



SCANGROUP

CAUTIONARY ANNOUNCEMENT SCANGROUP LIMITED

The Capital Markets (Securities) (Public Offers, Listing and Disclosures) Regulations, 2002 **Proposed Transactions and Issue of 94,075,974 ordinary shares of Ksh 1.00 each in** **Scangroup Limited to Cavendish Square Holding BV**

Background

Cavendish Square Holding BV ("Cavendish"), a wholly owned subsidiary of WPP plc ("WPP"), a global communications services group listed on the London Stock Exchange plc and NASDAQ Stock Market LLC, currently owns 82,827,586 ordinary shares of Ksh 1.00 each in Scangroup Limited (the "Company"). Ogilvy South Africa (Proprietary) Limited, another subsidiary of WPP, owns 12,907,856 ordinary shares of Ksh 1.00 each in the Company. Accordingly, WPP indirectly control 33.616 per cent of the total current issued capital of the Company.

Proposed Transactions

On 12th August 2013, the Company entered into a conditional Share Sale and Share Subscription Agreement (the "Agreement") with Cavendish for the following proposed transactions ("Proposed Transactions"):

1. The transfer by Cavendish to the Company of all the shares beneficially held by Cavendish in the following companies, which are jointly held with the Company, and thereby making them 100% subsidiaries of the Company:
O&M Africa B.V., Ogilvy Africa Limited, Ogilvy Kenya Limited, Ogilvy Mauritius Holdings Limited, Ogilvy Tanzania Limited, Hill + Knowlton Strategies Africa Holdings Limited, Hill & Knowlton East Africa Limited, Millward Brown East Africa Limited and Millward Brown Mauritius Limited.

In consideration for the transfer by Cavendish, the Company will issue to Cavendish 72,720,076 ordinary shares of Ksh 1.00 each fully paid.

2. The issue of 21,355,898 ordinary shares of Ksh 1.00 each in the Company for cash to Cavendish at a subscription price of Ksh 85.85 each based on volume weighted average of the traded prices of the shares in the Company on the Nairobi Securities Exchange for the three month immediately prior to 12th August 2013 plus a control premium of 30 (thirty) per cent.

The total number of new shares to be issued by the Company in respect of (1) and (2) above, will aggregate to 94,075,974 ordinary shares of Ksh 1.00 each (the "Additional Shares") in the Company.

The Proposed Transactions will result in Cavendish owning 176,903,560 ordinary shares of Ksh 1.00 each in the Company, and will represent 46.69% of the total shareholding in the Company. The Proposed Transactions will result in WPP obtaining an indirect controlling shareholding in Scangroup Limited of 50.10%, with a shareholding of 189,811,416 ordinary shares of Ksh 1.00 each in the Company after taking into account the current shareholding of 12,907,856 ordinary shares of Ksh 1.00 each in the Company held by Ogilvy South Africa (Proprietary) Limited.

Cavendish has stated that it does NOT intend to make a take-over offer for Scangroup and is to apply to the Capital Markets Authority (the "CMA") in accordance with Regulation 4 of the Capital Markets (Takeovers and Mergers) Regulations, 2002 (the "Take-over Regulations") for an exemption from complying with the requirement to make a take-over offer.

The current Chief Executive Officer and founder-shareholder, Mr Bharat Thakrar will continue to remain the Group Chief Executive Officer, a shareholder and director of the Company.

The Proposed Transactions are subject to the conditions contained in the Agreement (the "Conditions") having been met or where legally permissible waived as appropriate and the Agreement being completed in accordance with its terms. The Conditions include the following:

- a) the grant of an exemption by CMA to Cavendish from the requirement to make a take-over offer pursuant to Regulation 4 of the Take-over Regulations;
- b) Scangroup shareholders' approval for the requisite increase in the authorised share capital of the Company to enable the issue of the Additional Shares and the issue and listing of the Additional Shares; and
- c) various regulatory approvals, including approval from CMA, for the issue and listing of the Additional Shares.

The shareholders of the Company and the public are advised to exercise caution when dealing in the shares of the Company. Further details will be provided in due course.

By Order of the Board

Margaret M. Kipchumba
Company Secretary
Scangroup Limited
12th August, 2013

DISCLAIMER:

This announcement is for informational purposes only. This announcement has been issued with the approval of the Capital Markets Authority pursuant to the Capital Markets (Securities) (Public Offers, Listing and Disclosures) Regulations, 2002. As a matter of policy, the Capital Markets Authority assumes no responsibility for the correctness of the statements appearing in this announcement.