

SHAREHOLDER REPORT HI 2016



GBL1 Mauritian Company

Incorporated June 27th, 2014

REGISTERED OFFICE

Mauritius

OFFICES

Maris Kenya
Maris Mozambique
Maris Advisors UK

DIVISIONS

Property
Services
Mining
Agriculture, Forestry and Food

SHAREHOLDERS

88

BOARD OF DIRECTORS

David Morrison (*Chairman*)
Marc Beuls
Nicholas Ferguson
Iwan Meister
Henry Obi
Raju Shaulis
Charlie Tryon (*Chief Executive*)

Ashish Luchowa (*IFS representative*)
Vehlen Runghien (*IFS representative*)

At a time when global growth is subdued, Africa continues to battle headwinds. After two years of falling currencies and a slump in commodity prices, investor sentiment remains poor. Many investors are falling out of love with the continent just at the time when good deal opportunities are emerging.

African public market funds are underwater while currency falls against the USD have driven down valuations of some private equity funds by as much as 50%. The outlook will remain challenging until investors return to emerging markets, and life returns to the commodity sector. Despite this, GDP growth forecasts across our markets remain at almost double the global rate.

Within our target markets we have seen a wide range of challenges continue into 2016. A select elite within the Mozambican government has been implicated in a \$1.4bn bond fraud and embezzlement scandal that has choked off budget support from the IMF. Zimbabwe continues its slide towards bankruptcy and electronic dollars are trading at a 20% discount to physical cash. In Angola the forex crisis continues unabated, and the scarcity of USD continues to render trading close to impossible.

South Sudan is back at war and the government has lost control of its army and its credibility. The peace agreement signed earlier in 2016 lies in tatters, an unsurprising result of poor diplomacy. Last month's heavy fighting in Juba, which saw Acacia Village guests and staff evacuated, marked an inevitable climax to the plan that two opposing armies share a city, and their commanders share power. With Juba now free of opposition forces the situation should remain calm but conflict is likely to rumble on as the government fights various opposition groups around the country.

Amidst a raft of bad headlines, there is some better news: H1 2016 was the best half year of trading we have seen at Maris and we substantially outperformed H1 2015. The freeze in sales of JCB's in Angola, and a weak construction market in Tanzania saw group revenues up only 2%, but Net Income at the group level was up 191% at \$900k, a marked turnaround from the \$1m loss seen in H1 2015.

Following a 20% rally of the Gold price in H1 our mining division was the stand out performer. Revenues were up 64% at \$5.9m, supported by Venice Mine. The company has emerged from its start-up phase to post a \$632k profit YTD and is adding to steady performance at Karebe.

Our Agriculture, Forestry and Food division has continued its recovery led by very strong performance at Equatoria Teak Company, where revenues are up 128% at \$3m. The division has seen net income increase by 104% on H1 2015 and whilst a good result, this is below expectations after a severe drought in 2015 depressed tea yields at Tatepa.

The property division has seen little growth as a result of a marked slowdown in Mozambique and another deferral of the Final Investment Decision on the gas train development in Pemba. Despite this we have managed to increase occupancy levels to 89% across our warehousing assets in Mozambique, a creditable performance in a quiet market.

We are realising our ambition to build an East Africa focused warehousing and logistics platform. Maris Real Estate has been re-branded Africa Logistics Properties and the team, led by Toby Selman, has secured two prime development sites in Nairobi. Tenant interest is encouraging and we have soft commitments from institutional investors in excess of our \$50m target. We are working to close the financing in Q4 and start construction thereafter.

With the wind at our backs and the economies in our target countries looking close to the bottom, we feel that the next few years could mark a good opportunity for buyers. Smaller private equity funds are being liquidated and entrepreneurs are taking a more realistic approach to valuations. With this in mind, we are considering raising additional capital for Maris, while working to avoid excessive dilution. We have interest from institutional investors and will share a proposal with shareholders at our annual Shareholder Meeting in London on 13th September.

Charlie Tryon

HI 2016 (GROUP EQUITY BASIS)

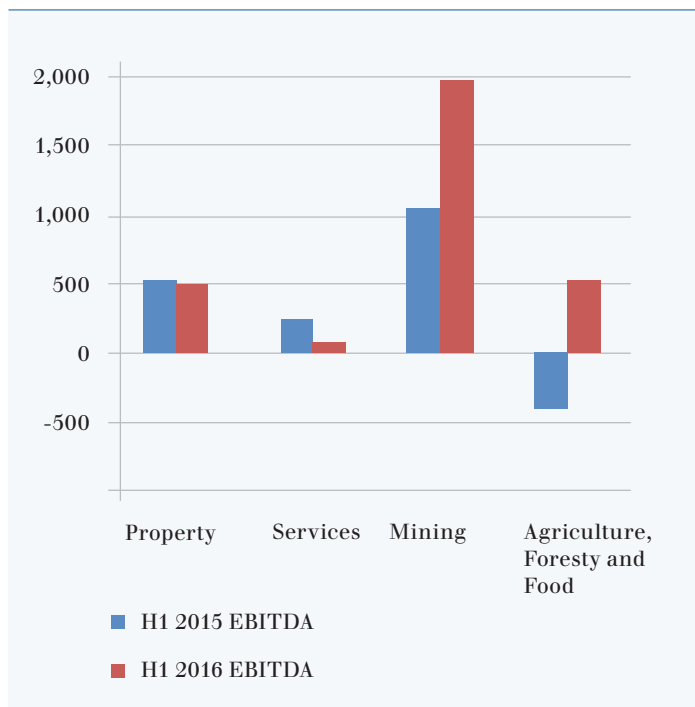
PERFORMANCE	FY 2015	HI 2015	HI 2016	DIFF
USD				
Revenue	\$26.2m	\$13.1m	\$13.4m	2%
Gross Profit	\$16.1m	\$6.9m	\$8.5m	23%
EBITDA (Companies)	\$4.5m	\$1.7m	\$3.1m	84%
Net Profit (Companies)	\$1.1m	\$0.0m	\$2.0m	-
Group PAT (after group costs & eliminations)	(\$1.5m)	(\$1.0m)	\$0.9m	191%

HOLDINGS	YE 2015	HI 2016
Value of investments*	\$64.2m	\$68.0m
Cash within Maris Ltd	\$9.0m	\$5.5m
Other assets	\$0.3m	\$0.3m
Liabilities	(\$0.2m)	(\$0.1m)
NAV	\$73.3m	\$73.7m
Market Cap (inc goodwill)**	\$76.4m	\$76.8m
Maris Limited Share Price	0.90	0.90

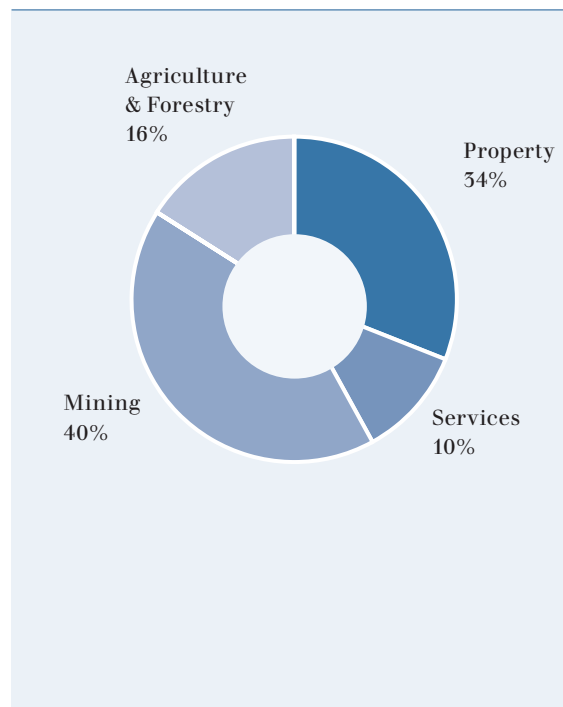
* Unaudited valuations are based on YE 2015 audited valuations plus any incremental investment at cost. Unaudited valuations to end June 2016 are under review by the Audit Committee.

** Market Capitalisation includes the goodwill premium at Q3 2014 capital raise.

EBITDA BY DIVISION USD 000



VALUATION BY DIVISION



HI 2016
EQUITY BASIS

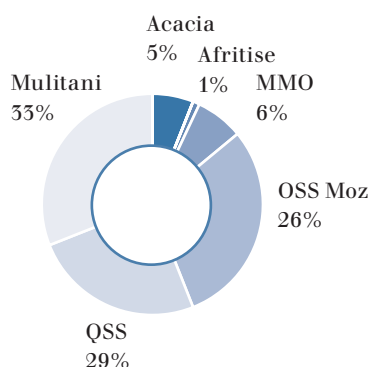
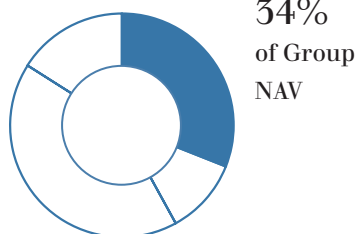
SECTORS USD MARIS INVESTED CAPITAL	INVESTED \$	CAPITAL 2014 - HI 2016 %	VALUATION DATE	MONEY	
				VALUE	MULTIPLE
Property	24,909,795	53%	Dec-15	23,081,771	0.95x
Services	13,072,307	18%	Dec-15	7,021,265	0.54x
Mining	24,736,310	53%	Dec-15	27,353,333	1.11x
Agriculture, Forestry and Food	11,565,885	16%	Dec-15	10,538,608	0.91x
Total	74,282,295			67,994,976	0.92x

OPERATING PERFORMANCE USD REVENUE	HI 2015	HI 2016	% DIFF
Property	1,755,252	2,243,687	28%
Services	5,647,661	2,050,271	-64%
Mining	3,616,657	5,924,883	64%
Agriculture, Forestry & Food	1,995,504	3,210,489	61%
Total	13,013,075	13,429,331	3%

EBITDA			
Property	571,456	530,486	-7%
Services	268,775	96,760	-64%
Mining	1,121,405	1,973,890	76%
Agriculture, Forestry and Food	(382,979)	533,610	239%
Total	1,578,656	3,134,747	99%

NOPAT*			
Property	308,795	269,508	-15%
Services	(164,421)	14,776	109%
Mining	577,703	1,304,588	126%
Agriculture, Forestry & Food	(670,558)	381,856	157%
	51,519	1,970,727	

*NOPAT represents the net profit of the divisions prior to group interest and management charges



	HI 2016	HI 2015	DIFF.
Revenues	\$2.2m	\$1.7m	28%
EBITDA	\$0.5m	\$0.5m	-7%
NOPAT	\$0.3m	\$0.3m	-13%

DIVISION OVERVIEW

Despite a deteriorating environment in Mozambique and a fall in the Metical, our property division posted encouraging results and a tenant has been secured for our new warehouses in Nacala. Renewed conflict in South Sudan saw Maris evacuate staff from Acacia Village, but despite this, occupancy remains encouraging.

- *Mulitani* has maintained occupancy at 97%, and its anchor tenant is contracted to remain in place into 2017.
- *Kaia Village* has seen occupancy drop below 40% due to the slow down of the LNG industry and costs have been cut.
- *OSS Mozambique* has seen occupancy of 89% following the rental of the newly completed units in Nacala to an international fertilizer company.
- *Acacia Village* saw occupancy rise over 50% as two new NGO clients rented rooms in the complex. Staff were safely evacuated in July due to an outbreak of fighting, but the hotel is operational again.
- *MMO* has secured new premises for its serviced offices and continues to operate ahead of expectations.
- *Afritise* has continued to enjoy a strong year in an extraordinarily challenging environment.

MULITANI (100%)

Tete, Mozambique
70 rooms

KAIA VILLAGE, QSS (100%)

Pemba, Mozambique
50 rooms

OSS MOZAMBIQUE (100%)

(warehousing) 4,000 sqm
Tete, Nacala, Pemba
Mozambique

ACACIA VILLAGE (47%)

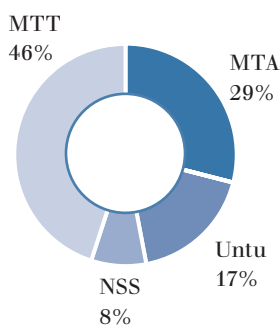
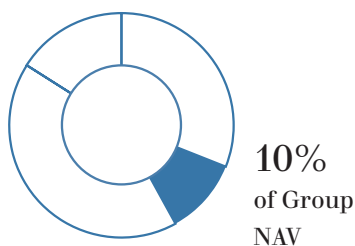
Juba, South Sudan
34 rooms

MOZAMBIQUE MANAGED OFFICES (75%)

Maputo
Mozambique

AFRITISE (28%)

Outdoor Advertising
South Sudan



	HI 2016	HI 2015	DIFF.
Revenues	\$2.0m	\$5.6m	-64%
EBITDA	\$0.0m	\$0.2m	-64%
NOPAT	\$0.0m	(\$0.2m)	109%

DIVISION OVERVIEW

Tanzania's economy has ground to a halt following a string of interventions by the new President. Capital controls remain in place in Angola and our JCB dealerships have seen a frustrating first half. The wind down of NSS is close to complete, while Untu has fared reasonably well in a Zimbabwean economy that is teetering on the brink of collapse.

- *MTA* has kept costs low following a severe cost cutting programme and is focusing on servicing the existing fleet in-country while capital controls remain in place.
- *MTT* has a weak sales pipeline due to a gridlocked economy in Tanzania, though it has maintained its market share. We do not foresee a recovery until various controversial interventions, including a restriction on skilled foreign workers in Tanzania, have been remedied.
- *NSS* has been wound down, a process that is on schedule to be completed by the end of August. The South Sudanese Pound has fallen a further 60% vs. the USD since we closed the company.
- *Untu* is performing impressively in a highly challenging environment. Capital controls are in place in Zimbabwe, though Untu repaid a loan to Maris in July. The company is operating a limited lending operation but has now moved its focus to local borrowings only and has agreed a crisis management plan with its Board.

MAQUINAS E TRACTORES DE ANGOLA (50%)

Exclusive JCB machinery dealership
Angola

MACHINES AND TRACTORS TANZANIA (50%)

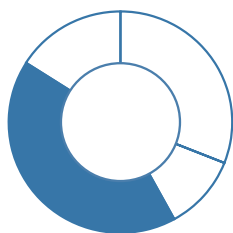
Exclusive JCB, Kaeser, Parker
machinery dealership
Tanzania

NETWORK SUPPORT SERVICES (71%)

Telecoms services
South Sudan

UNTU (30%)

Microfinance
Zimbabwe

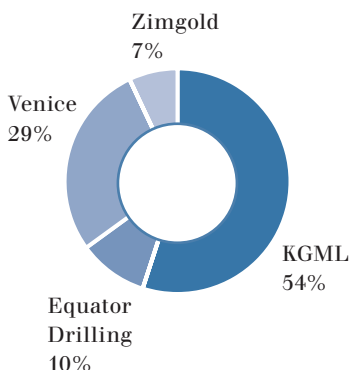


40%
of Group
NAV

	HI 2016	HI 2015	DIFF.
Revenues	\$5.9m	\$3.6m	64%
EBITDA	\$2.0m	\$1.1m	76%
NOPAT	\$1.3m	\$0.6m	126%

DIVISION OVERVIEW

Mining continues to perform strongly, marrying significant increases in production with a gold price that rose to \$1,300/oz in H1. Management is working to maintain record levels of production at Karebe and Venice Mine Complex, and to commence production at Zimgold in H2. A deteriorating economic environment in Zimbabwe could see Management slow production at Venice Mine Complex until the political storm has passed.



KAREBE GOLD MINING LIMITED (80%)

Gold Mining
Kenya

ZIMGOLD (67%)

Gold Mining
Zimbabwe

VENICE MINE COMPLEX (90%)

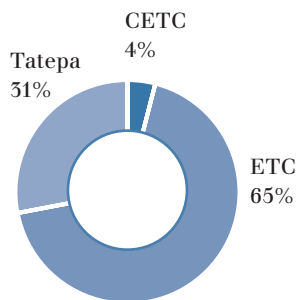
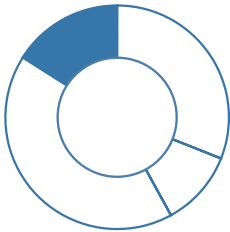
Gold Mining
Zimbabwe

EQUATOR DRILLING (80%)

Mining drilling services
Mozambique

- *Karebe Gold Mining Limited* saw a record month in May. In June lower grade ore was processed, leading to reduced revenues, but effective cost management saw profitability maintained and the company is in a strong position following the opening of Rock Corry Mine.
- *Venice Mine Complex* registered record production in both May and June, in excess of 15 kgs, generating strong cash flows. As a gold miner, the company has priority for the export of capital but in practice, repatriation of dollars is challenging from Zimbabwe.
- *Zimgold* has made good progress in establishing a static leach operation and is on track to commence production in Q5.
- *Equator Drilling* saw a strong first half as contracts were completed in Mozambique, although overall the drilling market is quiet. The company is contracted to drill for Karebe Gold Mining in H2 in order to prove the extent of the resource.

16%
of Group
NAV



	HI 2016	HI 2015	DIFF.
Revenues	\$3.2m	\$2.0m	61%
EBITDA	\$0.5m	(\$0.4m)	239%
NOPAT	\$0.4m	(\$0.7m)	157%

DIVISION OVERVIEW

Equatoria Teak Company had a very strong first half to the year despite a dauntingly challenging operating environment, posting EBITDA of \$800k in H1. Tatepa has seen record avocado production, though poor rains in 2015 impacted tea volumes.

- Under Managing Director Ian Paterson and General Manager Athol Smith *Equatoria Teak Company* achieved record levels of production and shipments reached a high of 56 containers in a month. Community relations have been strengthened and a USAID report recommended the company as a model for sustainable development in South Sudan.
- Shipments were limited in July following the outbreak of fighting around Juba and the rains may impact exports towards the end of the year.
- At *Tatepa* tea production at Wakulima Tea Company has been disappointing due to poor rains in 2015.
- Rungwe Avocado Company increased avocado production this year to 1,000 tonnes and pricing from European buyers has been very encouraging. The company has overcome the quality issues seen in 2015 and new Manager Duncan Page is improving profitability across the group.

EQUATORIA TEAK COMPANY (83%)

Forestry, South Sudan

CENTRAL EQUATORIA TEAK COMPANY (79%)

Forestry, South Sudan

TATEPA (18%)

Tea, avocados,
Tanzania

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