fully support Capital Appreciation and its' leadership."*

Chairman Motty Sacks acknowledged the honour of having the PIC as an anchor investor and concluded that *"the Company could not have found a more suitable partner than the PIC to fulfill the potential that Capital Appreciation presents."*

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