



Maris

SHAREHOLDER REPORT Q4 2016



GBL1 Mauritian Company

Incorporated June 27th, 2014

REGISTERED OFFICE

Mauritius

OFFICES

Maris Kenya
Maris Mozambique
Maris Advisors UK

DIVISIONS

Property
Services
Mining
Agriculture and Forestry

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*)

2016 saw currencies across our markets stabilise somewhat vs the USD but the low price of oil and other commodities and the general retreat from emerging markets continues to constrain growth. Markets across Sub Saharan Africa fell sharply in 2016 with investor confidence dented by a difficult preceding 2 years. African governments are struggling to adapt and capital controls remains in place in Angola, Zimbabwe and Mozambique, while South Sudan's civil war is rumbles on with no sign of a workable solution to the conflict.

Group revenues were up 5% on 2015 whilst EBITDA from group companies rose by over 30% year on year. Net Income rose 196% in 2016, a good result and strong recovery after a challenging 2015. The key contributors were Venice Mine in Zimbabwe which recorded its first full year of production and ETC which saw sales increase 106% YoY. Mining continues to generate 60% of group earnings, though the contribution from our other divisions is increasing. Having lagged the group for the past three years, Agriculture, Forestry and Food was the second largest contributor to EBITDA with Equatoria Teak Company recording \$1.2m of EBITDA for the year, up 790% on 2015, an excellent result.

The success of our mines runs counter to the general trend in Zimbabwe, which is in a state of partial paralysis following the introduction of bond notes. This new Zimbabwe currency by the back door has spooked investors and citizens and the queues for withdrawals of USD snake their way around Harare's banks.

Sales at MTT, our JCB dealership in Tanzania, are picking up slowly after the shock regulations introduced by new President Magafuli, whilst at MTA in Angola, the situation appears to be improving with the company post a \$600k net profit for the year in a subdued market facing US Dollar liquidity constraints. Mozambique continues to struggle with the restructuring of its debt, though the doubling of the price of thermal coal has seen a resurgence of activity in Tete. Both Mulitani and our warehousing complex OSS in Tete are at near full occupancy and had a strong 2016.

Kenya, whose economy is less dependent on commodities, has been the market least affected by the slow down in Africa, though it is seeing reduced commercial activity in the run up to Presidential elections in 2017. This mild slow down is driving down construction costs, and we consider now a good time to build. After a year long start-up phase we were pleased to see our new warehousing platform, Africa Logistics Properties "ALP", close with initial equity capital of \$48m. A second closing is scheduled at the end of March for a further \$8m. Led by Managing Director Toby Selman, ALP has secured two sites at Tilisi and Tatu City in Nairobi on which to develop Kenya's first Grade A warehousing development to serve international and large local clients (www.africalogisticsproperties.com).

The Maris rights issue in November raised the target \$5m from shareholders and as founder Maris has agreed to invest \$7.5m in ALP, to be drawn over a number of years. ALP is chaired by Maris Director, Nicholas Ferguson and Charlie Tryon is a Director. Maris and Management will receive performance shares in the company, which is backed by development finance institutions, the CDC and the IFC, and by a pension fund investor in addition to a number of Nairobi and European based family offices.

Within the Maris team Jess May, our Human Resources Manager, leaves Kenya this month to be replaced by Karijn de Bok of MMO in Maputo. Following her marriage in December, Maris co-founder Coco Ferguson has moved to Iran and after nine years of constant travel has agreed to become a consultant to Maris and to resign from the Executive Committee. Her responsibilities and Directorships are being taken up by the rest of the Executive Team and she will remain a shareholder in Maris. We wish Coco the very best in her new life in Iran and I would like to thank her for her unwavering commitment and substantial contribution to building Maris over the past nine years.

2016 could perhaps best be described as a year of rebuilding and consolidation. The group substantially outperformed budget and 2015 with 3 out of 4 divisions registering an increase in profitability year on year. Net profit within the real estate division fell by 15% as a result of a weakened metical in Mozambique and delays in the development of the gas fields in Mozambique and due to weak performance at Acacia in South Sudan following heavy fighting in Juba in July. Results were strong in contrast to the wider investment universe in Africa, which has seen public markets have a torrid time across much of sub saharan Africa during 2016.

This brief year end report will be followed by our 2016 Annual Report in early April, after which we will hold our second annual share trading window in which buyers and sellers may exchange shares in Maris Limited on a matched bargain basis. Interested parties should contact Chief Executive Officer Enrico Nora for details of the window and associated documentation.

We look forward to seeing you at our Annual Shareholder Meeting at Prince Philip House, St James, London, on 19th July.

Charlie Tryon

Q4 2016 (GROUP EQUITY BASIS)

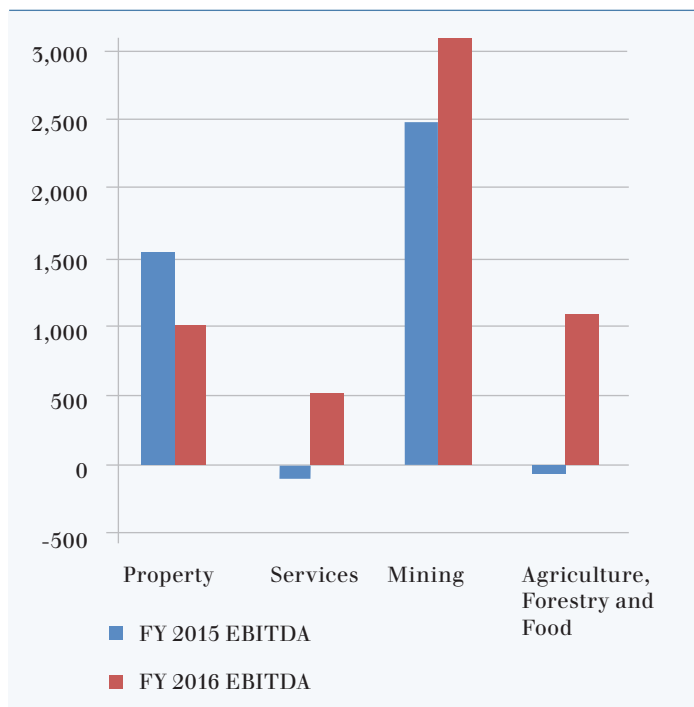
PERFORMANCE	Q4 2016	FY 2016	FY 2015	DIFF
USD				
Revenue	\$6.8m	\$27.5m	\$26.2m	5%
Gross Profit	\$4.1m	\$16.9m	\$16.1m	5%
EBITDA (Companies)	\$1.1m	\$5.8m	\$4.5m	29%
Net Profit (Companies)	\$0.6m	\$5.9m	\$1.1m	256%
Group PAT (after group costs & eliminations)	\$0.0m	\$1.4m	(\$1.5m)	196%

HOLDINGS	FY 2016	FY 2015
Value of investments*	\$72.5m	\$64.2m
Cash within Maris Ltd	\$7.6m	\$9.0m
Other assets	\$0.7m	\$0.3m
Liabilities	(\$0.6m)	(\$0.2m)
NAV	\$80.2m	\$73.3m
Market Cap (inc goodwill)**	\$85.3m	\$76.4m
Maris Limited Share Price	0.92	0.90

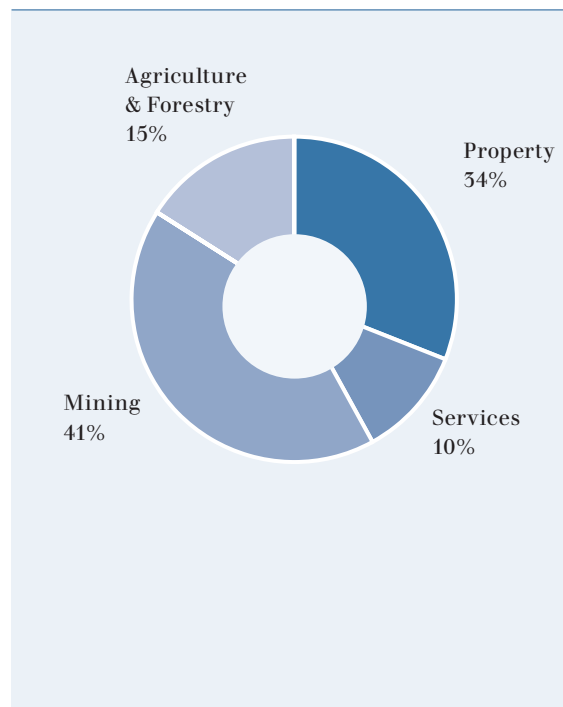
* Unaudited valuations to end December 2016. These valuations are likely to change as part of the year end audit process.

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

EBITDA BY DIVISION USD 000



VALUATION BY DIVISION



Q4 2016

EQUITY BASIS

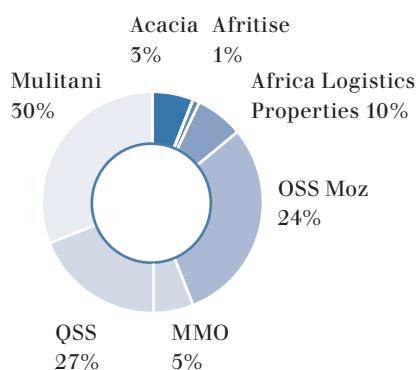
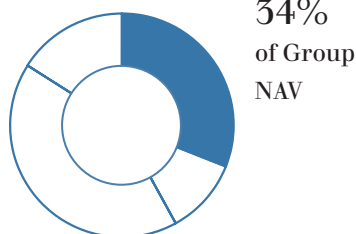
SECTORS USD MARIS INVESTED CAPITAL	INVESTED CAPITAL 2014 - YE 2016		VALUATION DATE	MONEY VALUE MULTIPLE	
	\$	%		VALUE	MULTIPLE
Property	26,501,729	55%	Dec-16	24,829,881	0.94x
Services	12,573,654	17%	Dec-16	7,437,431	0.59x
Mining	24,263,573	32%	Dec-16	29,679,395	1.22x
Agriculture & Forestry	11,565,885	16%	Dec-16	10,538,608	0.91x
Total	74,704,839			72,485,315	0.97x

OPERATING PERFORMANCE USD REVENUE	FY 2016	FY 2015	% DIFF
Property	4,162,818	4,446,426	-6%
Services	4,666,422	8,365,863	-44%
Mining	11,680,082	8,777,413	33%
Agriculture & Forestry	7,017,081	4,054,606	73%
Total	27,526,403	25,644,308	7%

EBITDA			
Property	1,029,471	1,651,377	-38%
Services	531,586	(109,897)	584%
Mining	3,133,587	2,463,095	27%
Agriculture & Forestry	1,145,234	(69,436)	1749%
Total	5,839,877	3,935,139	48%

NOPAT*			
Property	334,592	662,685	-50%
Services	487,806	(642,144)	176%
Mining	2,096,909	899,918	133%
Agriculture & Forestry	695,120	(521,940)	233%
Total	3,614,427	398,519	807%

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



	FY 2016*	FY 2015	DIFF.
Revenues	\$4.2m	\$4.4m	-7%
EBITDA	\$1.0m	\$1.7m	-38%
NOPAT	\$0.3m	\$0.7m	-50%

*Figures on an equity basis

DIVISION OVERVIEW

Maris has led the start-up of Africa Logistics Properties (ALP), which has secured two sites in Nairobi for development to the east and north west of the city. Maris' initial warehousing developments at OSS in Mozambique saw a strong end to the year despite a slow market, while Mulitani and MMO continue to perform well. Mozambique is struggling with weak commodity prices and a falling currency while South Sudan continues to suffer from a long and intensely violent civil war, which has seen low occupancy at Acacia Village.

AFRICA LOGISTICS PROPERTIES

(Grade A warehousing start-up)
Nairobi, Kenya

OSS MOZAMBIQUE (100%)

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

MULITANI (100%)

Tete, Mozambique
70 rooms

KAIA VILLAGE, QSS (100%)

Pemba, Mozambique
50 rooms

ACACIA VILLAGE (47%)

Juba, South Sudan
34 rooms

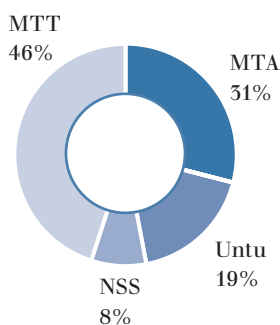
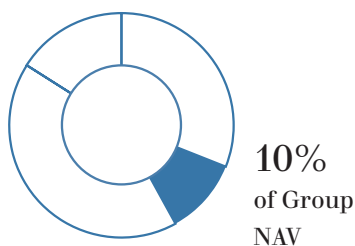
MOZAMBIQUE MANAGED OFFICES (75%)

Maputo, Mozambique

AFRITISE (28%)

Outdoor Advertising
South Sudan

- *Mulitani*, the stand out performer in the division, saw EBITDA increase 39% YoY and remit over \$400k in dividends during the year.
- *Kaia Village* has continued to suffer from the slow market in Pemba and delays in Mozambique's LNG developments.
- *OSS Mozambique* is enjoying high occupancy levels both in Tete and at its new warehousing complex in Nacala, with rents in Tete being well supported by a sharp rise in coal prices.
- *Acacia Village* has struggled this year due to the ongoing conflict in South Sudan, but has cut costs and signed two new contracts in Q4.
- *MMO* has seen a successful move into its new premises and has secured additional facilities management clients.
- *Afritise* has continued to perform well in a conflict zone.



	FY 2016	FY 2015	DIFF.
Revenues	\$4.7m	\$8.4m	-44%
EBITDA	\$0.5m	(\$0.1m)	584%
NOPAT	\$0.5m	(\$0.6m)	176%

DIVISION OVERVIEW

MTT saw sales improve in Q4 although Tanzania remains a difficult market and one that introduces new regulations with concerning frequency. A new sister dealership Machines and Tractors Rwanda has been established and has developed a sales pipeline. MTA in Angola continues to focus on the sales of spare parts and services. 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

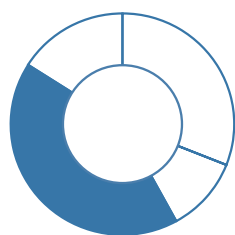
NETWORK SUPPORT SERVICES (100%)

Telecoms services
South Sudan

UNTU (30%)

Microfinance
Zimbabwe

- *MTA* saw a profitable quarter thanks to the sale of lubricant oils and tyres, and has continued to maintain a low cost base. The supply of foreign exchange remains limited in Angola, which continues to constrain progress, though there are indications the situation may be easing slightly.
- *MTT* saw machine sales rise in Q4 and the company registered a profitable quarter.
- *MTR* established an office in Kigali, Rwanda and saw its first sales in Q4.
- *Untu* is stable, an impressive feat given the local environment and the capital controls in place in Zimbabwe. Untu reduced lending into the Christmas period, as it does every year.
- *NSS* in South Sudan has been wound down.

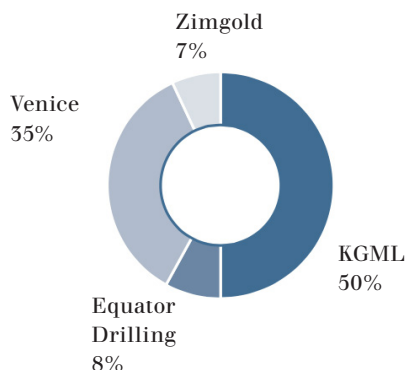


41%
of Group
NAV

	FY 2016	FY 2015	DIFF.
Revenues	\$11.7m	\$8.8m	33%
EBITDA	\$3.1m	\$2.5m	27%
NOPAT	\$2.1m	\$0.9m	133%

DIVISION OVERVIEW

Mining remains Maris’ main driver of profitability and Q4 saw all three gold mines in production. A drilling programme at Karebe, carried out by Equator Drilling, and substantially increased expenditure on exploration and mine development saw profitability fall in 2016, while production stayed flat year on year. The initial exploration and development work should help to increase production in 2017 and build long-term value for the business. Production is now at a consistent and profitable level at Venice, whilst at Commoner we started production from our open pit operation against the backdrop of capital controls and the introduction of bond notes in Zimbabwe.



KAREBE GOLD MINING LIMITED (80%)

Gold Mining
Kenya

COMMONER MINE (80%)

Gold Mining
Zimbabwe

VENICE MINE COMPLEX (90%)

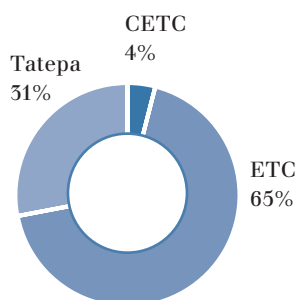
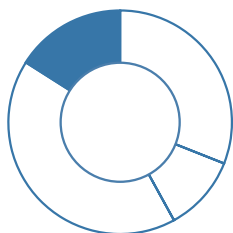
Gold Mining
Zimbabwe

EQUATOR DRILLING (80%)

Mining drilling services
Mozambique

- *Karebe Gold Mining Limited* has seen profitability decline year on year in part due to its investment in exploration and mine development at Rock Corry. Development at Rock Corry was slower than expected reducing production levels for the year. Production is expected to rise in Q2 as Rock Corry mine comes on line.
- *Venice Mine Complex* had a strong final quarter of the year and the new milling circuit has produced good results. The mine, which only reached full production in Q3, generated net profit of \$1.4m compared to a \$1.5m loss in 2015.
- *Commoner Mine (formerly Zimgold)* reached production in Q4 and saw a profitable year. We anticipate a stronger 2017, although the political and economic environment in Zimbabwe remains deeply challenging.
- *Equator Drilling* endured a difficult year with limited work in a very difficult exploration market in Africa. Following the sharp falls in Commodity prices in 2015 spending on exploration remains at extremely low levels. The company has expanded its operations to Kenya and is looking to move into DRC in Q2 2017.

15%
of Group
NAV



	FY 2016	FY 2015	DIFF.
Revenues	\$7.0m	\$4.1m	73%
EBITDA	\$1.1m	\$0.0m	1749%
NOPAT	\$0.7m	(\$0.5m)	233%

DIVISION OVERVIEW

Equatoria Teak Company achieved NOPAT of \$1m for the year despite civil war and logistical and security challenges, a very good result indeed against perhaps the most difficult operating conditions possible. A drought in Tanzania is impacting tea yields at Tatepa, though results from the RAC avocado harvest were encouraging and the yield was double that of 2015. Maris has been closely involved in the restructuring of the Rungwe Avocado Company balance sheet, which is on track to complete in Q1 2017.

EQUATORIA TEAK COMPANY (83%)

Forestry, South Sudan

CENTRAL EQUATORIA TEAK COMPANY (79%)

Forestry, South Sudan

TATEPA (18%)

Tea, avocados, Tanzania

- *Equatoria Teak Company’s* plantation teak is marketed in India as natural Burmese teak grade 2, and its high quality, after 60 years, has seen it achieve robust prices that have resisted the downward trend of other commodities in the past two years. The company has been able to ship an average of 20 trucks a month this year, and is now entering a dryer period, which should ease transport to Kampala.

The company continues to be the largest private provider of royalties to the State Government and in addition to its community programme is under increasing pressure to support the wider community with food and essentials due to the pressures of war.

- At *Tatepa* tea production at Wakulima Tea Company was weak due to poor rains. Rungwe Avocado Company (RAC) exported over 1,400 tonnes of avocados in 2015, up from 500 in 2015 and received payment in Q4.

CONTACT

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