

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")



MARA DELTA TO ACQUIRE SIGNIFICANT STAKE IN NEW MAURITIUS HOTELS SUBSIDIARY OWNING THREE HOTELS ON LONG TERM TRIPLE NET LEASE (NO OPERATIONAL RISK ASSUMED) AND WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

1. INTRODUCTION

1.1. Shareholders are referred to the cautionary announcement released by Mara Delta on the Stock Exchange News Service ("**SENS**") of the JSE Limited ("**JSE**") and the website of the Stock Exchange of Mauritius Ltd ("**SEM**") on 25 October 2016 ("**Cautionary Announcement**"). Shareholders are advised that on 17 November 2016 Mara Delta, through its wholly-owned subsidiary Leisure Property Northern (Mauritius) Limited ("**LPNM**"), entered into a shareholders and subscription agreement ("**SSA**") and certain other related agreements with New Mauritius Hotels Limited ("**NMH**") and Beachcomber Hospitality Investments Ltd ("**BHI**"), a wholly-owned subsidiary of NMH, in respect of the transaction set out below ("**Transaction**").

1.2. In terms of the Transaction:

1.2.1. NMH will, following the approval of the requisite BHI board and shareholder resolutions:

1.2.1.1. transfer the following leisure property assets to BHI:

- (a) Le Victoria hotel situated at Pointe aux Piments, Pamplemousses, Mauritius, as well as NMH's rights, title and interests in the lease agreement between NMH and the Republic of Mauritius in relation to the land on which the hotel is located, ("**Le Victoria**");
- (b) Le Canonnier hotel situated at Pointe aux Canonniers, Pamplemousses, Mauritius, as well as NMH's rights, title and interests in the lease agreement between NMH and the Republic of Mauritius in relation to the land on which the hotel is located, ("**Le Canonnier**"); and
- (c) Le Mauricia situated at Grand Baie, Rivière du Rempart, Mauritius, as well as NMH's rights, title and interests in the lease agreement between NMH and the Republic of Mauritius in relation to the land on which the hotel is located, ("**Le Mauricia**"),

collectively referred to as "**the Properties**", for a value of EUR 162 554 896 payable in two instalments, of which the first instalment of EUR 155 402 171 is payable on signature of the applicable deeds of sale (anticipated to occur on or about 2 December 2016), with the balance of EUR 7 152 725, being payable on completion of an additional 40 rooms at Le Victoria ("**Transfer Value**"); and

1.2.1.2. provide shareholder loans totalling EUR 123,902,171 to BHI ("**Shareholder Loans**");

1.2.2. the Properties will be leased back to NMH by BHI in terms of a triple net lease ("**Lease**");

- 1.2.3. subject to the fulfilment of the Convertible Loan Conditions Precedent (as defined in paragraph 6.1 below) LPNM will advance a loan of EUR 12 500 000 to BHI ("**Convertible Loan**"), which amount will, following the fulfilment of the Completion Conditions (as defined in paragraph 6.2 below) be converted to equity through the issue to LPNM of new BHI shares, representing 44.4228% of BHI's issued share capital ("**Conversion**");
- 1.2.4. subject to the fulfilment of the Committed Loan Conditions Precedent (as defined in paragraph 6.4 below) LPNM will advance a further combined shareholder loan of EUR 19 000 000 to BHI ("**Committed Shareholder Loan**"), comprising both a proportionate loan element (earning interest at 6.25% p.a.) and a disproportionate shareholder loan element (earning interest at 7.5% p.a.), with proportionate meaning a shareholder loan to equity ratio of 3:1,

it being anticipated that the above will occur on or about 2 December 2016 ("**Effective Date**").

- 1.3. The Properties have been valued by Broll Indian Ocean Limited, an independent external chartered valuer, which has attributed an aggregate market value of EUR 156 000 000 to the Properties as at 14 November 2016.

2. RATIONALE FOR THE TRANSACTION

- 2.1. Mara Delta has identified an opportunity to partner with NMH, one of the largest hotel groups in Mauritius, listed on the SEM (being the 5th largest company based on market capitalisation). Mara Delta will access the Properties with a blue-chip leisure tenant on a long-term lease, presenting an opportunity to strengthen its portfolio in the leisure asset class in line with Mara Delta's diversified investment strategy. Other key aspects of the Transaction include:
 - 2.1.1. a 15-year Euro lease with a blue-chip tenant;
 - 2.1.2. Mara Delta will assume no operating risk in the tenant's performance through a fixed triple net lease, which provides the landlord with favourable lease terms, the Euro lease being underpinned primarily by the European tourist market;
 - 2.1.3. the deal is structured to ensure no direct hospitality risk is taken, but merely counterparty exposure in relation to a listed entity being NMH; and
 - 2.1.4. the Transaction, combined with the Company's existing pipeline, will increase Mara Delta's geographical asset allocation in Mauritius to 23% (based on value). Mauritius has been identified as one of Mara Delta's primary investment jurisdictions.

3. PAYMENT

- 3.1. The Convertible Loan and Committed Shareholder Loan will be advanced to BHI on or about the Effective Date in Euro.
- 3.2. Mara Delta intends to fund the Convertible Loan and Committed Shareholder Loan through the issue of new Mara Delta ordinary shares to existing and interested new investors (via a vendor consideration placement and issue for cash) and debt.

4. LEASE

- 4.1. The Transaction is conditional upon the conclusion of the Lease. In terms of the Lease, the lease will be for a period of 15 years from the Effective Date, with NMH, as tenant, having the option to renew the lease for a further three successive periods of 10 years each.
- 4.2. The rental due under the Lease will comprise a fixed rent component only, payable monthly in advance in Euro and will be equal to the Transfer Value multiplied by 7.5% and divided by 12. The rental will be subject

to an annual escalation over the lease term by the higher of 1% or the annual Harmonised European Consumer Purchase Index.

- 4.3. The Lease will be a triple-net lease with NMH, as tenant, being obliged to fully repair, maintain and insure the Properties.
- 4.4. Should NMH's net asset value ("**NAV**") post the completion of the Transaction decrease by more than 25% compared to NMH's current NAV less the value of the Properties as at 30 September 2015, NMH will provide BHI with a bank guarantee equal to 12 months' rent (or 24 months' rent if NMH is in breach of the Lease).

5. BHI LOANS

BHI will obtain a bank debt facility for EUR 50 000 000 on or about the Effective Date, resulting in relatively low gearing ratio of 32.15%.

6. CONDITIONS PRECEDENT

- 6.1. The advancing of the Convertible Loan by LPNM to BHI, as contemplated in paragraph 1.2.3 above, is conditional upon the fulfilment, or waiver by LPNM, of the following conditions precedent ("**Convertible Loan Conditions Precedent**"):
 - 6.1.1. LPNM receiving certified copies of the applicable, duly approved BHI board and shareholder resolutions;
 - 6.1.2. LPNM adopting the requisite board resolutions;
 - 6.1.3. NMH having effectively transferred the Properties and having provided the Shareholder Loans to BHI; and
 - 6.1.4. LPNM raising sufficient funds to provide the Convertible Loan.
- 6.2. The Conversion of the Convertible Loan, as contemplated in paragraph 1.2.3 above, will occur following the fulfilment or waiver by the parties of the following conditions precedent ("**Completion Conditions**"):
 - 6.2.1. LPNM providing a certificate to NMH confirming completion of its legal, financial and technical due diligence on BHI and the Properties;
 - 6.2.2. NMH providing a copy to LPNM of all necessary clearance, licence and authorisation from the relevant authorities in Mauritius to transfer the Properties to BHI and to conclude the Transaction;
 - 6.2.3. written confirmation of LPNM funding for the Convertible Loan and execution of the Committed Shareholder Loan;
 - 6.2.4. LPNM obtaining all necessary clearance, licence and authorisation from the relevant authorities in Mauritius to conclude the Transaction;
 - 6.2.5. LPNM and NMH obtaining authorisation from any regulatory authorities for the Transaction, to the extent necessary;
 - 6.2.6. proof and confirmation of the effective transfer of the Properties to BHI;
 - 6.2.7. the requisite resolutions being duly adopted by the board and shareholders of BHI;
 - 6.2.8. delivery by NMH to LPNM of a letter disclosing the detailed particulars of the Properties;
 - 6.2.9. confirmation that adequate directors' and officers' liability insurance have been effected on such terms as shall be approved by the parties in respect of each of the NMH directors and LPNM directors;

- 6.2.10. receipt by each party of the directors' resolutions of the other party approving the entering into of the SSA, the Lease and other related agreements; and
- 6.2.11. NMH remitting a copy of the letter(s) sent by the bank confirming that the Properties no longer form part of any existing floating charges provided by NMH.
- 6.3. If the Completion Conditions have not been satisfied or waived, as the case may be, by 31 March 2017, then the SSA shall automatically terminate.
- 6.4. The advancing of the Committed Shareholder Loan, as contemplated in paragraph 1.2.4 above, is conditional upon the fulfilment, or waiver by LPNM, of the following conditions precedent ("**Committed Shareholder Loan Conditions Precedent**"):
 - 6.4.1. LPNM receiving certified copies of the applicable, duly approved BHI board and shareholder resolutions;
 - 6.4.2. LPNM adopting the requisite board resolutions;
 - 6.4.3. LPNM raising sufficient funds to provide the Committed Shareholder Loan.

7. **WARRANTIES AND OTHER MATERIAL TERMS**

- 7.1. The SSA contains warranties by NMH and BHI in favour of LPNM that are standard for a transaction of this nature.
- 7.2. The SSA contains certain reserve matters which prevent NMH, as majority shareholder of BHI, from performing the following material transactions without the approval of LPNM, *inter alia*:
 - 7.2.1. the acquisition and disposal of assets;
 - 7.2.2. the approval and adoption of the annual budget/business plan of BHI or any of its subsidiaries;
 - 7.2.3. any amendment, modification or the taking of any action that would be inconsistent with the budget/business plan then in effect by more than 10%;
 - 7.2.4. affiliated or related party transactions, agreements or arrangements between BHI and NMH; and
 - 7.2.5. an increase of the total indebtedness of BHI and/or the creation of an encumbrance over the assets of BHI for a value above EUR 50 000 000 (which has been pre-approved by both parties).
- 7.3. Following the Effective Date, LPNM will be entitled, in its sole discretion, at a later stage, to advance a further shareholder loan of EUR 18 500 000 to BHI.
- 7.4. LPNM has granted NMH a call option to purchase the 44.4228% ordinary shareholding held by LPNM in BHI ("**Call Option Shares**"), which call option will be exercisable between the 7th and 10th anniversary of the Effective Date. The price payable by NMH for the Call Option Shares will be payable in Euro and calculated as follows ("**Call Option Price**"):
 - 7.4.1. $\text{Number of shares held by LPNM in BHI} \div \text{the total number of shares in issue in BHI} \times ((12 \text{ month normalised forward gross rental} \div 7.4\% \text{ or } 7.5\%) - \text{net debt} + \text{value of any capital expenditure in progress, at cost})$.
 - 7.4.2. if exercised between years 7, 8 or 9, the Call Option Price will be determined using a 7.4% forward gross rental yield; and
 - 7.4.3. if exercised in year 10, the Call Option Price will be determined using a 7.5% forward gross rental yield.

7.5. Notwithstanding anything to the contrary, the Call Option Price shall be limited so as to not result in any of the percentage ratios in paragraph 9.6 of the JSE Listings Requirements exceeding 29.99% of the market capitalisation of Mara Delta (or such other percentage as may, at the time of the exercise of the call option, require the sale of such BHI shares to NMH to be approved by Mara Delta shareholders), provided that the ratio of 29.99% (or such other percentage ratio, as the case may be) may be exceeded where the sale of the such BHI shares is, at the time of the exercise of the call option, approved by Mara Delta shareholders (to the extent that such approval may be required under the JSE Listings Requirements at that time).

8. THE PROPERTIES

8.1. The details of the Properties are as follows:

Property Name and Address	Geographical Location	Sector	Rooms	Gross Lettable Area (m ²)	Weighted Average Gross Rental/m ² /pm (USD)
Le Victoria Pointe aux Piments, Pamplemousses	Northern Mauritius	Leisure	254	37,294	11.23
Le Canonnier Pointe aux Canoniers, Pamplemousses	Northern Mauritius	Leisure	284	25,248	13.16
Le Mauricia Grand Baie, Rivière du Rempart	Northern Mauritius	Leisure	238	23,266	13.64

8.2. An exchange rate of USD1.1:EUR1 was used in the conversion of the rental to calculate the rental per square meter per month in US Dollars.

8.3. Details regarding the Property, as at the expected Effective Date of 2 December 2016, are set out below:

Purchase Yield Attributable to Shareholders	Weighted Average Escalation	Lease Duration (years)	Vacancy % by Gross Lettable Area
8.6%	1%	15 years	0%

Notes:

- The costs associated with the Transaction are estimated at USD 190 000, including equity and debt raising costs.
- It has been assumed, for purposes of calculating the above purchase yield attributable to shareholders, that the Properties will be financed through a combination of debt and equity consisting of 33.2% debt at an interest rate of 4.25%.
- It has been assumed that Mara Delta will obtain debt funding of EUR 9 000 000 at 4.25% to part fund the Transaction.
- It has been assumed that a EUR10 000 000 preference share will be issued by LPNM at 6.5% to part fund the Transaction.
- The Properties have been valued, as at 14 November 2016, by Broll Indian Ocean Limited, an independent external chartered valuer, who has attributed a value of EUR 156 000 000 to the Properties.
- Should LPNM advance the optional EUR 18 500 000 shareholder loan to BHI, this will result in a yield of 8.73%.

9. FORECAST FINANCIAL INFORMATION OF THE TRANSACTION

The forecast financial information relating to the Transaction 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 7 month period ending 30 June 2017 (USD)	Forecast for the 12-month period ending 30 June 2018 (USD)
Revenue – contracted income from associate	2,399,946	4,208,380
Revenue – uncontracted income from associate	0	0
Near contracted revenue from associate	0	0
Non-rental revenue from associate	0	0
Operating expenses	0	0
Operational net income	2,399,946	4,208,380
Net profit after finance costs and tax	2,154,509	3,787,630
Earnings available for distribution for:		
- Mara Delta ordinary shareholders	1,737,425	3,072,630
- LPNM preference shareholders	417,083	715,000
Forecast distribution for:		
- Mara Delta ordinary shareholders	1,737,425	3,072,630
- LPNM preference shareholders	417,083	715,000

Notes:

- a. Contracted income is based on the flow through signed Lease.
- b. There is no uncontracted revenue or near contracted revenue in the Transaction.
- c. Operating expenses are zero as the Lease 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 0%.
- e. The Transaction is anticipated to enhance Mara Delta's previously forecasted distributions.
- f. The forecast information assumes that LPNM will advance a further optional loan of EUR 18 500 000 to BHI, such loan to be funded by Mara Delta by means of new equity.

10. WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

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

11. CATEGORISATION

- 11.1. The Transaction qualifies as a category 2 acquisition for Mara Delta in terms of the JSE Listings Requirements.
- 11.2. The Transaction 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.

18 November 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

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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: SBM Securities Ltd

SEM authorised representative and sponsor: Perigeum Capital Ltd

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.