
IBL LTD

Disclosable Transaction Circular

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This document is issued by IBL Ltd ("IBL" or the "Company"), a public company incorporated and domiciled in Mauritius on 26 February 1970, with registration number C07001778 and having its registered office at IBL House, Caudan Waterfront, Port Louis. IBL is listed on the Official Market of the Stock Exchange of Mauritius Ltd (the "SEM"). The Company is regulated by the Companies Act 2001 and is registered as a Reporting Issuer with the Financial Services Commission of Mauritius (the "FSC").

This document serves as a Disclosable Transaction Circular (as defined in the Listing Rules) and is issued in compliance with the Companies Act 2001 and the Listing Rules of the SEM for the purpose of providing information to shareholders of IBL and to the public in general in relation to the proposed Transaction.

For a full appreciation of this Circular, this document should be read in its entirety. If you are in doubt about the action you should take, you should consult your financial adviser, investment dealer, legal adviser or other professional adviser immediately.

This document is neither an invitation nor a prospectus nor a statement in lieu of a prospectus for the public in Mauritius or elsewhere to subscribe for shares in IBL.

This document is intended only for the use of the person to whom it is addressed and is not to be redistributed, reproduced or used, in whole or in part, for any other purpose.

Pursuant to Chapter 13 of the Listing Rules, this Circular has been approved by the Listing Division of the SEM on 19 August 2022 and has been filed with the FSC.

DISCLAIMER

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The FSC and the SEM do not vouch for the financial soundness of the Company or for the correctness of any statements made or opinions expressed with regards to it.

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1. DECLARATION BY DIRECTORS

This Circular includes particulars given in compliance with the Listing Rules governing the official listing of securities for the purpose of giving information with regards to IBL. The Directors of IBL, whose names appear in Section 7, collectively and individually, accept full responsibility for the accuracy and completeness of the information contained in this Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

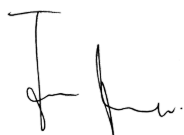
Pursuant to the cautionary announcement dated 03 June 2022, the Board of Directors of IBL (the "Board") informed its shareholders and the public in general that it was considering the acquisition of a minority stake in a leading retail operator in East Africa.

Pursuant to the public communique dated 22 August 2022, the Board informed its shareholders and the public that the Listing Division of the SEM approved this Circular.

The Board is of the opinion that the proposed Transaction is in the best interests of IBL and its shareholders based on the following factors:

- the proposed Transaction is in line with the "IBL Beyond Borders" strategy which focuses in particular on strengthening the presence and footprint of IBL in East Africa. The investment in Naivas International is the first step in this new strategy;
- the mechanism to determine the offer price for the shares of Naivas International is deemed to be fair in the context of the proposed Transaction.

Approved by the Board of IBL Ltd and signed on its behalf by:



Jan Boullé
Chairman



Arnaud Lagesse
Chief Executive Officer

22 August 2022

2. DEFINITIONS

In this Circular, the terms below have the meaning stated except where otherwise noted.

ABBREVIATION	DEFINITION
Acquisition	The acquisition of a minority stake of 40.0% in Naivas International by Mambo Retail from the Sellers
bn	Billion
Board	The Board of Directors of IBL
Circular or the document	This document prepared pursuant to the Listing Rules of the SEM for the purpose of the proposed Transaction
Company or IBL	IBL Ltd
DEG	DEG, the German Development Finance Institution, was established in 1962 as a Limited Liability Company and is wholly owned by KfW, one of the world's leading promotional banks. KfW is owned by the Federal Republic of Germany (80%) and Länder (20%). DEG is responsible for working with private enterprises that invest in developing and emerging-market countries
Directors	The Directors of IBL
IBL Group	IBL Ltd and its subsidiaries, as defined by the International Financial Reporting Standards (IFRS)
FSC	The Financial Services Commission of Mauritius
FY	Financial Year
Kenya	Republic of Kenya
Listing Rules	The rules governing securities listed on the Official Market of the SEM
m	Million
Mambo Retail Ltd or Mambo Retail	Mambo Retail Ltd, a limited liability company incorporated in Mauritius in which IBL is the lead strategic partner and investor. IBL subscribed to 65.8% of Mambo Retail's capital for a cash consideration of USD100.00 million, equivalent to approximately MUR4.59 billion. The other shareholders are Proparco and DEG
Monvid Insurance Agency Ltd or Monvid	A company incorporated in Kenya to provide insurance agency services.
MUR	Mauritian Rupees
Naivas International or Target	The target company being a private holding company limited by shares incorporated in Mauritius and which wholly owns Naivas Limited.
Naivas Limited	The operating company wholly owned by Naivas International and whose main activity is to operate in the retail sector of Kenya.
Proparco	Société de Promotion et de Participation pour la Coopération Économique S.A, a subsidiary of Agence Française de Développement focused on private sector development, a Development Finance Institution and the private sector financing arm of Agence Française de Développement Group which is wholly-owned by the Government of France
Sellers	Amethis Retail Limited and Gakiwawa Family Investments
SEM	The Stock Exchange of Mauritius
Transaction	The subscription of 65.8% of Mambo Retail's capital by IBL for a cash consideration of USD100.00 million which is equivalent to approximately MUR4.59 billion
USD	United States Dollar

3. COMPANY BACKGROUND AND PRINCIPAL ACTIVITIES OF IBL

3.1 Company background of IBL

IBL is a public company limited by shares and, together with its subsidiaries and associates, represents one of the largest group listed on the Official Market of the SEM. IBL follows its strategic vision to position the IBL Group for substantial growth both in Mauritius and internationally. IBL is a diversified group and active in 19 countries worldwide through its investment in over 280 companies in 9 industries globally as depicted below:



Commercial & Distribution

The Commercial & Distribution cluster has a strong footprint in the Mauritian retail market as a result of its strategic geographical locations and ability to adapt to evolving consumer needs. Retail and Pharma have been identified as core growth platforms that will power IBL's expansion into East Africa.

Mambo Retail has been incorporated on 16 June 2022 and constitutes a strategic partnership between IBL, DEG and Proparco with the sole purpose of holding the investment in Naivas International. The investment in Mambo Retail is a strategic move and a first step of implementation of the "IBL Beyond Borders" strategy which focuses on expansion in the East African region.

3.2 Shareholding Structure of IBL

As at 30 June 2022, the stated capital of IBL was made up of 680,224,040 ordinary shares of no par value amounting to MUR 1,361,941,000 and 1,510,666,650 Restricted Redeemable Shares ("RRS"). All issued shares are fully paid.

IBL's shareholders who hold (directly and/or indirectly) 5% or more of the ordinary shares as at 30 June 2022 are highlighted below:

Shareholder	Shareholding
Espérance International Ltd (previously known as Esperance et Compagnie Limitée)	10.84%
Société Portland	7.37%
Swan Life Ltd*	6.82%
Mr. Benoit Lagesse	5.72%

* Please note that Swan Life Ltd recently reduced its ownership in IBL. As at 22 July 2022, Swan Life Ltd held 5.93% of IBL's ordinary shares.

As at 30 June 2022, GML Ltée held 1,510,666,650 RRS, representing 68.95% of the voting rights. These shares are not listed and the only rights attached to these shares is the power to vote at general meetings. GML Ltée has no right to dividends or distribution or to any surplus from the Company in case of winding up.

4. CORPORATE INFORMATION OF IBL

Name of company	IBL Ltd
Date of Incorporation	26 February 1970
Place of incorporation and registration	Mauritius
Business Registration Number	C07001778
Registered Office	IBL House, Caudan Waterfront, Port Louis, Mauritius
Secretary	IBL Management Ltd 4 th Floor, IBL House, Caudan Waterfront, Port Louis, Mauritius
Registrar and Transfer Office	MCB Registry Sir William Newton Street, Port Louis, Mauritius
Auditors	Deloitte Standard Chartered Tower, Bank Street, Cybercity, Ebène, Mauritius
Transaction Advisors (for the purpose of complying with Chapter 13 of the Listing Rules)	PricewaterhouseCoopers Limited PwC Centre, Avenue de Telfair, Telfair 80829, Moka, Mauritius
Legal Advisors	Benoit Chambers Level 9, Orange Tower, CyberCity, Ebène, Mauritius
Bankers	ABC Banking Corporation Limited 7, Duke of Edinburgh Avenue, Place d'Armes, Port Louis, Mauritius
	Absa Bank (Mauritius) Limited 4 th Floor, Barclays House, 68-68A CyberCity, Ebène, Mauritius
	Afrasia Bank Limited Bowen Square, 10, Dr Ferriere Street, Port Louis, Mauritius
	Bank of Baroda Sir William Newton Street, Port Louis, Mauritius
	Bank One Sir William Newton Street, Port Louis, Mauritius
	BCP Bank (Mauritius) Ltd Maeva Tower, 9th Floor, Nextera.com, Ebène, Mauritius
	Habib Bank Limited 30, Louis Pasteur Street, Port Louis, Mauritius
	Hong Kong & Shanghai Bank HSBC Centre, CyberCity, Ebène, Mauritius
	Maubank Ltd 25 Bank Street, CyberCity, Ebène, Mauritius
	SBM Bank (Mauritius) Ltd SBM Tower, 1, Queen Elizabeth II Avenue, Port Louis, Mauritius
	SBI (Mauritius) Ltd 34, Sir William Newton Street, Port Louis, Mauritius
	Standard Bank (Mauritius) Limited Level 9, Tower A, 1 Cybercity, Ebène, Mauritius
	The Mauritius Commercial Bank Ltd Sir William Newton Street, Port Louis, Mauritius

5. COMPANY BACKGROUND AND PRINCIPAL ACTIVITIES OF NAIVAS INTERNATIONAL

5.1 Company background of Naivas International

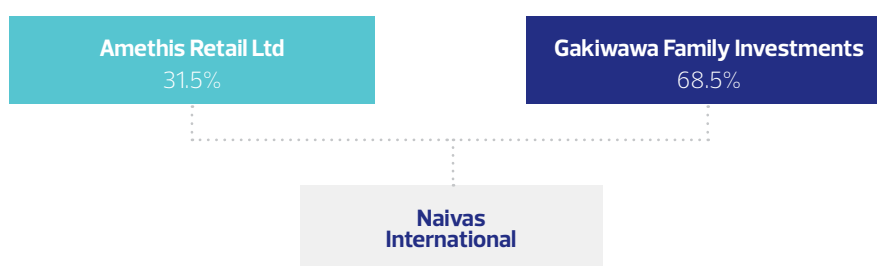
Naivas International is a holding company which invests in the retail sector in Kenya through its wholly-owned subsidiary Naivas Limited.

Naivas Limited is one of the leading market players in the Kenyan retail market and operates a chain of modern supermarkets in Kenya. Its retail lines include grocery, clothing and general merchandise for a wide variety of products. It was established in 1990 as Rongai Self-Service Stores in Nakuru by the Mukaha family. It was then renamed Naivasha Self-Service in 1996 and finally to Naivas Limited in 2006.

Naivas Limited has the largest footprint in the country with over 84 stores in over 20 cities and towns with approximately 46 stores situated within the greater Nairobi area. The stores are categorised into three types based on their size, i.e. hypermarkets, supermarkets and express stores. In addition to the physical stores, Naivas Limited has an online shopping platform and uses third-party courier applications.

The large footprint is supported by the head office and the distribution centre, and team members of over 8,000 as at June 2022.

The shareholding structure of Naivas International prior to the Transaction is illustrated below:



5.2 Statutory information of Naivas International

Name of company	Naivas International
Date of incorporation	16 October 2015
Place of incorporation and registration	Mauritius
Company Number	C133792
Auditor	VBS Business Services 1st Floor, Hennessy Court, Pope Hennessy Street, Port Louis, Mauritius

6. THE TRANSACTION

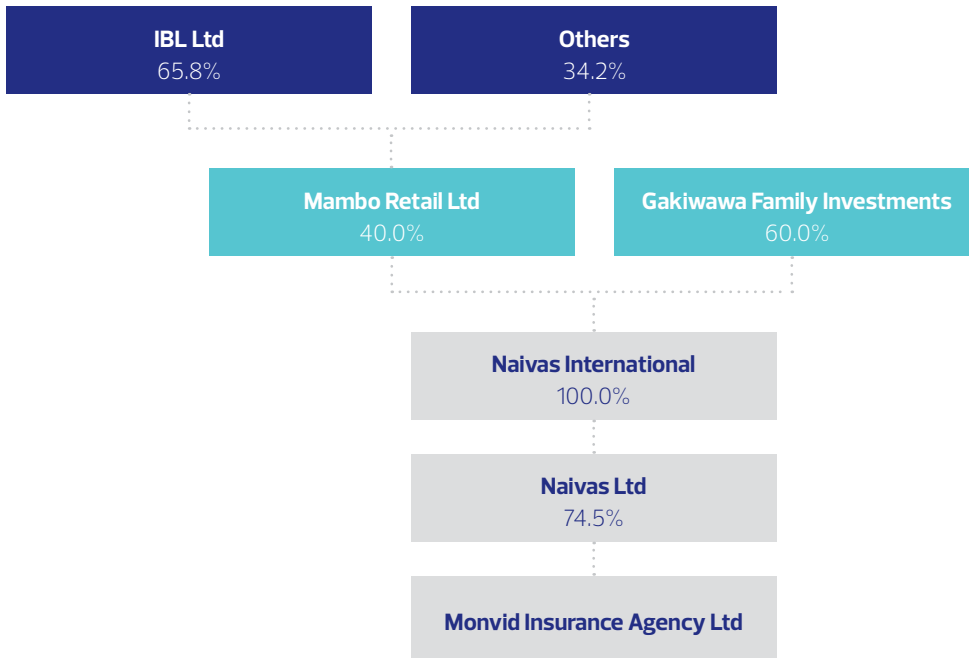
6.1 Details of the Transaction

IBL, the largest conglomerate of Mauritius, is the lead investor of a consortium, i.e. Mambo Retail, that has signed an agreement to acquire 40.0% of the shares of Naivas International (www.naivas.co.ke), which owns 100.0% of the shares of Naivas Limited. IBL's equity contribution towards Mambo Retail is USD100.00 million, equivalent to approximately MUR4.59 billion and represents an effective stake of 26.3% in Naivas International. IBL's partners in Mambo Retail are Proparco and DEG.

IBL views the investment in Naivas International as a long-term strategic partnership, in line with IBL's investment principles and strategic intent to establish a long-term presence in East African region. IBL focuses on sectors of strategic fit where it can contribute to equity partnership and actively support growth strategies by leveraging on its core operating capabilities.

On 10 August 2022, Mambo Retail acquired 40.0% stake in Naivas International, representing (i) all shares previously held by Amethis Retail Limited and (ii) part of the shares held by Gakiwawa Family.

The shareholding structure post the Transaction is illustrated as follows:



Naivas International and the Sellers are independent parties to IBL. None of the Directors or IBL or their associates hold any interest in Naivas International, the Sellers or the Transaction. As at the date of this Circular, none of the substantial shareholders of IBL hold any direct interest in Naivas International, the Sellers or the Transaction.

6.2 Disclosable Transaction

A disclosable transaction is defined in Chapter 13 of the Listing Rules as an acquisition or realisation of assets (including shares) by a listed issuer or any of its subsidiaries where:

- a. the value of the assets being acquired or realised represents 15 per cent or more of the net assets or consolidated net assets, as the case may be, of the acquiring or realising group; or
- b. the net profit (after deducting all charges except taxation) attributable to the assets being acquired or realised as disclosed in the latest published accounts represents 15 per cent or more of such net profit of the acquiring or realising group; or
- c. the aggregate value of the consideration given or received represents 15 per cent or more of the net assets or consolidated net assets, as the case may be, of the acquiring or realising group; or
- d. the value of the equity capital issued as consideration by the acquiring issuer represents 15 per cent or more of the value of the equity capital previously in issue.

The Transaction qualifies as a disclosable transaction as the aggregate value of the consideration paid for the shares of Naivas International represents more than 15%, but less than 50%, of the consolidated net assets of IBL Group and that of net profit (after deducting all charges except taxation) of IBL Group.

IBL is required to submit a disclosable transaction circular containing the items of information regarding IBL specified by Listing Rule 13.16 and make it available to the public.

6.3 Rationale of the Transaction

While Mauritius has historically been the driver of IBL's performance, the entrepreneurial culture of the group has guided the business beyond the island's shores. Today, IBL is an international group with a robust investment portfolio, a culture of excellence, and world-class expertise that works and invests in 9 business clusters across 19 countries worldwide.

After consolidating its footprint in the Indian Ocean, IBL revealed its "IBL Beyond Borders" strategy that lays out its focus on East Africa during its Analyst Meeting last October 2021. The investment in Naivas International is the first acquisition under this strategy and is, at the same time, one of the largest investment in IBL's history.

Within its "IBL Beyond Borders" strategy, IBL has earmarked the retail sector as one of several investment avenues for its East African expansion. Indeed, IBL has expertise in this domain, operating Winners, the leading supermarket chain on the island.

6.4 Financing of the Transaction

Mambo Retail is funding the Acquisition through a capital injection via a share issue to IBL, DEG and Proparco on a pro rata basis for an aggregate amount equivalent to the cash consideration for the Acquisition.

IBL subscribed to 65.8% of Mambo Retail's capital for a cash consideration of USD100.00 million which is equivalent to approximately MUR 4.59 billion and represents an effective stake of 26.3% in Naivas International. The Transaction is funded through medium term bank facilities to be entered into by IBL with a renowned local bank (the "Funding").

6.5 Determination of the transaction price

The price for the Acquisition was determined in reference to an earnings multiple and negotiations between the respective parties as part of a bidding process. Appropriate financial, tax, legal, operational and commercial due diligence were carried out by Mambo Retail and its professional advisors.

The cash consideration is payable at the completion date. An adjustment based on the completion accounts will be subsequently paid at a date agreed between Mambo Retail and the Sellers.

6.6. Timeline of the transaction

The Transaction will be completed post financial year ending 30 June 2022 but during the next financial year by the end of the first quarter ending 30 September 2022.

6.7. Impact on IBL financial statements

If IBL had owned the effective stake of 26.3% in Naivas International since 01 July 2019, the incremental net profits before and after taxation attributable to Naivas International in respect of the two financial years preceding the Transaction would have been as follows:

For financial years ended	30 June 2020	30 June 2021
Profit before tax	MUR158.6m	MUR318.5m
Profit after tax	MUR158.6m	MUR318.5m

This has been determined on the basis of the aggregated earnings of Naivas Limited audited financial statements for financial years ended 30 June 2020 and 30 June 2021 and Monvid's management accounts for the 12-months period ended 30 June 2020 and 30 June 2021.

These amounts do not include the acquisition related costs and the operating expenses of Naivas International (deemed to be immaterial) and the interest expenses relating to the Funding. The estimated interest expenses are MUR247.5 million for each financial year ended 30 June 2020 and 30 June 2021.

7. DIRECTORS INFORMATION

7.1. Interests of directors

The Directors of IBL having direct and/or indirect interest in the ordinary shares of IBL as at 30 June 2022 were as follows:

Directors	Direct Interest		Indirect Interest
	Number of shares	% Holding	% Holding
Jan BOULLE (Chairman)	-	-	2.3339
Arnaud LAGESSE (Executive Director)	-	-	2.7969
Richard ARLOVE	116,521	0.0171	-
Jean-Claude BEGA (Executive Director)	-	-	-
Martine DE FLEURIOT DE LA COLINIÈRE	-	-	-
Isabelle DE MELO	-	-	-
Pierre GUENANT	-	-	-
Benoit LAGESSE	25,746,273	3.7850	1.9443
Hugues LAGESSE	-	-	3.6023
Jean-Pierre LAGESSE	-	-	-
Thierry LAGESSE	12,317,102	1.8107	1.0268
Gilles MICHEL	-	-	-
Jean RIBET	-	-	-
Alternate Director			
Stéphane LAGESSE	12,566,725	1.8475	1.0268

7.2. Directors' service contracts

Except for the two executive Directors who are employed by the Company, there are currently no service contracts between IBL and any other Director.

8. FINANCIAL INFORMATION

8.1. Financial highlight of Naivas International and Naivas Limited

Below are the key financial highlights of Naivas International at company level.

	Year ended 31 Dec 2018	Year ended 31 Dec 2019	Year ended 31 Dec 2020	Six months ended 30 Jun 2021
	Audited	Audited	Unaudited	Unaudited
	USD	USD	USD	USD
Statement of Comprehensive Income				
Income	-	-	-	-
Operating Profit/ (Loss)	(1,230)	(23,367)	(25,453)	(5,101)
Profit/ (Loss) after tax	(1,230)	(23,367)	(25,453)	(5,101)
Statement of Financial Position				
Total Assets	1,381	10,766,272	10,740,820	10,733,648
Total Liabilities	22,150	94,158	94,158	92,088
Total Equity	(20,769)	10,672,114	10,646,662	10,641,560

Below are the key financial highlights of Naivas Limited at company level.

	Year ended 30 Jun 2020	Year ended 30 Jun 2021
	Audited	Audited
	KShs '000	KShs '000
Statement of Comprehensive Income		
Income	54,076,220	65,124,501
Operating Profit/ (Loss)	2,116,079	3,639,414
Profit/ (Loss) after tax	1,029,180	2,077,187
Statement of Financial Position		
Total Assets	18,306,587	24,022,906
Total Liabilities	15,827,551	19,466,683
Total Equity	2,479,036	4,556,223

9. ADDITIONAL DISCLOSURES

9.1. Legal or Arbitration proceedings

Below are highlights of Legal proceedings against IBL which may have, or have had in recent past, significant effects on IBL's financial position or profitability:

Lux Island Resorts ("LIR")

LIR is being sued for breach of termination of employment contract by a number of former employees and the aggregate amount of the claims is MUR 59.2 million (2021: MUR 60.1 million). The Directors have been advised that some claims appear unfounded and that the necessary severance allowance/damages claim in others appear grossly exaggerated. The Company has also entered into counter proceedings for an amount of MUR 75 million against one of the plaintiffs.

United Basalt Products Ltd ("UBP")

Legal action has been initiated by former employees against the Group in respect of unpaid severance allowances. The estimated payout is MUR 26.2m (2020: MUR 25.5m), should the action be successful. Trials are ongoing and therefore it is not practicable to state the timing of payment, if any. The Group has been advised by its legal counsel that it is only possible, but not probable, that the action will succeed. Accordingly, no provision for any liability has been made in the financial statements.



