

DELTA AFRICA PROPERTY HOLDINGS LIMITED

(Registered by continuation in the Republic of Mauritius)

(Registration number 128881 C1/GBL)

JSE share code: DLA

SEM share code: DEL.N0000

ISIN: MU0473N00010

("Delta")



ACQUISITION OF A NEW A-GRADE MAURITIAN PROPERTY AND CAUTIONARY ANNOUNCEMENT

1. INTRODUCTION

- 1.1. Shareholders are advised that on 6 November 2015, Delta, through its wholly-owned subsidiary, BH Property Investments Limited ("**BH Property**"), entered into an agreement ("**Agreement**") with Jade Towers Limited ("**Seller**"), relating to the intended purchase ("**Acquisition**") by Delta from the Seller of all immovable property (including the building known as "Barclays House") and leasehold rights in immovable property relating to Barclays House, erected on Lot Number 68 and Lot Number 68A, situated in Moka, Ebene, Mauritius ("**Property**"), for a purchase price of MUR470 million (approximately USD13.1 million) plus value-added tax ("**Purchase Price**"). The Property is currently demised to the Seller by Business Parks of Mauritius Limited under two 30 year leases, running from 29 August 2005 and 21 September 2006.
- 1.2. As required under Mauritian law, the Agreement takes the form of a "compromis de vente". Following the fulfilment of the suspensive conditions detailed in paragraph 5 below ("**Suspensive Conditions**"), a formal deed of sale will be concluded between the parties setting out the detailed terms of the Acquisition ("**Deed of Sale**").
- 1.3. Subject to the Suspensive Conditions being fulfilled and the Deed of Sale being concluded and becoming unconditional, it is anticipated that the Acquisition will be implemented with effect from 1 December 2015 ("**Effective Date**").
- 1.4. Delta will make a further announcement following the conclusion of the Deed of Sale, containing additional particulars regarding the Acquisition and its terms, as set out in the Deed of Sale.

2. RATIONALE FOR THE ACQUISITION

Delta has identified an A grade building with a blue chip tenant on a long-term lease, presenting an opportunity to enter a new market in Africa in line with Delta's investment strategy. Mauritius has been targeted as an investment destination due to its stable economy and to further capitalise on the group's existing infrastructure in Mauritius.

3. PURCHASE PRICE

- 3.1. The Purchase Price will be settled on the Effective Date.
- 3.2. Delta intends to fund the Purchase Price through the issue of new Delta ordinary shares to existing and interested new investors (vendor consideration placement) and debt from a Mauritian bond program.

4. EFFECTIVE DATE

- 4.1. Ownership of the building and leasehold rights in the Property shall transfer to Delta at the completion of the sale pursuant to signature of the Deed of Sale in consideration for the Purchase Price.
- 4.2. In terms of the Agreement, the right to receive payment of rentals for the Property will transfer to Delta on the condition that should the Suspensive Conditions not be fulfilled and satisfied and the Deed of Sale not be proceeded with, Delta will refund all rentals so collected, upon first demand, with interest at a rate of 5% per annum.

5. SUSPENSIVE CONDITIONS

- 5.1. The signing of the Deed of Sale will occur subject to the following Suspensive Conditions:
- 5.1.1. that, by close of business on 30 November 2015, as a result of the provisions of the Mauritian Non-Citizens (Property Restriction) Act 1975 and Registration Duty Act, as amended by The Finance (Miscellaneous Provisions) Act 2009, all necessary authorisations be obtained from relevant institutions in order to ensure compliance with the laws of Mauritius;
- 5.1.2. that, by close of business on 30 November 2015, written authorisation be obtained from Business Parks of Mauritius Limited for the sale/transfer of the leasehold rights in the Property from the Seller to Delta;
- 5.1.3. that, by close of business on 25 November 2015, confirmation in writing be obtained that Delta has raised sufficient equity with which to fund the Acquisition; and
- 5.1.4. that, by close of business on 30 November 2015, the Seller obtains a legal opinion as to the structure of the Acquisition.
- 5.2. Where the Suspensive Condition in paragraph 5.1.1 above is not completed by 25 November 2015 and the necessary authorisation from relevant institutions is not obtained on the said date, Delta may request an extension of the deadline for such period as shall be required, from the Seller, on the basis of a letter issued by Mardemootoo Solicitors confirming the status of the application for the authorisation with the Board of Investment and provided the Acquisition is completed by 31 December 2015.

6. OTHER TERMS

The Agreement provides that, upon signature of the Deed of Sale and effective transfer of the Property, Delta will take possession of the rights and Property, in the state they presently are, without having the right to take any legal action against the Seller for any reason whatsoever, namely for any bad state of the ground and underground, defects in construction or other defects, even those not revealed, shared, in common or in alignment, as well as without guarantee of any error in description or extent indicated, whatever be the difference more or less, without any right to claim any indemnity or diminution of ripe for reason of big or small repairs that would be necessary.

7. THE PROPERTY

- 7.1. The details of the Property are as follows:

Property Name and Address	Geographical Location	Sector	Gross Lettable Area (m ²)	Weighted Average Gross Rental/m ² (USD)
Barclays House 68-68A, Cybercity	Ebene, Mauritius	Office	7,700	12.0

- 7.2. Details regarding the Property, as at the expected Effective Date of 1 December 2015, are set out below:

Purchase Yield Attributable to Shareholders	Weighted Average Escalation	Lease Duration (years)	Vacancy % by Gross Lettable Area
7.3%	80% of rent: preceding 3 years CPI up to a maximum of 20% 20% of rent: 5% p.a.	10 years, 7 months (weighted)	0%

Notes:

- a) The costs associated with the Acquisition are estimated at USD1 581 841, including equity and debt raising costs.
- b) The Property has been valued by Broll Indian Ocean Limited, external chartered valuers, who have attributed a value of MUR490 million (approximately USD13.6 million) to the Property.

7.3. Delta intends forward selling the Rupee income from the Property into United States Dollars on a quarterly basis for a period of three years.

8. FORECAST FINANCIAL INFORMATION OF THE ACQUISITION

The forecast financial information relating to the Acquisition for the financial periods ending 30 June 2016 and 30 June 2017 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 Listing Rules of the Stock Exchange of Mauritius Ltd (“SEM”) and is the responsibility of Delta’s directors.

	Forecast for the 7 month period ending 30 June 2016 (USD)	Forecast for the 12 month period ending 30 June 2017 (USD)
Revenue – contracted income	651,372	1,119,851
Revenue – uncontracted income	0	0
Operating expenses	32,539	56,287
Operational net income	618,833	1,063,563
Net profit after tax	689,199	1,200,823
Earnings available for distribution	308,094	528,446

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. Uncontracted income (which is 0% of total rentals for both the 7 month period ending 30 June 2016 and the 12 month period ending 30 June 2017) is assumed as the rentals per lapsed leased proposals.
- c. Operating expenses do not contain any material individual expenditure items.
- d. The above net profit after tax includes an assumed fair value adjustment of 5%. The net profit after tax excluding fair value adjustment is equal to the above earnings available for distribution.
- e. The above forecast figures reflect the position post currency hedge.

9. CAUTIONARY ANNOUNCEMENT

- 9.1. As indicated above, it is envisaged that, following the fulfilment of the Suspensive Conditions, a formal Deed of Sale will be concluded between BH Property and the Seller setting out the detailed terms of Acquisition, including any conditions precedent to the implementation of the Acquisition, as well as warranties and other significant terms.
- 9.2. Accordingly, shareholders are advised to exercise caution when dealing in Delta's securities until a full announcement is made by Delta in this regard.

10. CATEGORISATION

- 10.1. The Acquisition qualifies as a Category 2 acquisition for Delta in terms of the JSE Listings Requirements.
- 10.2. The Acquisition constitutes an undertaking in the ordinary course of business of Delta and therefore does not fall under the scope of Chapter 13 of the SEM Listing Rules.

9 November 2015

Directors: Sandile Nomvete (chairman), Greg Pearson*, Greg Booyens*, Bronwyn Anne Corbett*, Peter Todd (lead independent), Maheshwar Doorgakant, Chandra Kumar Gujadhur, Ian Macleod and Leon van de Moortele*
(*executive director)

Company Secretary: Apex Fund Services (Mauritius) Ltd

Registered address: 4th Floor, Raffles Tower, 19 Cybercity, Ebene, Mauritius

Transfer secretary in South Africa: Computershare Investor Services Proprietary Limited

Registrar and Transfer Agent (Mauritius): Mauritius Computing Services Ltd

Corporate advisor and JSE Sponsor: PSG Capital (Pty) Ltd

SEM sponsor: Capital Markets Brokers 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 Delta Africa Property Holdings Limited accepts full responsibility for the accuracy of the information contained in this communiqué.