

MARA DELTA PROPERTY HOLDINGS LIMITED
(previously Delta Africa Property Holdings Limited)
(Registered by continuation in the Republic of Mauritius)
(Registration number C128881 C1/GBL)
SEM share code: DEL.N0000
JSE share code: MDP
ISIN: MU0473N00028
("Mara Delta" or "the Company")



NEW MAURITIAN SALE AND LEASEBACK AND WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

1. INTRODUCTION

- 1.1. Shareholders are referred to the cautionary announcement released by the Company on the Stock Exchange News Service ("**SENS**") of the JSE Limited ("**JSE**") and the website of the Stock Exchange of Mauritius Ltd ("**SEM**") on 22 August 2016 ("**Cautionary Announcement**"), and are advised that on 29 September 2016 Mara Delta, through its wholly-owned subsidiary Mara Delta (Mauritius) Property Limited, entered into a sale and purchase agreement ("**SPA**") with Nereide Limited ("**Vendor**"), a wholly-owned subsidiary of Lux Island Resorts Limited ("**Lux**"), for the acquisition of the hotel building known as Tamassa Resort, located on Coastal Road, Bel Ombre, Mauritius, as well as the Vendor's rights, title and interests in the lease agreement between the Vendor and the Republic of Mauritius ("**Head Lease**") in relation to the land on which the Tamassa Resort is located, (collectively, the "**Property**") for a total consideration of the Euro equivalent of USD 40 000 000 ("**Purchase Price**"), on a debt free basis ("**Acquisition**").
- 1.2. Following the Acquisition, the Property is to be leased back to the Vendor ("**Lease Back**").
- 1.3. Subject to the Conditions Precedent (as defined in paragraph 5 below) being fulfilled, it is anticipated that the Acquisition will be implemented, and ownership of the Property be acquired, with effect from 31 March 2017 ("**Effective Date**").

2. RATIONALE FOR THE ACQUISITION

- 2.1. Mara Delta has identified a property asset with a blue chip leisure tenant on a long-term lease, presenting an opportunity to enter a new asset class in line with Mara Delta's investment strategy. Tamassa Resort has been successfully operating for more than 9 years and is ranked 7th on Trip Advisor out of 178 hotels in Mauritius. In a competitive environment the hotel has, over the last 3 years, consistently exceeded the Mauritian market occupancy rate as per the 2016 STR Global Report. Lux is not looking to exit, but will reinvest the proceeds from the sale of Tamassa into another property that will form part of the security behind the Lease Back. A Euro lease with no currency reversion will further diversify Mara Delta's currency exposure reducing exchange rate risk. Lux, a SEM-listed entity and one of the largest hotel chains in Mauritius, will guarantee the lease payments over the duration of the Lease Back.
- 2.2. Mara Delta will assume no operating risk in the tenant's performance through a fixed triple net lease, which provides Mara Delta with favourable lease terms, a Euro lease underpinned primarily by the European market.
- 2.3. The deal is structured to ensure no direct hospitality risk is taken, but merely counterparty exposure in relation to a listed entity being Lux .
- 2.4. The Acquisition will increase Mara Delta's geographical asset allocation in Mauritius to 13.8% (based on value). Mauritius has been identified as one of Mara Delta's primary investment jurisdictions.

3. PURCHASE PRICE

- 3.1. The Purchase Price of USD 40 000 000 will be settled on the Effective Date in Euro. The rate of conversion from USD into EUR shall be the average of the buy rate and the sell rate of Mauritius Commercial Bank Limited on the date of payment.
- 3.2. Mara Delta intends to fund the Purchase Price through the issue of new Mara Delta ordinary shares to existing and interested new investors (vendor consideration placement) and/or debt.

4. LEASE BACK

- 4.1. The conclusion of the Lease Back is a Condition Precedent to the Acquisition. The Lease Back will be for a period of 10 years from the Effective Date, with the Vendor (as tenant) having the option to renew the lease for a further 10-year period thereafter.
- 4.2. The rental due under the Lease Back will comprise a fixed rent component, as well as a variable rent component. In this regard:
 - 4.2.1. the fixed rent will be payable monthly in Euro and will equal to the Purchase Price in Euro multiplied by 8% and divided by 12, and will not be subject to escalation over the lease term; and
 - 4.2.2. the variable rent, which will not have a minimum threshold, will be payable in addition to the fixed rent and will amount to 20% of the Vendor's net earnings before interest expenses, taxes, depreciation and amortisation are subtracted (EBITDA) and post the fixed rent payment, management fee payments by the Vendor to a third party will be added back to EBITDA.
- 4.3. The Lease Back will be a triple-net lease with the Vendor, as tenant, being obliged to fully repair, maintain and insure the Property.
- 4.4. Mara Delta has adopted a conservative approach in disclosing the yield and forecast figures in this announcement and has, for purposes of such disclosure, assumed that Mara Delta will only receive the fixed rent, and no variable rent under the Lease Back.

5. CONDITIONS PRECEDENT

- 5.1. Completion of the Acquisition is conditional upon satisfaction or waiver by Mara Delta and the Vendor (collectively, the "**Parties**") of the following conditions ("**Conditions Precedent**") to the satisfaction of the other Party:
 - 5.1.1. receipt by the Vendor of confirmation from Mara Delta that Mara Delta has secured debt funding to complete the Acquisition;
 - 5.1.2. the Vendor shall remedy all technical deficiencies set out in the applicable schedule to the SPA;
 - 5.1.3. receipt by the Vendor of a copy of the approval from the Board of Investment/the Prime Minister's Office granting Mara Delta the necessary approval and clearance to buy the Property cession;
 - 5.1.4. receipt by the Vendor of approval and clearance from the Ministry of Housing and Lands for the assignment of the leasehold rights of the Vendor to Mara Delta, the entry by Mara Delta and the Vendor into the Lease Back agreement and, if required by the Ministry of Housing and Lands, the execution by the Ministry of Housing and Lands and the Vendor of an industrial site lease to the reasonable satisfaction of the Vendor and on terms substantially similar to the existing Head Lease; and
 - 5.1.5. receipt of such other approval as may be required from any regulatory body/authority in Mauritius or elsewhere.
- 5.2. The Condition Precedent in paragraph 5.1.1 is due to be fulfilled or, where applicable, waived by 30 September 2016 or such later date as the Parties may agree, while the Conditions Precedent in paragraphs

5.1.2 to 5.1.5 above are due to be fulfilled or, where applicable, waived by 31 March 2017 or such later date as the Parties may agree.

5.3. A Party in whose favour a Condition Precedent is made, may waive, in whole or in part and conditionally or unconditionally, such Condition Precedent (except for the approvals) by notice in writing to the other Party.

5.4. Mara Delta has performed a legal, financial and technical due diligence investigation in respect of the Vendor, Lux and the Property.

6. WARRANTIES AND OTHER MATERIAL TERMS

6.1. Lux will guarantee to Mara Delta the due, proper and timeous performance by the Vendor of all its obligations to Mara Delta arising under the Lease Back.

6.2. The SPA contains warranties by the Vendor to Mara Delta that are standard for a transaction of this nature.

7. THE PROPERTY

7.1. The details of the Property are as follows:

Property Name and Address	Geographical Location	Sector	Rooms	Gross Building Area (m ²)	Weighted Average Gross Rental/m ² /pm (USD)
Tamassa Resort & Spa Coastal Road, Bel Ombre	Mauritius	Leisure	214	20 000	13.33

7.2. Details regarding the Property, as at the expected Effective Date of 31 March 2017, are set out below:

Purchase Yield Attributable to Shareholders	Weighted Average Escalation	Lease Duration (years)	Vacancy % by Gross Lettable Area
9.98%	0%	10 years	0%

Notes:

- The costs associated with the Acquisition are estimated at USD 3 443 417, including equity and debt raising costs.
- It has been assumed, for purposes of calculating the above purchase yield attributable to shareholders, that the Acquisition will be financed through a combination of debt and equity consisting of 60% debt at an interest rate of 4%.
- The Property has been valued, as at 24 August 2016, by Broll Indian Ocean Limited, an independent external chartered valuer, who has attributed a value of USD 42 300 000 to the Property.
- The fixed rent portion of the Lease Back generates a purchase yield of 9.98%. The variable portion of the rent under the Lease Back has not been incorporated into the above yield, as a conservative approach to measuring the feasibility of the Acquisition.

8. FORECAST FINANCIAL INFORMATION OF THE ACQUISITION

The forecast financial information relating to 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 3-month period ending 30 June 2017 (USD)	Forecast for the 12-month period ending 30 June 2018 (USD)
Revenue – contracted income	800,000	3,200,000
Revenue – uncontracted income	0	0
Near contracted revenue	0	0
Non-rental revenue	0	0
Operating expenses	0	0
Operational net income	800,000	3,200,000
Net profit after finance costs and tax	482,285	1,929,140
Earnings available for distribution	482,285	1,929,140
Forecast distribution	482,285	1,929,140

Notes:

- a. Contracted income is based on current signed leases and includes a fixed and a variable portion. No value has been attributed to the variable lease portion as a conservative measure of performance.
- b. There is no uncontracted revenue or near contracted revenue in this Acquisition.
- c. Operating expenses are nil as the Lease Back is a triple net lease.
- d. The above net profit after finance costs and tax includes no assumed fair value adjustments and is calculated assuming an effective tax rate of 15%.
- e. The Acquisition is anticipated to enhance the Company's previously forecasted distributions.

9. WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

Shareholders are referred to the Cautionary Announcement and are advised that, as the particulars of the Acquisition have now been announced, caution is no longer required to be exercised by shareholders when dealing in Mara Delta's securities.

10. CATEGORISATION

- 10.1. The Acquisition qualifies as a category 2 acquisition for Mara Delta in terms of the JSE Listings Requirements.
- 10.2. 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.

30 September 2016

JSE sponsor and corporate advisor to Mara Delta



SEM Authorised Representative and Sponsor 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: C/o Intercontinental Fund Services Limited, 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

Sponsoring Broker: Capital Markets Brokers Limited

SEM authorised representative and sponsor: Perigeum Capital 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.