

SOUTHERN CROSS TOURIST COMPANY LIMITED

Union Ducrey, Rivière des Anguilles, Mauritius
BRN: C07004703

CAUTIONARY ANNOUNCEMENT

With the uncertainty regarding the full re-opening of the Mauritian borders and the second wave of Covid-19 in the Group's main markets, the Board has been exploring financial options to safeguard the financial stability of the Group.

The Board therefore approached the Mauritius Investment Corporation Ltd ("MIC") with a view to providing funding to the Group. The MIC, a wholly-owned subsidiary of the Bank of Mauritius, and funded in terms of the Bank of Mauritius Act, has, amongst others, the objective to mitigate the effect of the ongoing economic downturn resulting from the Covid-19 pandemic, thus reducing macro-economic and financial risks.

The Board wishes to inform the shareholders of the Company and the public in general that the Company and MIC have, on 11th November 2020, signed a binding term sheet pursuant to which MIC has committed to subscribe to redeemable and convertible secured bonds (the "Bonds") having a nominal value of Rupees Ten Million (Rs 10,000,000), to be issued by the Company for a total subscription amount of Rupees Three Hundred and Fifty million (Rs 350,000,000). The Bonds will carry a fixed interest rate and interest will be payable twice yearly. The Bonds will mature on the ninth (9th) anniversary of the first subscription date of Bonds by MIC. Other terms and conditions, including interest rate, reflect the credit risk of the Company as independently appraised by MIC. The Company has the option to redeem some or all the Bonds prior to maturity. At maturity, any outstanding Bonds will be converted into ordinary shares of the Company at a pre-agreed valuation, namely the volume-weighted average price of ordinary shares of the Company as published by the Stock Exchange of Mauritius ("SEM") during the period 1st January 2020 to 30th June 2020. The Bonds will be secured by a floating charge over the assets of the Company ranking after all existing charges granted by the Company.

The proceeds from the Bonds issue will be used principally for the working capital requirements of the Group's operations and payment of interests due and payable in respect of the Group's existing indebtedness.

The Board is of the opinion that the injection of Rupees Three Hundred and Fifty Million (Rs 350,000,000), coupled with other initiatives taken by the Board to stabilise the business of the Group, should ensure adequate liquidity. The Board considers that the Group will return to profitability once the tourism sector recovers.

The Company is currently in the process of negotiating the transaction documents in connection with the Bonds issue. The terms and conditions of the Bonds will be detailed in a document which will be circulated for approval to the shareholders of the Company once the relevant regulatory approval has been obtained.

Shareholders of the Company and the public in general are therefore advised to exercise caution when dealing in the shares of the Company and will be kept informed of further developments.

By order of the Board
Navitas Corporate Services Ltd
Company Secretary

24th November 2020

This Cautionary Announcement is issued pursuant to the DEM Listing Rule 21, the Securities Act 2005 and the rules and regulations made thereunder.

The Board accepts full responsibility for the accuracy of the information contained in this Cautionary Announcement.