



MARA DELTA PROPERTY HOLDINGS LIMITED

(previously Delta Africa Property Holdings Limited)

(Registered by continuation in the Republic of Mauritius)

(Registration number 128881 C1/GBL)

JSE share code: MDP

SEM share code: DEL.N0000

ISIN: MU0473N00028

(“Mara Delta” or “the Company”)

ACQUISITION OF 50% INTEREST IN A NEW A GRADE ZAMBIAN RETAIL SHOPPING CENTRE, FINANCED AT A MARGIN OF 4% AND ANCHORED BY MULTI-NATIONAL TENANTS WITH US DOLLAR UNDERPINNED LEASES

1. INTRODUCTION

- 1.1. Shareholders are advised that on 24 June 2016, Mara Delta, through its wholly-owned subsidiary Delta International Mauritius Limited, entered into an agreement (“**Acquisition Agreement**”) with Rockcastle Global Real Estate Company Limited (“**Seller**”) and Lusaka Cosmopolitan Investments Limited (“**LCI**”), in terms of which Mara Delta will purchase from the Seller –
 - 1.1.1. 100% of the issued share capital of LCI (“**Sale Shares**”); and
 - 1.1.2. all amounts owing to the Seller by LCI from any cause whatsoever (“**Sale Claims**”),

(the “**Acquisition**”), with the Sale Shares and the Sale Claims being collectively referred to as the “**Sale Equity**”.
- 1.2. LCI holds 50% of the issued ordinary share capital of Cosmopolitan Shopping Centre Limited (“**CSC**”), which, in turn, is the registered title holder of the land in Lusaka, Zambia (“**Land**”) on which the retail shopping centre, known as Cosmopolitan Mall, is located. Cosmopolitan Mall officially opened on 24 March 2016.
- 1.3. CSC has concluded a long-term lease in respect of certain adjoining land (“**Leased Land**”), which has been utilised for the creation of additional parking for Cosmopolitan Mall.
- 1.4. Cosmopolitan Mall, the Land and the Leased Land are hereafter collectively referred to as the “**Property**”.

2. RATIONALE

- 2.1. The Property will be Mara Delta's third investment into dominant retail assets in Zambia with the same strong in-country partner and meets the rigid investment criteria of strong counterparties, underpinned by long-term dollar-based leases.
- 2.2. The following salient points should be highlighted:
 - 2.2.1. the investment in the Property will significantly reduce Mara Delta's overall exposure to the Kwacha to below 10% of income;
 - 2.2.2. the Property is seen as the dominant retail offering in the region;
 - 2.2.3. the tax incentives associated with the investment enhance the yield accretion in Mauritius;
 - 2.2.4. the Property has strong multi-national anchor tenants including Game (13% of rentals), Shoprite (10% of rentals) and The Foshini Group (6% of rentals). Other major tenants include Pep, Jet, OK Furniture, Woolworths, Ackermans, Truworths, Max Clothing, Carnival Furnishers, Edgars and Mr Price; and
 - 2.2.5. vacancies and arrears are nil or negligible.

3. EFFECTIVE DATE

Subject to the Conditions Precedent (as defined in paragraph 8 below) being fulfilled, it is anticipated that the sale of the Sale Equity to Mara Delta will be implemented on or about 30 September 2016, which will be the effective date of the Acquisition ("**Effective Date**").

4. PURCHASE CONSIDERATION

- 4.1. The total purchase consideration due by Mara Delta to the Seller in respect of the Acquisition amounts to USD24 167 597 ("**Purchase Consideration**"), of which –
 - 4.1.1. a non-refundable amount of USD3 000 000 ("**Initial Payment**") was paid to the Seller in cash on the signature date of the Acquisition Agreement ("**Signature Date**"); and
 - 4.1.2. USD21 167 597 will be paid to the Seller in cash on the Effective Date, and which will be secured by the delivery to the Seller, by no later than 30 June 2016, of written undertakings as to funding, such undertakings to be reasonably acceptable to the Seller.
- 4.2. The above amount of the Purchase Consideration has been calculated on the basis that –
 - 4.2.1. it is anticipated that the outstanding balance due by LCI to Standard Bank of South Africa Limited ("**Standard Bank**") on the Effective Date ("**Standard Bank Facility Outstandings**") under an existing loan facility agreement between LCI (as borrower), the Seller and Standard Bank ("**Standard Bank Facility**"), will amount to USD 13 000 000 ("**Anticipated Standard Bank Facility Outstandings**"); and

4.2.2. the projected net income of Cosmopolitan Mall will amount to USD5 820 446 for the twelve month period ending 23 March 2017 ("**Projected Net Income**").

4.3. Mara Delta will not be entitled to repayment of the Initial Payment, whether or not the Acquisition Agreement is cancelled for any reason, save that –

4.3.1. if the Conditions Precedent are not fulfilled on or before the date or extended date stipulated for such fulfilment (see paragraph 8.1 below), then the Acquisition Agreement will cease to be of any further force and effect and the parties will be restored as near as possible to their position prior to entering into the Acquisition Agreement, including that the Seller shall refund Mara Delta the Initial Payment, provided that and only if, Mara Delta has fully complied with its obligations to deliver the undertakings referred to in paragraph 4.1.2 above, and neither party shall have any other claim against the other as a result of or in connection with any such non-fulfilment; and

4.3.2. Mara Delta may claim repayment of the Initial Payment where the Seller has made any fraudulent or gross negligent misrepresentations to Mara Delta which induced it to enter into the Acquisition Agreement,

it being agreed that, should the circumstances in paragraphs 4.3.1 and 4.3.2 not occur and should the Seller retain the Initial Payment, Mara Delta shall have a right of first refusal to match any offer received by the Seller for the Sale Equity, provided that the purchase price will be the Purchase Consideration, as detailed in the Acquisition Agreement and set out in this announcement. Such right of first refusal will expire on 31 October 2016 or such later date as may be agreed.

4.4. Mara Delta will have the option, at its sole election, to fund the Purchase Consideration by way of a vendor consideration placing of its shares in accordance with the requirements of the Stock Exchange of Mauritius Limited ("**SEM**") Listing Rules and the JSE Limited ("**JSE**") Listing Requirements.

5. STANDARD BANK FACILITY

5.1. The Purchase Consideration will be recalculated, as soon as possible after the Effective Date, to take account of any difference between the Anticipated Standard Bank Facility Outstandings and the actual value of the Standard Bank Facility Outstandings on the Effective Date (Mara Delta does not anticipate any difference between these values). Any difference will be dealt with following the Effective Date in terms of the Acquisition Agreement's adjustment account provisions.

5.2. In addition to being liable to pay the Purchase Consideration, Mara Delta will either procure the release, with effect from the Effective Date, of the security granted by the Seller to Standard Bank in connection with the Standard Bank Facility Outstandings or will discharge the Standard Bank Facility Outstandings completely on the Effective Date. In either case, the Seller shall be liable for any early settlement fees or repayment fees.

6. BANK OF CHINA FACILITY

6.1. Mara Delta has secured new funding from the Bank of China for USD77 000 000, which will be used to:

- 6.1.1. part fund the Acquisition and release the Standard Bank Facility Outstandings as discussed in paragraph 5.2;
 - 6.1.2. refinance the outstanding bank debt on the Property as held by the other 50% shareholder in CSC; and
 - 6.1.3. refinance all outstanding bank debt on the Kafubu Mall and Mukuba Mall properties (as announced on SEM and SENS on 20 October 2015) including that of the other 50% shareholder/s outstanding bank debt.
- 6.2. The new Bank of China facility is priced at 6M USD LIBOR + 4% and will have a tenor of five years.

7. PURCHASE CONSIDERATION ADJUSTMENT

- 7.1. The Seller originally acquired the Sale Shares from Africa Property Investments Limited (“**APIL**”), in terms of a sale of shares agreement concluded on or about 20 August 2014 (“**APIL Sale Agreement**”).
- 7.2. Under the APIL Sale Agreement the purchase price payable by the Seller to APIL is also calculated with reference to the Projected Net Income and is subject to adjustment should the actual net income for the first 12 months of trading differ from the Projected Net Income.
- 7.3. Should the above price adjustment result in:
 - 7.3.1. a positive amount, resulting in the Seller being liable to make payment to APIL of an increased amount, Mara Delta shall on demand, immediately make payment to the Seller of such amount; or
 - 7.3.2. a negative amount, in which event APIL is required to make payment thereof to the Seller, the Seller shall immediately on receipt by it of such amount make payment thereof to Mara Delta.

8. CONDITIONS PRECEDENT

- 8.1. The Acquisition is subject to the fulfillment, by no later than 90 business days from the Signature Date or such later date(s) as is agreed in writing by the parties, of the following conditions precedent (“**Conditions Precedent**”), namely that –
 - 8.1.1. the approval, to the extent required, of the COMESA Competition Commission and the Zambian Competition and Consumer Protection Commission be obtained, either unconditionally or conditionally on terms and conditions which the parties confirm in writing to the other to be acceptable to them, provided that the parties shall not be entitled unreasonably to withhold such acceptance and further provided that any such conditions are nevertheless fulfilled within the time period set out in paragraph 8.1; and
 - 8.1.2. to the extent required, Mara Delta and Delta International Mauritius Limited obtain shareholder approval, JSE approval and any other regulatory approval required for the Acquisition.
- 8.2. The Conditions Precedent cannot be waived.

- 8.3. Unless the Conditions Precedent have been fulfilled by not later than the date or extended date stipulated for such fulfillment as set out in paragraph 8.1 above, the Acquisition Agreement will cease to be of any further force as described in paragraph 4.3.1 above.

9. WARRANTIES AND OTHER TERMS

- 9.1. Save for warranting that the Seller will be the owner of the Sale Equity on the Effective Date and will, subject to the complete discharge of the Purchase Consideration by Mara Delta and compliance by Mara Delta with paragraph 5.2, be able to transfer free and unencumbered ownership and possession of the Sale Equity on the Effective Date, the Seller has made no representations to Mara Delta and has given no warranties regarding the Sale Equity.
- 9.2. In terms of the first addendum to the APIL Sale Agreement, APIL has consented to the cession and assignment of the “Ceded Rights”, as referred to therein, to Mara Delta. Accordingly, with effect from the Effective Date, the Seller cedes to Mara Delta all the Seller’s right, title and interest under, in and to the “Ceded Rights” and delegates to Mara Delta all its obligations under the APIL Sale Agreement.

10. THE PROPERTY

- 10.1. Details of the Property are as follows –

Property Name and Address	Geographical Location	Sector	Gross Lettable Area (“GLA”) (m ²)	Weighted Average Gross Rental/ m ² (USD)
Cosmopolitan Mall Corner Kafue and Chawama Roads	Lusaka, Zambia	Retail	26,152	21.2

- 10.2. Details regarding the Property, as at the anticipated Effective Date, are set out below –

Purchase Yield Attributable to Shareholders	Weighted Average Escalation	Weighted Average Lease Duration (years)	Vacancy % by GLA
10.4%	2.4%	5.3	0%

Notes:

- a) The costs associated with the Acquisition are estimated at USD473 918.
- b) The Property has been valued by Quadrant Properties Proprietary Limited, independent and registered professional valuers in terms of the Property Valuers Profession Act, No. 47 of 2000, who have attributed an aggregate market value of USD74 350 000 to the Property (as at 31 March 2016). Mara Delta will be acquiring an effective 50% interest in the Property.

11. FORECAST FINANCIAL INFORMATION OF THE ACQUISITION

The forecast financial information for the Acquisition for the financial periods ending 30 June 2017 and 30 June 2018 are set out below. The forecast financial information has not been reviewed or reported on by a reporting accountant in terms of section 8 of the JSE Listings Requirements and Chapter 12 of the SEM Listing Rules and is the responsibility of Mara Delta's directors.

	Forecast for the 9 month period ending 30 June 2017 (USD)	Forecast for the 12 month period ending 30 June 2018 (USD)
Revenue – contracted income	2,394,260	3,249,091
Revenue – near contracted income	0	0
Revenue – uncontracted income	0	0
Non-rental revenue	0	0
Operating expenses	187,7986	256,738
Operational net income	2,206,462	2,992,353
Net profit after tax	1,885,134	2,622,901
Earnings available for distribution	1,224,480	1,726,371
Forecast distribution	1,224,480	1,726,371

Notes:

- a. Contracted income is based on current signed leases, and assumes any lease that may expire during the period is renewed on the same terms and conditions.
- b. There is no near contracted income.
- c. There is no uncontracted income.
- d. Operating expenses contain the following material individual expenditure items: management fees (38% of expenses), rates and taxes (15% of expenses), security (12% of expenses) and cleaning (10% of expenses).
- e. The above net profit after tax includes an assumed fair value adjustment of 2.4%. The net profit after tax excluding fair value adjustment is equal to the above earnings available for distribution.

12. GENERAL

- 12.1. On implementation of the Acquisition, LCI will become a subsidiary of Mara Delta. In this regard, the Company confirms that the requirements of paragraph 10.21 of Schedule 10 of the JSE Listings Requirements will be complied with.

- 12.2. When aggregated, the Purchase Consideration, together with the consideration in respect of the Company's previous acquisition from the same Seller of a 50% interest in two Zambian retail properties (as announced on 20 October 2015), result in the Acquisition being categorised as a Category 1 transaction in terms of section 9 of the JSE Listings Requirements, requiring shareholder approval. Accordingly, a circular will be posted to shareholders in due course in order to convene a general meeting at which the requisite resolutions to approve the Acquisition will be tabled for consideration by Mara Delta shareholders.
- 12.3. The Acquisition constitutes an undertaking in the ordinary course of business of Mara Delta and therefore does not fall under the scope of Chapter 13 of the SEM Listing Rules.
- 12.4. Mara Delta has primary listings on both the Official Market of the SEM and the Main Board of the JSE.

27 June 2016

JSE sponsor and corporate advisor to Mara Delta



Company Secretary to Mara Delta



Directors: Sandile Nomvete (chairman), Bronwyn Anne Corbett*, Peter Todd (lead independent), Maheshwar Doorgakant, Chandra Kumar Gujadhur, Ian Macleod, Leon van de Moortele*, Ashish Thakkar, Jaqueline Roxanne van Niekerk and David Stanley Savage
(*executive director)

Company secretary: Intercontinental Fund Services Limited

Registered address: Level 5, Alexander House, 35 Cybercity, Ebène, 72201, Mauritius

Transfer secretary (South Africa): Computershare Investor Services Proprietary Limited

Registrar and transfer agent (Mauritius): Intercontinental Secretarial Services Limited

Corporate advisor and JSE sponsor: PSG Capital Proprietary Limited

SEM sponsor: Capital Markets Brokers Limited

This Notice is issued pursuant to the JSE Listings requirements, SEM Listing Rule 11.3 and the Securities Act of Mauritius 2005.

The board of directors of the Company accepts full responsibility for the accuracy of the information contained in this communiqué.