

**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")



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## ACQUISITION OF WAREHOUSING COMPOUND IN MOZAMBIQUE LEASED BY TWO MULTI-NATIONAL TENANTS WITH DOLLAR UNDERPINNED LEASES

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### 1. INTRODUCTION

- 1.1. Shareholders are advised that on 16 February 2016 Delta, through its wholly-owned subsidiary, Delta International Mauritius Limited, entered into an agreement ("**Agreement**") with Great Lakes Property (Mozambique) Limited ("**Seller**"), Sonera Foundation ("**Sonera**"), Hodarihold Limited ("**Hodari**") and CD Properties Limited ("**CD Properties**"), in order to amend and revive a share sale agreement ("**Initial Sale Agreement**") that was previously concluded between the above parties (other than Delta), but which was not implemented. The Initial Sale Agreement, as amended and revived by the Agreement, is hereafter referred to as the "**Acquisition Agreement**".
- 1.2. In terms of the Acquisition Agreement, Delta will purchase the entire issued share capital of CD Properties ("**Sale Shares**"), which is incorporated in Mauritius, from the Seller, and will take cession and assignment of the rights and obligations of Sonera and Hodari under the Initial Sale Agreement, such sale and such cession and assignment to occur on the terms, and subject to the conditions, set out in the Acquisition Agreement ("**Transaction**").
- 1.3. CD Properties holds 98% of the issued ordinary share capital of Gateway Properties Limitada ("**Gateway Properties**"), a company incorporated in Mozambique, which is due to acquire the Plexus Warehousing Complex Downtown, corner Road No.1 and Avenue Marginal, Pemba City, Mozambique ("**Property**") from Plexus Mozambique Limitada ("**Plexus**"), pursuant to a promissory purchase and sale agreement concluded between Gateway Properties and Plexus on 10 November 2015, subject to certain conditions precedent being fulfilled ("**Gateway Agreement**"). An amendment agreement will be concluded between Plexus and Gateway on or about 19 February 2016 to amend those conditions precedent in the Gateway Agreement.
- 1.4. In terms of the Acquisition Agreement, Commotor Limitada ("**Commotor**"), a wholly-owned subsidiary of Delta, will acquire the remaining 2% in Gateway Properties' issued ordinary share capital from Nicolas Peter Francis Earlam ("**Earlam**") and Fritz Alexander Grobien ("**Grobien**"), each of whom holds 1% of such issued share capital.

### 2. RATIONALE FOR THE TRANSACTION

- 2.1. Delta has identified this well-positioned warehouse complex opposite the port in Pemba, Mozambique as an opportunity to expand its footprint in Mozambique. With the discovery of gas in the Rovuma river basin in the northern province of Cabo Delgado, Pemba is forecast to receive significant investment from both the oil and gas sector and the Government of Mozambique.
- 2.2. The investment also meets Delta's stringent investment criteria of strong counterparty leases underpinned by long-term dollar-based leases.
- 2.3. The following salient points should be highlighted:
  - 2.3.1. the investment is headlined by the following leases:

- 2.3.1.1. Bollore African Logistics Mozambique, S.A., Africa's largest transport and logistics operator, is leasing warehouses 2 to 7 on a 5 year term;
- 2.3.1.2. Plexus is leasing warehouse 1 on a 5 year term. Plexus has operations on three continents and is currently the largest cotton producer in Mozambique; and
- 2.3.2. the leases are USD denominated, payable in either United States Dollars or Mozambican Meticaais.

### 3. PURCHASE CONSIDERATION

- 3.1. The total purchase consideration due under the Acquisition Agreement amounts to USD 8,499,888 ("**Purchase Consideration**"), of which:
  - 3.1.1. USD 5,800,000 will be advanced as a loan by Commotor or its nominee in Mozambique to Gateway Properties, to allow the latter to pay the purchase price due under the Gateway Agreement for the Property to Plexus. Such purchase price is to be paid by Gateway Properties on the date on which the last of the Conditions Precedent (as defined in paragraph 5 below) is fulfilled ("**Payment Date**"), at which point Gateway Properties will be a subsidiary of Delta;
  - 3.1.2. USD 799,888 will be paid to the Seller on the Payment Date;
  - 3.1.3. USD 1,200,000 is due to Hodari, of which USD 500,000 is to be used by Hodari to refurbish the Property. This amount of USD 1,200,000 is to be settled by way of a payment of USD 400,000 to Hodari on the Payment Date, with the remainder to be paid to Hodari within 90 days thereafter; and
  - 3.1.4. USD 700,000 is due to Sonera, of which USD 400,000 is to be paid to Sonera on the Payment Date, with the remainder being paid Sonera within 90 days thereafter.
- 3.2. An adjustment account will be finalised within 90 days after transfer to account for any other assets or liabilities attributable to the Transaction.
- 3.3. Delta intends to fund the Purchase Consideration and all transaction costs by way of placing of Delta shares in terms of the Stock Exchange of Mauritius Ltd ("**SEM**") Listing Rules and a vendor consideration placement of Delta shares in terms of the JSE Listing Requirements to third parties and/or debt funding.

### 4. EFFECTIVE DATE

Subject to the Conditions Precedent, as indicated in paragraph 5 below, being fulfilled or, where applicable waived, the Transaction will be deemed to have become effective on 1 December 2015 ("**Effective Date**").

### 5. CONDITIONS PRECEDENT

- 5.1. The Acquisition Agreement is subject to the following conditions precedent ("**Conditions Precedent**"):
  - 5.1.1. that Earlam and Grobien unconditionally transfer and assign their shares in Gateway Properties to Commotor;
  - 5.1.2. that, by 29 February 2016, Delta's due diligence investigation in respect of CD Properties, Gateway Properties and the Property be completed to Delta's satisfaction;
  - 5.1.3. that, by 29 February 2016, Delta's board of directors has approved the entering into of the Acquisition Agreement and all other agreements and transaction contemplated therein to which Delta is a party;
  - 5.1.4. that, by 29 February 2016, the Seller's board of directors has approved the entering into of the Acquisition Agreement and all other agreements and transaction contemplated therein to which the Seller is a party;

- 5.1.5. that, by 29 February 2016, Delta confirms to the Seller, Sonera and Hodari that it has succeeded in raising the equity required to pay the Purchase Consideration;
- 5.1.6. that, by 29 February 2016, Delta and Gateway Properties confirm that Commotor (or its nominee) and Gateway have entered into a loan agreement, in terms of which Commotor (or its nominee) will advance an amount of USD 5,800,000 to Gateway Properties to allow Gateway Properties to purchase the Property from Plexus under the Gateway Agreement;
- 5.1.7. that, by 29 February 2016, a five-year lease is signed between Plexus and Gateway Properties in respect of warehouse 1 of the Property at the rate of USD 15,000 per month, the effectiveness of which shall be contingent on the transfer of the Property from Plexus to Gateway Properties; and
- 5.1.8. that, by 29 February 2016, a public deed of purchase and sale of the Property to Gateway Properties be executed.
- 5.2. The parties to the Acquisition Agreement may agree to extend the date for fulfilment of one or more of the Conditions Precedent prior to the expiry of the relevant time periods set out in paragraph 5.1 above.
- 5.3. Unless all Conditions Precedent have been fulfilled or waived by not later than the relevant dates for fulfilment thereof, as set out in paragraph 5.1 above (or such later date or dates as may be agreed in writing between the parties before the aforesaid date or dates) the provisions of the Acquisition Agreement will never become of any force of effect and the *status quo ante* will be restored as near as may be possible and none of the parties to the Acquisition Agreement will have any claim against the others in terms thereof or arising from the failure of the Conditions Precedent.

## 6. CONDITIONS SUBSEQUENT

- 6.1. In addition to the Conditions Precedent detailed in paragraph 5 above, the Acquisition Agreement is also subject to the following conditions subsequent ("**Conditions Subsequent**"):
  - 6.1.1. that, by 1 March 2016, the correction of the quotas of Gateway Properties, be recorded in the Official Gazette of Mozambique (*Boletim da Republica*) to reflect correctly the proportions of the quotholding in both percentage and amounts; and
  - 6.1.2. that, by 1 March 2016, all other authorisations and conditions necessary to ensure that foreign direct investment, whether as equity or loans, can be transferred to Gateway Properties and Gateway Properties can freely expatriate dividends to CD Properties and Commotor, shall have been obtained.
- 6.2. Unless the Conditions Subsequent have been fulfilled by the dates required for each (or any extension of such date/s) or waived by Delta, the following will occur:
  - 6.2.1. within 30 business days of written notice from the Seller to Delta of the non-fulfilment of any Condition Subsequent, the Seller shall remit to Hodari and Sonera the amount of USD 25,000 each to cover time spent and out-of-pocket costs (including due diligence costs, surveys, travel to Pemba, among others) during the period of negotiation of the transaction; and
  - 6.2.2. within 45 business days of the date of such written notice of non-fulfilment, the Seller shall purchase back the Sale Shares from Delta for the same amount for which they were. All transactions costs for this transaction will be for the account of the Seller.

## 7. WARRANTIES

The Seller has provided warranties to Delta that are standard for a transaction of this nature.

## 8. THE PROPERTY

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

Property Name and Address	Geographical Location	Sector	Gross Lettable Area (m <sup>2</sup> )	Weighted Average Gross Rental/m <sup>2</sup> (USD)
Plexus Warehousing Complex Downtown, corner Road No.1 and Avenue Marginal, Pemba City	Pemba, Mozambique	Light Industrial	6,374	11.8

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

Property Name and Address	Purchase Yield Attributable to Shareholders	Weighted Average Escalation	Lease Duration (years)	Vacancy % by GLA
Plexus Warehousing Complex Downtown, corner Road No.1 and Avenue Marginal, Pemba City.	9.3%	0%	4.3 years	0.0%

Notes:

- a) The costs associated with the Transaction are estimated at USD 576,779.
- b) The Property has been valued by Jones Lang LaSalle Proprietary Limited, independent and registered professional valuers in terms of the Property Valuers Profession Act, No. 47 of 2000, who have attributed a value of USD 8,663,000 as at 31 December 2015.

## 9. FORECAST FINANCIAL INFORMATION OF THE TRANSACTION

The forecast financial information relating to the Transaction 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 SEM Listing Rules 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 – uncontracted income	525,000	900,000
Revenue – uncontracted income	0	0
Property expenses	(15,750)	(27,900)
<b>Net property income</b>	<b>509,250</b>	<b>872,550</b>
Administration fees	(6,417)	(11,880)
Asset management fees	(25,251)	(45,452)
<b>Operating profit</b>	<b>477,582</b>	<b>815,218</b>
Finance costs	(251,156)	(416,053)
<b>Profit before tax</b>	<b>226,426</b>	<b>399,165</b>
Tax	(63,918)	(113,610)
<b>Income attributable to shareholders</b>	<b>162,508</b>	<b>285,555</b>
<b>Earnings available for distribution</b>	<b>162,508</b>	<b>285,555</b>

Notes:

- a) Contracted income is based on current signed leases.

- b) There is no uncontracted rental revenue or near-contracted rental revenue for either the 7 month period ending 30 June 2016 or the 12 month period ending 30 June 2017.
- c) There is no non-rental revenue for either the 7 month period ending 30 June 2016 or the 12 month period ending 30 June 2017.
- d) No rental guarantee has been provided to Delta.
- e) Operating expenses do not contain any material individual expenditure items.

## 10. CATEGORISATION

- 10.1. The Transaction qualifies as a Category 2 acquisition for Delta in terms of the JSE Listings Requirements.
- 10.2. The Transaction 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.
- 10.3. On implementation of the Transaction, CD Properties will become a subsidiary of Delta. In this regard, Delta confirms that the requirements of paragraph 10.21 of Schedule 10 of the JSE Listings Requirements will be complied with.

## 11. GENERAL

- 11.1. Delta Africa has its primary listings on both the Official Market of the SEM and the Main Board of JSE Limited.

16 February 2016

JSE sponsor and corporate advisor to Delta



Company Secretary to Delta



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

**Company Secretary:** Intercontinental Fund Services Ltd

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

**Transfer secretary in South Africa:** Computershare Investor Services (Pty) Ltd

**Registrar and Transfer Agent (Mauritius):** Intercontinental Secretarial 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.