

Capital Appreciation

CAPITAL APPRECIATION LIMITED

Incorporated in the Republic of South Africa on 3 December 2014
(Previously Firefly Investments 285 Proprietary Limited)
(Registration number 2014/253277/06)
JSE share code: CTA ISIN: ZAE000208245
("Capital Appreciation" or "Company")
www.CapitalAppreciation.co.za

ABRIDGED PRE-LISTING STATEMENT

THIS ABRIDGED PRE-LISTING STATEMENT RELATES TO:

- the listing of Capital Appreciation as a SPAC in the "Speciality Finance" sector of the Main Board of the JSE; and
- a Private Placement to be undertaken in connection with the listing of Capital Appreciation, by way of an offer for subscription by Capital Appreciation, subject to certain conditions, to qualifying persons who fall within one of the specified categories listed in section 96(1)(a) of the Companies Act, to whom the offer will be addressed specifically, and by whom the offer will be capable of acceptance, of the Offer Shares at the Offer Price of R1.00 per Offer Share, to raise at least R500 million, being the minimum amount required to be raised in order to list as a SPAC on the Main Board of the JSE.

The minimum capital amount of R500 million is fully underwritten. The Company will raise substantially more than R500 million if investor demand warrants.

This Abridged Pre-Listing Statement does not constitute an offer, or an invitation or solicitation of an offer, to the general public to subscribe for, or otherwise acquire, the Offer Shares in any jurisdiction and is issued in compliance with the JSE Listings Requirements for the purpose of providing information in relation to Capital Appreciation to selected persons.

The offer is a private placement to qualifying persons, including institutions and brokers.

The JSE has granted the Company a listing as a SPAC in respect of all of the Ordinary Shares subscribed for and issued by the Company in the "Speciality Finance" sector of the Main Board, under the abbreviated name: "CAPPREC", JSE ordinary share code: "CTA" and ISIN: ZAE000208245, with effect from the commencement of trade on 16 October 2015, subject to the Company having satisfied the minimum free float requirement, as prescribed by the JSE Listings Requirements.

This Abridged Pre-Listing Statement highlights selected information from the pre-listing statement issued or to be issued by the Company on 28 September 2015 ("Pre-Listing Statement"). It is not complete and does not contain all of the information that readers of this Abridged Pre-Listing Statement should consider before subscribing for any Offer Shares. Investors should read the Pre-Listing Statement carefully in its entirety. See Paragraph 8 below for instructions on how to access a printed or electronic copy of the Pre-Listing Statement.

Capitalised terms have the meaning ascribed to them in the Pre-Listing Statement.

1. INTRODUCTION TO CAPITAL APPRECIATION

Capital Appreciation is a Special Purpose Acquisition Company ("SPAC") established in order to pursue the acquisition of Viable Assets. A SPAC has 24 months (or such longer period as the JSE may permit) to make an acquisition once listed or the funds raised in the Private Placement (plus interest thereon, minus certain permitted expenses) will be returned to the SPAC's shareholders. Funds raised by a SPAC must be held in escrow until an acquisition of Viable Assets is approved by shareholders.

2. ACQUISITION CRITERIA

The collective operational, commercial, financial and investment experience of the Company's leadership is extensive and multifaceted and includes, *inter alia*, financial services, insurance, healthcare, metals and mining, telecommunications, media, technology, property, manufacturing and education. This experience will inform the Company's investment efforts.

While the Company's efforts in identifying prospective Viable Assets 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 company or business in the services sector but not mining operations. "Viable Assets" in the context of a listing of a SPAC on the Main Board means assets that would independently allow the Company to qualify for a Main Board listing.

The Company will seek to acquire Viable Assets 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.

The Company has not, and at the Listing Date will not have, entered into any formal and binding acquisition agreement in relation to the Acquisition of Viable Assets. The acquisition of Viable Assets is subject to approval by a majority of disinterested Directors and a majority of shareholders' votes cast at a meeting of the Company.

3. FOUNDERS

Names and prior experience of Founders are set out below:

Underwriter	Prior experience	Subscription commitment
Michael Pimstein <i>Joint Chief Executive</i>	<ul style="list-style-type: none"> 30+ years of experience as a senior executive in the steel, engineering and manufacturing sector CEO of Macsteel Service Centres SA from 1999 to 2013 Has served as President of the Steel and Engineering Industries Federation of Southern Africa, President of the Southern African Stainless Steel Development Association and President of the Association of Steel Service Centres 	
Bradley Sacks <i>Joint Chief Executive</i>	<ul style="list-style-type: none"> 20+ years of experience in the financial services and investment business sector and is presently Managing partner of Centric Capital Ventures LLC Previously a Managing Director, Global Head of Technology, Media and Telecommunications Mergers & Acquisitions for Bank of America Has been involved in evaluating, advising and investing in strategic and financing transactions with an aggregate value exceeding US\$100 billion 	Subscription of any amounts required to meet the minimum of R500 million, part of which includes a firm commitment, together with the other Underwriters, for a minimum subscription of R60 million.
Michael (Motty) Sacks <i>Non-Executive Chairman</i>	<ul style="list-style-type: none"> 45+ years of experience as a senior advisor to executives and as an executive in various industries Held Executive and Non-Executive office in various business sectors, including healthcare, financial services, technology, education, property and manufacturing Co-founder of Netcare Limited, having served as its Executive Chairman for 12 years and thereafter as Non-Executive Chairman and Non-Executive Director Co-founder and Chairman of Aplitec Limited (now Net 1) Co-founder and mentor to BEE controlled Afrocentric Investment Corporation Limited Served as Chairman and/or Director on several Boards including, Fedure Holdings, Federated Employers Mutual, The Automobile Association, Clinic Holdings, Advtech Limited, The International Association of Political Consultants and more recently, Adcock Ingram Limited 	
Alan Salomon <i>Chief Financial Officer</i>	<ul style="list-style-type: none"> 35+ years of experience as a senior executive in an array of financial services and industrial sectors CEO of Bidvest Bank 2006 – 2013, Executive Director of The Bidvest Group 1990 – 2012 Previously CEO of AFCOM Group Limited Previously Non-Executive Director of Transpaco Limited, Voltex Limited and Enviroserv Holdings Limited 	
PIC		
Daniel Matjila	<ul style="list-style-type: none"> Chief Executive Officer of the PIC 15+ years experience in the investment management industry 20+ years experience in senior management roles, both in the private sector and in academia Currently a Non-Executive Director and board member at Afrisam Limited, Entabeni Holdings (Chairman) and Harith General Partners 	The PIC's Subscription commitment is R250 million
Roshan Morar	<ul style="list-style-type: none"> Non-Executive Deputy Chairman of the PIC Non-Executive Deputy Chairman of Airports Company (SOC) Non-Executive Director of the South African National Road Agency and Adcock Ingram Holdings Limited 	
CAET	<ul style="list-style-type: none"> Trust specifically created by the Company for the recognition and benefit of black individuals and other historically disadvantaged South Africans 	R50 million

4. ADDITIONAL COMMITTED INVESTORS

African Rainbow Capital Proprietary Limited, a wholly black-owned investment company, the directors of which are, *inter alia*, Mr Patrice Motsepe and Mr Johan van Zyl, has agreed to subscribe for 50 million Offer Shares at the Offer Price.

The Capital Appreciation 67 Entrepreneurial Scheme, a scheme to recognise the academic record of deserving students, has agreed to subscribe for 6.7 million Offer Shares at the Offer Price.

These commitments together with other Company related commitments brings the total committed capital to more than R420 million.

5. BOARD AND SPECIAL ADVISOR

Names, ages, nationalities, and designations are set out below. All directors are South African. Bradley Sacks is also a US citizen.

Director	Designation	Business address of Directors
Michael Pimstein (60), <i>BCom Acc</i>	Joint Chief Executive Officer	11th Floor, Sandton City Office Towers, 5th Street, Sandton, 2196
Bradley Sacks (48), <i>BEconSc, MBA/JD (Hons)</i>	Joint Chief Executive Officer	590 Madison Avenue, New York, NY, 10022
Alan Salomon (66), <i>BSc Hons, CA(SA)</i>	Chief Financial Officer	11th Floor, Sandton City Office Towers, 5th Street, Sandton, 2196
Motty Sacks (72), <i>CA(SA), AICPA (Isr)</i>	Non-Executive Chairman	11th Floor, Sandton City Office Towers, 5th Street, Sandton, 2196
Bukelwa Bulu (38), <i>BBusSc, CA(SA)</i>	Independent Non-Executive Director	Unit 7 One on Cross, 1 Cross Street, Bryanston, 2196
Meyer Kahn (76), <i>BA (Law), MBA, DCom (hc)</i>	Lead Independent Non-Executive Director	11th Floor, Sandton City Office Towers, 5th Street, Sandton, 2196
Dr Daniel Matjila (53), <i>PhD, MSc, BSc Hons</i>	Non-Executive Director	Block C, Riverwalk Office Park, 41 Matroosberg Road, Ashlea Gardens Extension 6, Menlo Park, Pretoria
Roshan Morar (48), <i>CA(SA), CFE</i>	Non-Executive Director	Ground Floor, Nedbank House, 161 Pietermaritzburg Street, Pietermaritzburg 3201
Viktor Sekese (49), <i>BCom, BAcc, CA(SA)</i>	Independent Non-Executive Director	20 Morris Street East, Woodmead, 2191
Charles Valkin (81), <i>BCom LLB, H Dip Tax</i>	Independent Non-Executive Director	165 West Street, Sandton, 2196
Mervyn E King SC (78), <i>BA, LL.B. (Cum Laude), PhD (hc) in Law, Hon LLD (Law), Higher Diploma Income Tax</i>	Special Advisor to the Board	

6. PRIVATE PLACEMENT

6.1 Particulars of the Private Placement

The Private Placement comprises an offer for subscription by Capital Appreciation to qualifying investors of at least 500 million Offer Shares at the Offer Price of R1.00 per Offer Share. The Company reserves the right to raise more than R500 million and increase the number of Offer Shares issued.

6.2 Conditions to the Private Placement

The first R500 million of the Private Placement has been underwritten by the Underwriters to guarantee a Main Board listing. The Private Placement and Listing remain subject to the JSE minimum free float requirement being attained. In this regard, 20% of the Ordinary Shares must be held by the public on the Listing Date. The Private Placement and Listing will not proceed if the JSE's minimum free float requirement is not attained, and any acceptance in relation to the Private Placement will not take effect and no person will have any claim whatsoever against the Company or any other person as a result of the Private Placement not taking effect.

6.3 Allocation

The basis of allocation of the Offer Shares will be determined by the Company and the Bookrunner. It is intended that notice of the allocations will be given on or before 9 October 2015. Applicants may receive no Offer Shares or fewer than the number of Offer Shares applied for. Any dealing in Offer Shares prior to delivery of the Offer Shares is at the risk of the applicant.

6.4 Dates and times of the Private Placement

Opening date of the Offer	09:00 on Monday, 28 September 2015
Expected last date for indication of interest for the purposes of the bookbuild	17:00 on Friday, 9 October 2015
Successful applicants advised of allocations	Friday, 9 October 2015
Publication date of the final number of Offer Shares	Monday, 12 October 2015
Expected Listing Date	09:00 on Friday, 16 October 2015

7. INVESTMENT STRUCTURE

- Qualifying and invited investors and the Founders will subscribe for Ordinary Shares.
- Investors' funds are to be held in escrow until the acquisition of Viable Assets (24 month Initial Period to acquire Viable Assets).
- Shareholders have the right to vote to approve an acquisition of Viable Assets.
- In the event that no acquisition is made in the Initial Period, shareholders' Ordinary Shares will be redeemed and shareholders will receive the initial subscription price plus any residual interest accrued thereon, less certain permitted expenses.
- Shareholders have the right to vote on the retention of residual capital by the Company, being capital in excess of the requirements for the acquisition of Viable Assets.
- The Founders (other than CAET) are prohibited from disposing of the Ordinary Shares that they acquire as part of the Private Placement until the first anniversary of the Completion of an acquisition of Viable Assets. CAET is prohibited from disposing of the Ordinary Shares that it acquires as part of the Private Placement until the second anniversary of the Completion of an acquisition of Viable Assets.
- The Founders subscribed for Founders Initial Ordinary Shares at a nominal price prior to Private Placement entitling the Founders to a 20% fully diluted interest in the Company, or 750 million ordinary shares, whichever is the lesser.
- The Founders (other than CAET) are prohibited from disposing of their Founders Initial Ordinary Shares until the later of (i) the first anniversary of the Completion of the acquisition of Viable Assets by the Company and (ii) the date upon which the Company's Ordinary Shares have traded on the JSE at a volume weighted average price of at least R1.20 per share for 20 out of 30 consecutive trading days after the Completion of the acquisition of Viable Assets by the Company. CAET is prohibited from disposing of its Founders Initial Ordinary Shares until the later of (i) the second anniversary of the Completion of the acquisition of Viable Assets by the Company and (ii) the date upon which the Company's Ordinary Shares have traded on the JSE at a volume weighted average price of at least R1.20 per share for 20 out of 30 consecutive trading days after the Completion of the acquisition of Viable Assets by the Company.

8. COPIES OF THE PRE-LISTING STATEMENT

The Pre-Listing Statement is only available in English. Copies of the Pre-Listing Statement may be viewed on the Company's website (<http://www.CapitalAppreciation.co.za>) or obtained, by qualifying investors, during normal business hours from the registered office of the Company (165 West Street, Sandton, 2196, Johannesburg) and the offices of the Bookrunner (Macquarie First South Capital Proprietary Limited, 1 Sandton Drive, Sandton, 2196), Sponsor (Investec Bank Limited, 100 Grayston Drive, Sandown, Sandton, 2196, Johannesburg) and the Transfer Secretaries (Computershare Investor Services Proprietary Limited, Ground Floor, 70 Marshall Street, Marshalltown, 2107, Johannesburg) from the date of issue hereof until 9 October 2015.

Johannesburg
28 September 2015

Financial Advisor and Bookrunner



Attorneys to the Bookrunner



Auditors and Reporting Accountants



Attorneys to the Company



Sponsors



This Abridged Pre-Listing Statement, and the information contained herein, is not for publication, distribution, or release, directly or indirectly, outside of South Africa. This Abridged Pre-Listing Statement does not constitute an offer to the public for the sale of or subscription for, or an advertisement or the solicitation of an offer to buy and/or subscribe for, securities as defined in the Companies Act, 2008 as amended ("the Act") or otherwise and will not be distributed to any person in South Africa in any manner which could be construed as an offer to the public in terms of the Act. Furthermore, this Abridged Pre-Listing Statement does not constitute an advertisement or a prospectus registered and/or issued under the Act. This Abridged Pre-Listing Statement contains statements about the Company that are or may be deemed to be forward-looking statements. All statements, other than statements of historical fact, are or may be deemed to be, forward-looking statements. These forward-looking statements include statements regarding a future financial position or future profits, cash flows, corporate strategy, anticipated levels of growth, estimates of capital expenditures, acquisition strategy, prospects, future expansion projects or future capital expenditure levels and other economic factors, such as, among other things, interest and exchange rates. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. The Company cautions that forward-looking statements are not guarantees of future performance. Actual results, financial and operating conditions and liquidity may differ materially from those made in, or suggested by, the forward-looking statements contained in this Abridged Pre-Listing Statement. All these forward-looking statements are based on estimates and assumptions made by the Company, all of which estimates and assumptions are inherently uncertain although the Company believes them to be reasonable. Such estimates, assumptions or statements may not eventuate. Factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied in these statements or assumptions include matters not yet known to the Company or not currently considered material by the Company. Important factors that could cause actual events to differ materially from the Company's expectations include the following: changes in political, economic, legal and social conditions in South Africa and elsewhere; fluctuations in currencies; future legislation, including regulations and rules, as well as changes in enforcement policies; and other factors beyond the Company's control. Any forward-looking statement made in this Abridged Pre-Listing Statement or elsewhere is applicable only at the date on which such forward-looking statement is made. New factors that could cause the business of the Company not to develop as expected may emerge from time to time and it is not possible to predict all of them. Further, the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement is not known. The Company has no duty to, and does not intend to, update or revise the forward-looking statements contained in this Abridged Pre-Listing Statement after the date of this Abridged Pre-Listing Statement, except as may be required by applicable law. Each of the Company, Macquarie First South Capital Proprietary Limited ("Macquarie") and their respective affiliates expressly disclaims any obligation or undertaking to update, revise or in any way forward looking statement contained in this Abridged Pre-Listing Statement whether as a result of new information, future developments or otherwise. None of Macquarie and any of its directors, officers, employees, advisers or agents accepts any responsibility or liability whatsoever for or makes any representation or warranty, express or implied, as to the truth, accuracy or completeness of the information in this Abridged Pre-Listing Statement or whether any information has been omitted from the Abridged Pre-Listing Statement or otherwise. Accordingly, references in this Abridged Pre-Listing Statement or the Pre-Listing Statement to the shares being issued, offered, subscribed, acquired, placed or otherwise dealt in should be read as including any issue or offer to, or subscription, acquisition, placing or dealing by Macquarie and any of its affiliates acting as investors for their own accounts. In addition Macquarie may enter into financing arrangements and swaps in connection with which it or its affiliates may from time to time acquire, hold or dispose of shares. None of Macquarie and any of its affiliates intends to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.