

HOTELEST LIMITED

CAUTIONARY ANNOUNCEMENT

The Board of Directors (the "Board") of Hotelest Limited ("HTL" 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 the shareholders of HTL (BMH's mandatory offer");
- ii. Its subsidiary, Constance Hotels Services Limited ("CHSL"), intends to undertake a rights issue of MUR 1,234m; and
- iii. In the context of the above proposed rights issue, the Company also intends to undertake a rights issue of MUR 630m. This rights issue will take place on completion of BMH's mandatory offer.

MANDATORY OFFER BY BMH TO SHAREHOLDERS OF HTL

The Board of HTL has been notified by BMH that:

- a. As a result of a transaction agreed between BMH and a number of shareholders of HTL (the "BMH Transaction"), its shareholding in HTL shall increase from 11.61% to 30.01%;
- b. As a consequence, pursuant to Rule 33 (1) (b) of the Securities (Takeover) Rules 2010 (the "Takeover Rules"), BMH shall make a mandatory offer to shareholders of HTL to acquire the shares which are not subject to the BMH Transaction and which are not already held by BMH;
- c. 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 29.85;
- d. BMH shall make its mandatory offer to shareholders of HTL 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 HTL nor delist the Company; and
- f. BMH has confirmed having sufficient financial resources to satisfy the acceptance for the mandatory offer.
- g. Furthermore, given that HTL is the majority shareholder of CHSL, BMH shall also make a mandatory offer to shareholders of CHSL;

MANDATORY OFFER BY BMH TO SHAREHOLDERS OF CHSL

With reference to the mandatory offer by BMH to shareholders of CHSL, the Board of HTL, as holder of 51% of CHSL, has decided not to accept BMH's offer.

THE HOTELEST RIGHTS ISSUE

In order to enable the Company to subscribe to the CHSL rights issue, HTL intends to proceed with a rights issue of MUR 630m at a price of MUR 27.00 per share. This represents a discount of 17% over the 3-months volume weighted average price of HTL. The rights issue shall be carried out in the ratio of 5:7 shares. The rights issue is subject to shareholder approval and will be carried out 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 transaction is subject to the Company obtaining all relevant regulatory approvals.

HTL shareholders and the investing public are advised to exercise caution when dealing in the shares of HTL 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 Hotelest Limited accepts full responsibility for the information contained in this cautionary announcement.