



CONSTANCE HOTELS SERVICES LIMITED
CAUTIONARY ANNOUNCEMENT

The Board of Directors (the "Board") of Constance Hotels Services Limited ("CHSL" or the "Company") wishes to inform its shareholders and the public in general that:

- i. It has received today a notice of firm intention (the "Notice") from Belle Mare Holding Limited ("BMH") to make a mandatory offer to shareholders of CHSL following its agreement to acquire 18.40% of the shares of CHSL's holding company, Hotelest Limited ("HTL"), bringing its total holding in HTL to 30.01% (the "BMH Transaction"); and
- ii. In the context of its financial restructuring plan, the Company will be proposing a rights issue of MUR 1,234m. This rights issue will take place on completion of the above mentioned mandatory offer ("BMH's Mandatory Offer").

MANDATORY OFFER BY BMH TO SHAREHOLDERS OF CHSL

The Board of CHSL has been notified by BMH that:

- a. As a result of the BMH Transaction and given that HTL owns 51% of CHSL, BMH shall make a mandatory offer to shareholders of CHSL, pursuant to Rule 33 (1) (b) of the Securities (Takeover) Rules 2010 (the "Takeover Rules");
- b. The mandatory offer price has been determined in accordance with Rule 14 (2) of the Takeover Rules based on the date of this announcement at MUR 31.50;
- c. Currently, BMH holds 100,000 shares of CHSL, representing 0.16% of the share capital;
- d. BMH shall make its mandatory offer to shareholders of CHSL as soon as feasible after the BMH Transaction, expected during the week commencing 18th August 2014;
- e. BMH does not intend to change the current strategy defined by the Board of CHSL nor delist the Company; and
- f. BMH has confirmed having sufficient financial resources to satisfy the acceptance of the mandatory offer.

THE CHSL RIGHTS ISSUE

Since 2009, CHSL has rapidly expanded its operations through the implementation of its regional development strategy, which included the opening of three new properties, Constance Halaveli Resort and Constance Moofushi Resort in the Maldives, Constance Ephélia Resort in the Seychelles, and the refurbishment of Constance Le Prince Maurice in Mauritius and of Constance Tsarabanjina in Madagascar. The Company has also acquired the remaining 65% in Constance Halaveli Resort, previously held by its former partners.

As previously announced, the expansion of the business was financed by a mixture of bank loans and bridging facilities pending the finalisation of its financial restructuring plan. In order to repay the bridging facilities and strengthen the Company's financial structure, CHSL intends to proceed with a rights issue of MUR 1,234m at a price of MUR 27.00 per share. This represents a discount of 13% over the 3-months volume weighted average price of CHSL. The rights issue shall be carried out in the ratio of 5:7 shares, and subject to shareholder approval and will take place after completion of BMH's Mandatory Offer.

The invitation to shareholders to attend a special meeting and to vote on the rights issue is expected to be made at the beginning of October 2014.

The above transactions are subject to the Company obtaining all relevant regulatory approvals.

CHSL shareholders and the investing public are advised to exercise caution when dealing in the shares of CHSL and will be kept informed of further developments.

By order of the Board
La Gaieté Services Ltd
Secretaries
This 8th August 2014

This cautionary announcement is issued pursuant to Rules 11 and 21 of The Rules for Development and Enterprise Market (DEM) companies, Rule 12 of the Securities (Takeover) Rules 2010, Section 87 of The Securities Act 2005 and Rule 5 of the Securities (Disclosure Obligations of Reporting Issuers) Rules 2007.

The Board of Directors of Constance Hotels Services Limited accepts full responsibility for the information contained in this cautionary announcement.