

Mara Delta launches island subsidiary

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Pan-African property fund Mara Delta is setting up a subsidiary to house its strongly performing hospitality assets, which it will list on the Stock Exchange of Mauritius. The group wants to offer exposure to hotels, which are booming in Mauritius, and pay investors regular dollar-denominated dividends.



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CEO Bronwyn Corbett said the subsidiary would be able to invest in properties, directly or indirectly, with triple net, long-term leases in the hospitality sector, focusing on Indian Ocean islands, including Madagascar, Seychelles and Mauritius.

"Mara Delta is in the process of setting up a subsidiary in Mauritius as an entity holding a category one global business licence. The subsidiary will shortly thereafter apply for a listing of its class B shares or preference shares on the official market of the Stock Exchange of Mauritius," she said.

The subsidiary would list by the end of June.

The company also announced that the National Pension Fund Mauritius would be a new key investor in the Mauritian subsidiary. The fund would invest \$12.84m through a non-redeemable preference share issue at a coupon rate of 6.25% per annum.

Proceeds from the transaction had been allocated exclusively to fund the acquisition of the Tamassa Resort in Mauritius from Nride, a wholly owned subsidiary of Lux Island Resorts. The resort is under transfer and is expected to contribute to the group's income with effect from 1 April 2017.

The company's board said Mara Delta intended to proceed with a rights offer at \$1.40 per share. The proceeds would be used to finance investments that Mara Delta had announced in recent months as well as other yield-accretive assets.

Mara Delta is the only pan-African real estate investment trust (Reit) on the JSE. It has grown its assets more than threefold since listing in mid-2014, from less than \$140m to about \$504.4m.

The company has interests in assets in Mozambique, Morocco, Mauritius, Zambia and Kenya. Corbett said that Mara Delta intended to list its Moroccan assets separately as a Reit in the near future.

Chris Segar, of Ivy Asset Management, said Mara Delta had a clear strategy but was facing some challenges.

"Mara Delta have carried out their mandate effectively, achieving long-dated leases from blue-chip tenants, and have shown they can achieve dollar-based distribution growth of a few percent.

"On the flip side they have to contend with higher socio-political risks in some of the countries they are invested in, the counter's liquidity is poor and we would be more comfortable with a lower loan to value target," he said.

Source: Business Day

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