



Maris

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**SHAREHOLDER REPORT**  
**Q3 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*)

September 2016 was the best month for Maris since inception thanks to rising production within our gold companies, strong export volumes at Equatoria Teak Company and to a lesser extent a recovery staged by our Services Division. Net Profit for the group in September was \$323k. Revenues were up 7% YoY while EBITDA rose by 49% YoY and net profit at the Group level was three times the same period last year.

Karebe, Venice and Equatoria Teak have all generated EBITDA in excess of \$1m YTD. Equatoria Teak Company exported 1,345 cbm of teak in September, over twice the 2016 monthly average. To achieve this against a backdrop of deteriorating roads and conflict in South Sudan is a truly remarkable achievement. At Tatepa, avocado harvest volumes were over twice 2015 levels, and Tatepa is on track to return to profitability in Q4.

These results are particularly encouraging within the context of another poor year for Africa. The Angolan Kwanza and the South Sudanese Pound continued to slide versus the USD, while a restructuring proposal for Mozambique's debt failed to find favour with investors and drove the Metical sharply lower. South Sudan is descending into a chaos some way beyond the threshold for a 'failed state' while Zimbabwe is in the midst of its second major financial crisis in a decade and is braced for the introduction of bond notes in Q4.

Amid the general gloom were a few small green shoots: the thermal coal price has more than doubled from its lows, and occupancy at our riverside development at Mulitani and at OSS Mozambique's warehousing facilities exceeded 90%. After a sluggish first half, Machines and Tractors of Tanzania generated modest machine sales while Maquinas de Tractores de Angola has sustained profitability despite severe forex restrictions.

Kenya remains the most resilient of our markets and is the focus of our newest venture, Africa Logistics Properties (ALP). Led by Managing Director Toby Selman. ALP has two sites under control in Nairobi to the North and West of the city and is bidding on a third. Plans have been drawn up and informal marketing has started to develop Grade A warehousing for international and large local clients.

Nicholas Ferguson, Maris Director and Chairman of Savills plc will chair ALP's Board of Directors, on which I will sit. ALP's aim is for these Kenyan developments to form the first phase in a pan Africa warehousing platform and fundraising discussions are ongoing.

The Mining division continues to develop well under the management of David May. Whilst Karebe is likely to have a slightly less profitable year, a great deal of work has gone into developing the mine for 2017. The company has hired additional consultant geologists and has begun a surface exploration program in addition to a drilling program to prove up the resource around the four mine shafts. Initial signs are encouraging and the longer term potential may require us to substantially rethink operations as we scale up.

Plans are also being developed to expand our Services Division into a multi country dealership network under the Chairmanship of Andrew Fimister.

As we presented at the Shareholder Meeting on 15th September in London, in order to fund these new ventures Maris has opened negotiations to secure a \$10m convertible loan, payable in shares, from a development finance institution. Final terms will be subject to shareholder approval in Q4.

In order to meet our funding obligation to ALP, Maris has circulated proposals for a \$5m capital raise, which is subject to shareholder approval at an EGM on 17th November. For any further details on the capital raise or the convertible loan instrument, please contact Coco Ferguson.

It remains for me to congratulate the Maris team for the results achieved so far this year. Our diversification geographically and by sector has played a critical part in navigating what have been and remain challenging trading conditions. We hope for a strong finish to the year to make up for the disappointment of 2015.

*Charlie Tryon*

## Q3 2016 (GROUP EQUITY BASIS)

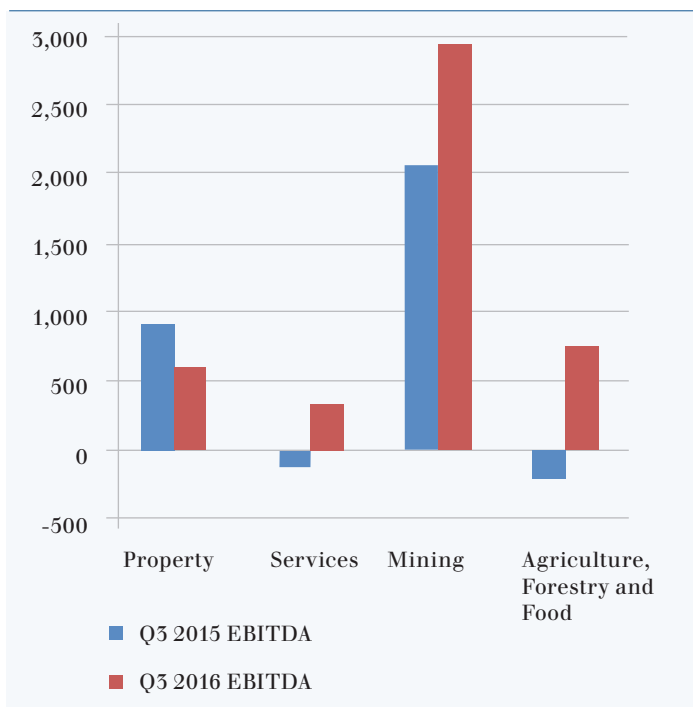
PERFORMANCE	FY 2015	YTD 2015	YTD 2016	DIFF
<b>USD</b>				
Revenue	\$26.2m	\$19.3m	\$20.7m	7%
Gross Profit	\$16.1m	\$11.4m	\$12.8m	13%
EBITDA (Companies)	\$4.5m	\$5.2m	\$4.7m	49%
Net Profit (Companies)	\$1.1m	\$1.7m	\$5.2m	91%
Group PAT (after group costs & eliminations)	(\$1.5m)	(\$0.7m)	\$1.4m	309%

HOLDINGS	YE 2015	Q3 2016
Value of investments*	\$64.2m	\$70.6m
Cash within Maris Ltd	\$9.0m	\$4.5m
Other assets	\$0.3m	\$0.7m
Liabilities	(\$0.2m)	(\$0.1m)
NAV	\$73.3m	\$75.7m
Market Cap (inc goodwill)**	\$76.4m	\$78.8m
Maris Limited Share Price	0.90	0.95

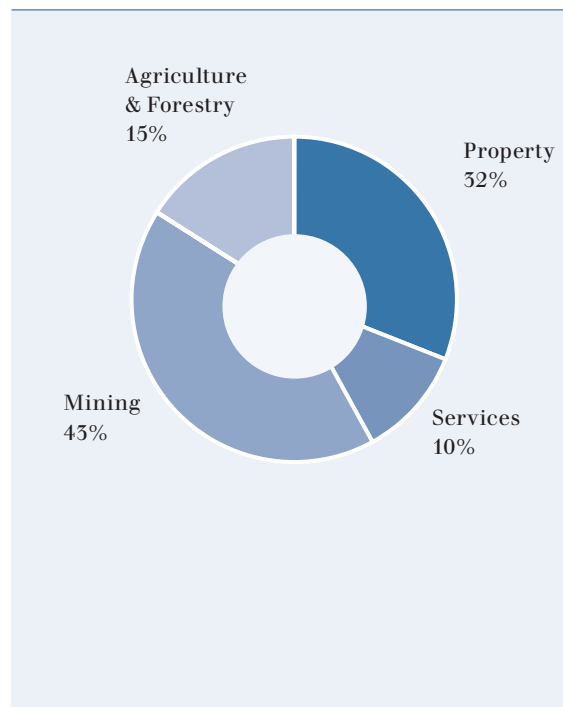
\* Unaudited valuations to end June 2016.

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

### EBITDA BY DIVISION USD 000



### VALUATION BY DIVISION



Q3 2016

EQUITY BASIS

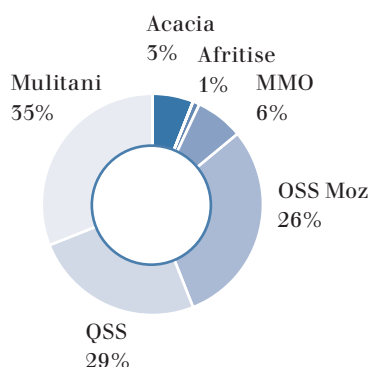
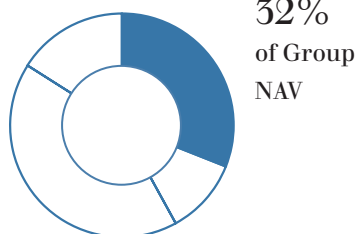
SECTORS USD MARIS INVESTED CAPITAL	INVESTED CAPITAL 2014 - Q3 2016		VALUATION DATE	MONEY VALUE MULTIPLE	
	\$	%		VALUE	MULTIPLE
Property	25,284,765	54%	June-16	25,187,015	0.92x
Services	13,091,384	17%	June-16	7,107,092	0.54x
Mining	24,875,145	55%	June-16	29,790,712	1.20x
Agriculture, Forestry and Food	11,565,885	15%	June-16	10,538,608	0.91x
<b>Total</b>	<b>74,817,177</b>			<b>70,625,427</b>	<b>0.94x</b>

OPERATING PERFORMANCE USD REVENUE	YTD 2015	YTD 2016	% DIFF
Property	2,865,996	3,229,144	13%
Services	6,901,479	3,500,763	-50%
Mining	6,270,638	8,931,552	42%
Agriculture, Forestry & Food	2,875,828	5,040,058	75%
<b>Total</b>	<b>18,911,941</b>	<b>20,701,517</b>	<b>10%</b>

EBITDA			
Property	959,920	683,636	-29%
Services	(113,442)	319,397	382%
Mining	2,123,853	2,916,583	37%
Agriculture, Forestry and Food	(177,569)	824,680	564%
<b>Total</b>	<b>2,792,761</b>	<b>4,744,296</b>	<b>70%</b>

NOPAT*			
Property	341,923	323,600	-5%
Services	(660,111)	202,941	131%
Mining	1,308,975	1,972,891	51%
Agriculture, Forestry & Food	(559,014)	590,613	206%
	<b>431,773</b>	<b>3,090,045</b>	<b>616%</b>

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



	YTD 2015	YTD 2016	DIFF.
Revenues	\$2.9m	\$3.2m	13%
EBITDA	\$1.0m	\$0.7m	-29%
NOPAT	\$0.3m	\$0.3m	-6%

## DIVISION OVERVIEW

*Mozambique and South Sudan remain challenging operating environments. Mozambique continues to struggle with weak commodity prices and the restructuring of its debt and has seen the Metical fall 38% this year vs. the USD. Despite the headwinds, performance at Mulitani and OSS Mozambique has been encouraging. South Sudan has continued to witness widespread fighting and economic collapse and its currency has fallen to 90 SSP to the USD, out from 6.5 a year ago.*

### 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

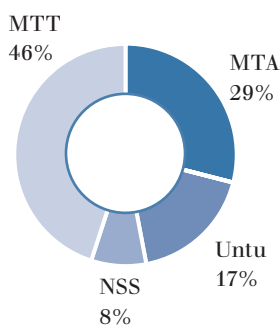
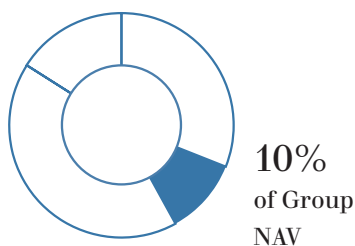
### MOZAMBIQUE MANAGED OFFICES (75%)

Maputo  
Mozambique

### AFRITISE (28%)

Outdoor Advertising  
South Sudan

- *Mulitani* has performed well and has generated dividends for the group.
- *Kaia Village* has seen occupancy drop to 30% due to the slow down of the LNG industry and costs have been cut.
- *OSS Mozambique* has seen occupancy rise as new clients have taken up leases on warehouses.
- *Acacia Village* recorded a record loss and the future of the complex depends largely on the UN and WFP plans for its teams in South Sudan.
- *MMO* has secured new premises for its serviced offices. Q3 was impacted by costs associated with the office move.
- *Afritise* has continued to perform well in a very difficult market.



	YTD 2015	YTD 2016	DIFF.
Revenues	\$6.9m	\$5.5m	-50%
EBITDA	(\$0.1m)	\$0.3m	382%
NOPAT	(\$0.7m)	\$0.2m	131%

## DIVISION OVERVIEW

*MTT saw a modest improvement in sales in Q3 and there are signs that the economic gridlock that followed the election of President John Magafuli is improving. A pipeline of sales has been developed within Tanzania and at new sister dealership Machines and Tractors Rwanda. MTA continues to focus on the sales of spare parts and services and is well positioned for any recovery in the Angolan market. Sales have started to improve, which may signal an easing of the forex crisis in the country.*

### MAQUINAS E TRACTORES DE ANGOLA (50%)

Exclusive JCB machinery dealership  
Angola

### MACHINES AND TRACTORS TANZANIA (50%)

Exclusive JCB, Kaeser, Parker  
machinery dealership  
Tanzania

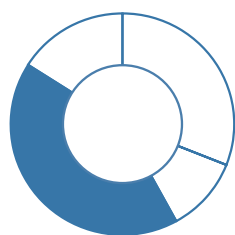
### NETWORK SUPPORT SERVICES (71%)

Telecoms services  
South Sudan

### UNTU (30%)

Microfinance  
Zimbabwe

- *MTA* has maintained its low cost base and is able to service the existing machine park in Angola. The supply of foreign exchange, essential for the sale of JCB's remains limited.
- *MTT* saw machine sales rise in Q3 after a very slow start to the year, and the company registered a profitable quarter.
- *NSS* in South Sudan has been wound down and final payments are being remitted to the group.
- *Untu* has performed well given the capital controls now in place in Zimbabwe. The company is close to replacing its USD debt with local borrowing and has acquired several of its branches, though the outlook is poor.

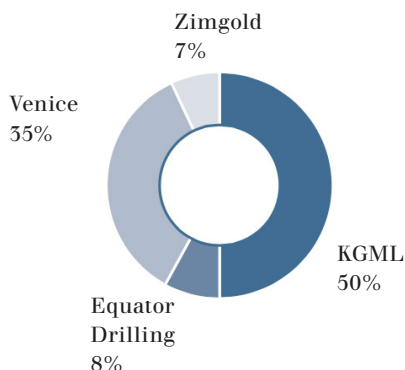


43%  
of Group  
NAV

	YTD 2015	YTD 2016	DIFF.
Revenues	\$6.3m	\$8.9m	42%
EBITDA	\$2.1m	\$2.9m	37%
NOPAT	\$1.3m	\$1.9m	51%

DIVISION OVERVIEW

*Mining remains the Group’s main driver of profitability and Q3 saw production rise in Kenya and Zimbabwe. Results have also been boosted by a rising gold price. Commoner Mine, our second site in Zimbabwe, is now in production though the imposition of capital controls has created challenges for remittances to Maris.*



**KAREBE GOLD MINING LIMITED (80%)**

Gold Mining  
Kenya

**ZIMGOLD (67%)**

Gold Mining  
Zimbabwe

**VENICE MINE COMPLEX (90%)**

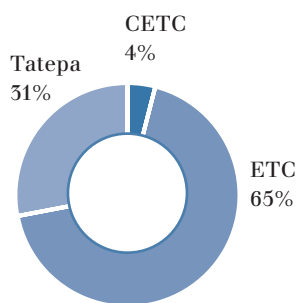
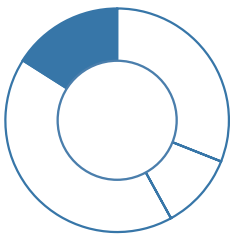
Gold Mining  
Zimbabwe

**EQUATOR DRILLING (80%)**

Mining drilling services  
Mozambique

- *Karebe Gold Mining Limited* has seen a slight drop in revenues year on year and a 29% decline in net profit, in part due to an increase in costs as a result of investment in developing Rock Corry and Boma Mines and an exploration program, carried out by Equator Drilling, to prove up the extent of the resource. Production will step up once full mining production commences at Rock Corry within the next two quarters. Initial indications from Karebe’s drill and wider exploration program are encouraging.
- *Venice Mine Complex* registered record production in Q3 and is on track to overtake Karebe in monthly production. The company has invested in rehabilitating the milling circuit at the mine and is poised to increase production from its tailings retreatment operation through the milling of more coarse material of a higher grade. Rising fuel costs and limited ability to export cash are posing challenges for Management and the situation in Zimbabwe may deteriorate in the short term.
- *Commoner Mine (formerly Zimgold)* has made good progress in establishing a static leach operation. 20 x 50 ton static leach tanks are in operation and production has now commenced from the Bee Mine open pit. Early signs are encouraging and Q4 should give a clear indication as to potential of the site.
- *Equator Drilling* saw a slower Q3 after a strong first half. The rig was split with half working at Karebe Gold Mining and remaining machinery continuing to fulfil contracts in northern Mozambique.

15%  
of Group  
NAV



	YTD 2015	YTD 2016	DIFF.
Revenues	\$2.9m	\$5.0m	75%
EBITDA	(\$0.2m)	\$0.8m	564%
NOPAT	(\$0.6m)	\$0.6m	206%

DIVISION OVERVIEW

*Equatoria Teak Company registered its strongest ever quarter exporting over \$900k of timber in September alone. The political situation, however, remains extremely fragile with the conflict between Government and rebel forces showing signs of further deterioration. Tatepa has been battling dry and cold conditions that reduced tea yields, while harvest volumes at Rungwe Avocado Company were substantially up on 2015.*

- The outsourcing operational model at ETC is working well and net profit was 482% up on the same period last year. With further investments made in additional milling capacity, ETC is likely to see production increase further, though road conditions and worsening security in the area could present serious challenges.
- At *Tatepa* tea production at Wakulima Tea Company was weak due to poor rains, though pricing was above expectations. Rungwe Avocado Company (RAC) exported over 1,400 tonnes of avocados, up from 500 in 2015. After several years of disappointing yields and quality concerns RAC is looking much closer to meeting its business plan. Payment for the shipments will boost Q4 results.

**EQUATORIA TEAK COMPANY (83%)**

Forestry, South Sudan

**CENTRAL EQUATORIA TEAK COMPANY (79%)**

Forestry, South Sudan

**TATEPA (18%)**

Tea, avocados, Tanzania

## CONTACT

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