



MERIDIAN LUXE

Executive Summary & Investment Teaser

Updated to incorporate the original project narrative, phasing, timelines, and financial logic

CONFIDENTIALITY NOTICE

This document has been prepared for discussion with prospective capital partners, lenders, strategic investors, and institutional stakeholders in relation to the Meridian Luxe development platform.

EXECUTIVE OVERVIEW

Meridian Luxe is a phased, mixed-use real estate development planned for Ballito on the KwaZulu-Natal North Coast. The project is structured as an integrated ecosystem combining residential living, assisted living, hospitality, healthcare-oriented training and convention infrastructure, and supporting retail/commercial uses.

The development is intended to create both near-term development profit and long-term asset value through a combination of unit sales, rental income, hotel operations, event and training revenue, and terminal asset value based on yield-driven pricing.

Meridian Luxe is positioned not merely as a property project, but as a scalable development platform designed to respond to growth in lifestyle migration, secure living, healthcare support services, hospitality demand, professional training demand, and regional commercial expansion.

INVESTMENT HIGHLIGHTS

- Prime Ballito / KZN North Coast positioning in a high-growth node
- Mixed-use masterplan combining residential, healthcare support, hospitality, training, retail, and commercial activity
- Phased execution strategy designed to reduce risk and support capital recycling
- Multiple income streams across sales, rentals, hotel, conferencing, and ancillary operations
- Revenue model already incorporates conservative rental and hotel income assumptions
- Corrected financial presentation now includes yield-based asset valuation and terminal value

Core Financial Highlight

Project Costs Breakdown

- Land Acquisition: R43,125,000
- Zoning, Design & marketing R15,689,000
- Professional Fees: R260,140,050
- External Infrastructure Costs: R292,864,594
- Taxes and rates : R394,499,496

Construction Costs

- Phase 1: R742 000 000 (Breakdown - Bank shaped available)
- Phase 2: R260 000 000 (Breakdown - Bank shaped available)
- Phase 3: R535 000 000
- Phase 4: R435 000 000
- Phase 5: R503 000 000
- Phase 6: R300 000 000

OPERATING EXPENSES TREATMENT

The project includes estimated operational expenditure of R538,475,400 over a 10-year period.

These costs relate to the ongoing operation of income-producing components including:

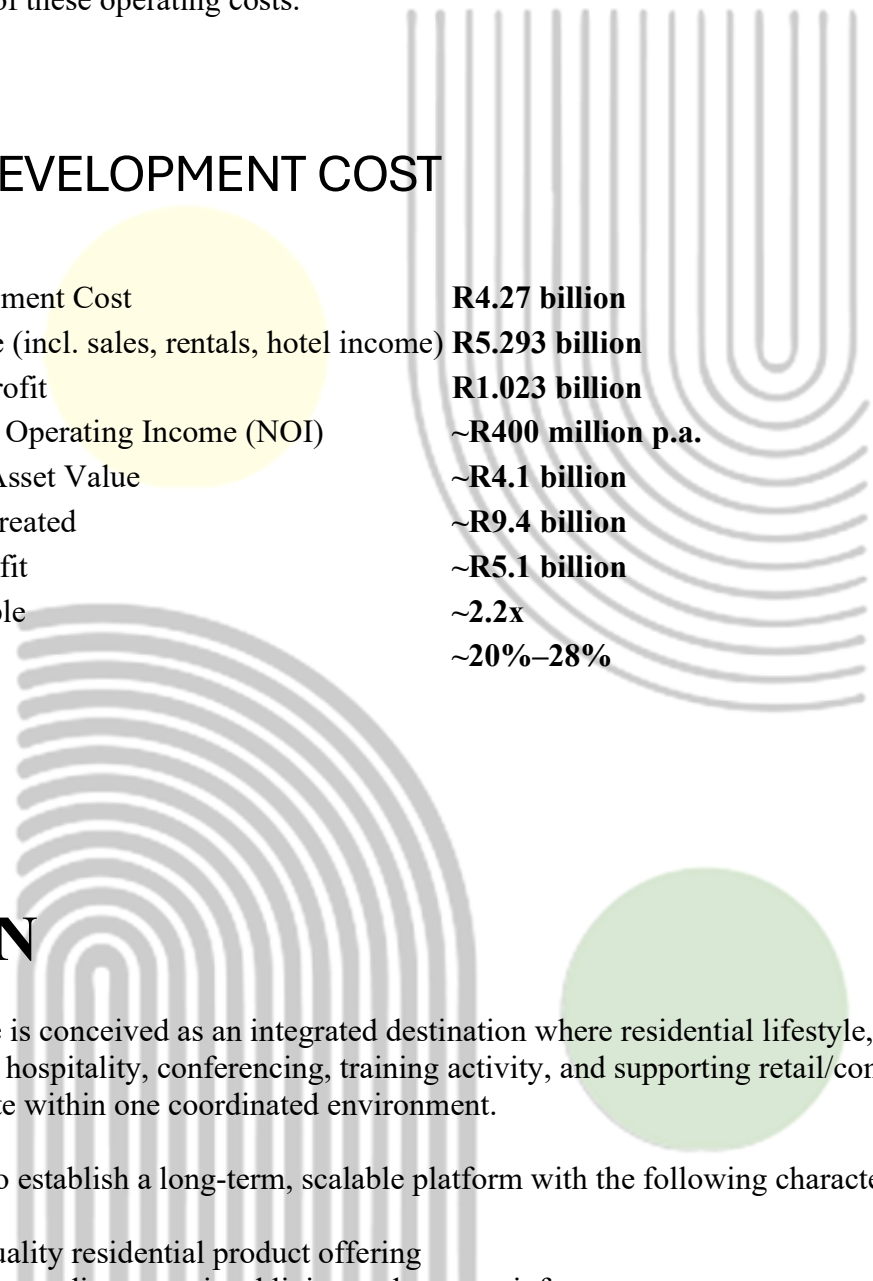
- hotel operations
- residential and assisted living management
- retail and commercial management
- convention and training operations

For clarity, these operating expenses are not included in development cost and are not funded through development finance.

Instead, they are accounted for within the operating model and are reflected in the net operating income (NOI) assumptions presented in this document.

The stabilised NOI of approximately R400 million per annum is calculated after consideration of these operating costs.

TOTAL DEVELOPMENT COST



Total Development Cost	R4.27 billion
Total Revenue (incl. sales, rentals, hotel income)	R5.293 billion
Accounting Profit	R1.023 billion
Stabilised Net Operating Income (NOI)	~R400 million p.a.
Yield-Based Asset Value	~R4.1 billion
Total Value Created	~R9.4 billion
Economic Profit	~R5.1 billion
Project Multiple	~2.2x
Project IRR	~20%–28%

VISION

Meridian Luxe is conceived as an integrated destination where residential lifestyle, assisted living support, hospitality, conferencing, training activity, and supporting retail/commercial services operate within one coordinated environment.

The vision is to establish a long-term, scalable platform with the following characteristics:

- high-quality residential product offering
- healthcare-adjacent assisted living and support infrastructure
- hospitality and convention functionality
- commercial activity that services both residents and visitors
- diversified revenue streams that improve resilience across cycles
- long-term asset value capable of refinancing, institutional sale, or structured exit

MARKET OPPORTUNITY

The KZN North Coast, and Ballito in particular, continues to benefit from strong structural demand drivers, including:

- sustained residential migration to coastal lifestyle nodes
- increasing preference for secure estates and mixed-use living environments
- growing demand for assisted living and healthcare support infrastructure
- tourism and hospitality growth along the North Coast corridor
- demand for professional training, conferencing, and event space
- commercial expansion associated with regional urban growth

Meridian Luxe addresses a market gap by combining these uses into a single integrated ecosystem rather than treating them as isolated developments.



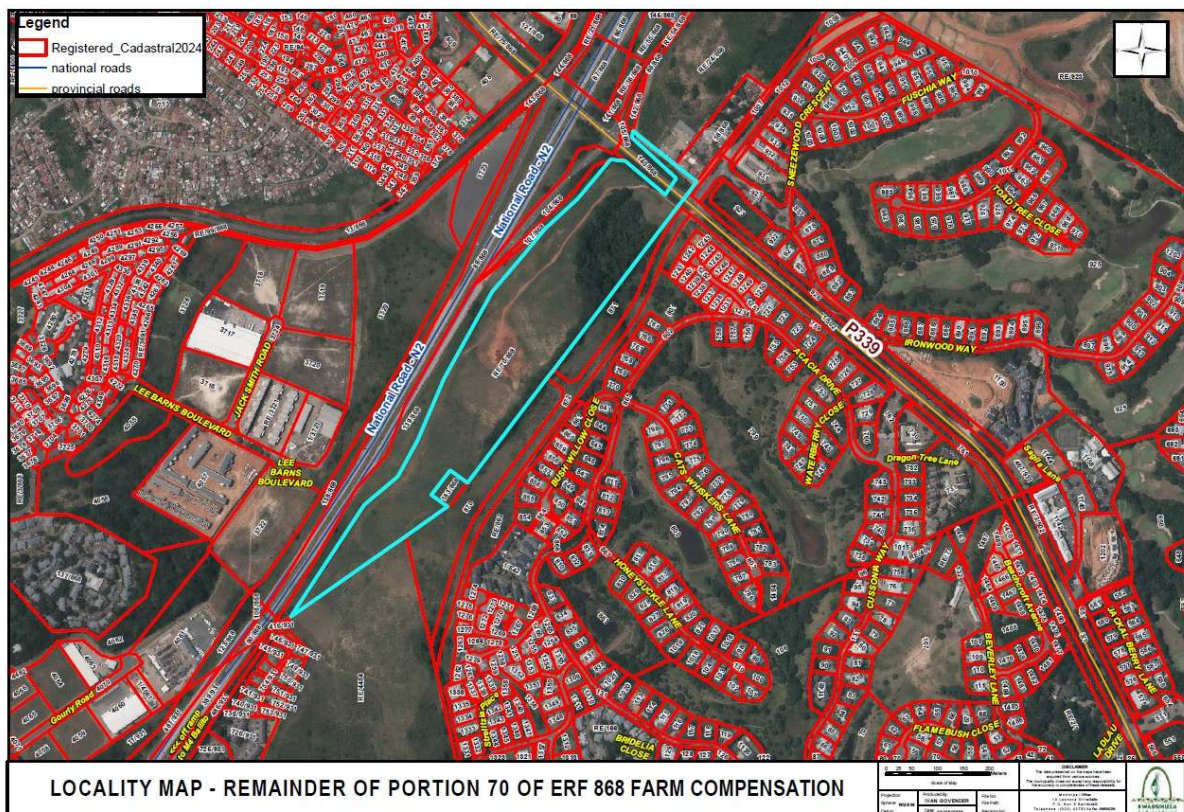
LOCATION ADVANTAGE

Ballito offers a strategic location profile that supports both development absorption and long-term operating performance.

Location strengths include:

- proximity to major transport and regional access routes
- strong appeal as a residential and tourism destination
- established and growing North Coast economic corridor
- compatibility with premium lifestyle and mixed-use development
- ability to serve local, regional, and destination-based demand

This location strategy underpins both sales assumptions and long-term asset performance.



DEVELOPMENT COMPONENTS

Meridian Luxe is designed around the following core components:

Residential

A premium residential offering designed to capture demand for secure, lifestyle-oriented living in Ballito.

Assisted Living

Purpose-driven assisted living accommodation and support services aligned with rising demand for managed, health-supported residential options.

Hospitality

Hotel infrastructure designed to support tourism, visiting professionals, event traffic, and integrated use with the convention/training element.

Healthcare Training & Convention

A training and convention hub intended to host professional education, conferences, sector events, and related programming.

Retail & Commercial

Retail and commercial components designed to service residents, visitors, hotel guests, and broader activity generated by the site.

PHASED FUNDING & DRAWDOWN STRUCTURE

This is where the project become the best designed precinct in the world

PHASE 1 (Years 0–2)

Residential and Assistant Residential Launch

- Cost: R742m + infrastructure allocation
- Funding:
 - Equity: Land + early works
 - Debt unlocked via **pre-sales**

Bank trigger: 40%–60% pre-sales

PHASE 2 (Years 1–3)

Hotel Development

- Cost: R260m
- Supported by:
 - Phase 1 performance
 - Early recurring demand

Lower risk once Phase 1 proves absorption

May attract **separate financing tranche**

PHASE 3 (Years 2–4)

Medical Clinic and Operation theatres facilities

- Cost: R535m
- Requirements:
 - Operator agreement
 - Feasibility study

May attract **separate financing tranche**

PHASE 4 (Years 3–5)

Convention & Training Centre

- Cost: R435m
- Revenue-backed via:
 - Events
 - Institutional usage

PHASE 5 (Years 4–6)

Retail & Commercial

- Cost: R503m
- Funding supported by:
 - Lease agreements
 - Tenant pre-commitments

PHASE 6 (Years 5–7)

International Convention Centre

- Cost: R300m
- Focus:
 - NOI optimisation
 - Refinancing readiness

DEBT DRAWDOWN LOGIC

Debt is **not given upfront** — it flows like this:

- Drawn against certified construction progress
- Released in tranches per phase
- Protected by:
 - Pre-sales
 - Contracts
 - Asset value

OPERATING MODEL (SEPARATED – CRITICAL)

Annual NOI (UNCHANGED)

Component	NOI
Hotel	~R140m
Residential & Assisted Living	~R110m
Retail & Commercial	~R80m
Convention & Training	~R70m
Total NOI	~R400m p.a.

👉 This supports:

Yield-Based Valuation

- Total Asset Value ≈ **R4.1 billion**

EXIT & REFINANCING STRATEGY

At stabilisation:

Options:

1. Sell stabilised assets (~R4.1bn)
2. Refinance using NOI (~R400m p.a.)
3. Roll into REIT / institutional platform
4. Partial exit + hold income assets

INVESTOR RETURN STRUCTURE

Metric	Value
IRR	~20%–28%
Equity Multiple	~2.2x
Downside Protection	Asset-backed

Return Drivers:

- Development margin (R1.023bn)
- NOI generation (~R400m/year)
- Terminal value (~R4.1bn)

KEY STRENGTH

This is no longer:

“R4.27bn risky project”

It is now:

“Phased, de-risked, asset-backed development with staged funding and income visibility”

DEVELOPMENT PHASING

A key part of the original project strategy is phased execution. This remains central to the investment case because it manages risk, sequences capital efficiently, and allows early revenue generation to support later phases.

Phase 1 – Residential & Assisted Living Residential Launch

- Initial residential development
- Development of assisted living units
- Site activation and infrastructure
- Early market absorption

Phase 2 – Hospitality Development

Hotel construction and launch

- Strengthening recurring demand base

Phase 3 – Convention & Training Hub

- Medical training and conference facilities

Healthcare-aligned residential offering

- Supporting tourism and professional inflow

Phase 4 – Convention & Training Hub

- Medical training and conference facilities
- Event-driven revenue streams

Phase 5 – Retail & Commercial Rollout

- Retail activation
- Commercial tenancy expansion
- Supporting ecosystem services

Phase 6 – International Convention Centre

- Integrated operation of all components
- Income optimisation across all sectors
- Preparation for refinancing or exit

DEVELOPMENT TIMELINE

The timeline below reflects the operating logic already discussed in the original pitch framework and now forms part of the formal prospectus narrative.

Period Primary Activity

Year 0 – Year 2 Land, approvals, infrastructure, launch of Phase 1 construction

Year 2 – Year 4 Residential sales absorption, assisted living activation, Phase 2 build-out

Year 3 – Year 5 Hotel and convention/training operations ramp-up

Year 4 – Year 6 Retail/commercial roll-out and broader ecosystem stabilisation

Year 5 – Year 7 Full stabilisation, refinancing or exit optionality, terminal value realisation

This timeline supports a phased monetisation strategy rather than a single end-state event.

BUSINESS MODEL

Meridian Luxe generates returns through three layers of value creation:

Development Profit

Generated through residential and assisted living sales.

Operating Income

Generated through rentals, hotel operations, retail/commercial leasing, and convention/training activity.

Terminal Asset Value

Generated by applying yield-based valuation to stabilised income-producing assets.

This hybrid model is critical to understanding the true economics of the project. The original accounting view captures profit, but not the full terminal asset value of the completed platform.

REVENUE FRAMEWORK

The project revenue model includes the following streams:

Sales Revenue

- residential unit sales
- assisted living unit sales

Recurring Revenue

- rental income
- hotel operating income
- retail/commercial lease income
- convention and training revenue

Importantly, the total revenue figure of **R5.293 billion** already includes conservative assumptions relating to rental income and hotel income.

ORIGINAL BASE FINANCIALS

The following figures remain fixed from the original model:

Metric	Value
Total Revenue	R5.293 billion
Total Development Cost	R4.27 billion
Accounting Profit	R1.023 billion

The adjustment made in this updated prospectus is an addition of proper asset valuation logic.

OPERATING PERFORMANCE / NOI

Because part of the revenue base is recurring, Meridian Luxe must also be evaluated as an income-producing asset platform.

Estimated stabilised annual NOI is summarised below:

Income Component	Estimated Annual NOI
Hotel	~R140 million
Residential & Assisted Living Rentals	~R110 million
Retail & Commercial	~R80 million

Convention & Training

~R70 million

Total NOI

~R400 million p.a.

These assumptions are intentionally conservative and are used to determine asset value under a yield-based approach.

YIELD-BASED PRICING / ASSET VALUATION

Yield-based pricing is a core institutional valuation method for stabilised income-producing assets.

Valuation formula

Value = NOI / Yield

Applying conservative market yields to Meridian Luxe's operating components produces the following estimated value range:

Asset Class	Yield Assumption	Indicative Value
Hotel	10.0%	1.40B
Residential / Assisted Living Rentals	9.0%	1.20B
Retail & Commercial	9.5%	0.84B
Convention / Training	10.0%	0.70B
Total Asset Value		~R4.1 billion

This yield-based value is in addition to the accounting profit already reflected in the base model.

TERMINAL VALUE

At stabilisation, Meridian Luxe creates a terminal value through its income-producing asset base.

Indicative terminal value

~R4.0 billion to R4.2 billion

Terminal realisation options

- institutional asset sale
- sale into a structured vehicle or REIT-style platform
- refinancing against stabilised income-producing assets while retaining ownership

This terminal value is a critical component of the investment case and materially improves project economics relative to a simple revenue-minus-cost presentation.

TOTAL VALUE CREATED

Once operating income is capitalised into asset value, the broader economic outcome becomes clear.

Component	Value
Total Revenue (base model)	R5.293 billion
Yield-Based Asset Value	~R4.1 billion
Total Value Created	~R9.4 billion

ECONOMIC PROFITABILITY

Metric	Value
Total Value Created	~R9.4 billion
Total Development Cost	R4.27 billion
Economic Profit	~R5.1 billion

The distinction between accounting profit and economic profit is central:

- **Accounting Profit** captures the original revenue less development cost = **R1.023 billion**
- **Economic Profit** adds the capitalised value of stabilised income-producing assets = **~R5.1 billion**



PARDEY – LUTHULI

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CK 2009/128449/23

OPEN MARKET VALUATION: MERIDIAN LUXE DEVELOPMENT UNDERLYING LAND VALUE ON PROPOSED BULK

VALUATION REPORT:

PTN 70 OF THE FARM COMPENSATION 868 REG DIV FU, KWAZULU-NATAL, RSA



CONTRIBUTING MARKET VALUE ON APPROVAL: PHASE 1	R 271,723,050.00 AS PER REPORTED BULK
CONTRIBUTING MARKET VALUE ON APPROVAL: PHASE 2	R 119,523,000.00 AS PER REPORTED BULK
TOTAL CONTRIBUTORY VALUE: ON APPROVAL:	R 390,000,000.00 ROUNDED VALUE
DATE OF VALUATION:	23 RD JANUARY 2025
LOCAL MUNICIPALITY:	KWADUKUZA MUNICIPALITY
REGISTERED PROFESSIONAL VALUER:	BARRETT MATTHEW PARDEY SACVP 4341

TO DETERMINE THE ESTIMATED OPEN MARKET VALUE OF THE ABOVE SAID PROPERTY BEING PTN 70 OF THE FARM COMPENSATION NO. 868 FU, UPON SUCCESSFUL REZONING, APPROVAL AND SERVICES PROCUREMENT FOR DEVELOPMENT, NAMELY THE MERIDIAN LUXE DEVELOPMENT, AS AT THE EFFECTIVE DATE OF VALUATION BEING THE 23RD JANUARY 2025.

INVESTOR RETURNS

On a corrected economic basis, Meridian Luxe supports materially stronger return metrics than those implied by the accounting model alone.

Return Metric	Value
Project Multiple	~2.2x
Project IRR	~20%–28%
Downside Protection	Asset-backed

These returns are supported by:

- phased execution
- diversified revenues
- conservative operating assumptions
- terminal value embedded in yield-based pricing

CAPITAL AND STRUCTURING CONSIDERATIONS

The project is suited to structured capital participation through a combination of development equity, strategic capital, and senior or mezzanine debt, subject to lender appetite and final structuring.

Potential investors may include:

- private equity and real asset investors
- development finance institutions
- institutional real estate investors
- strategic hospitality or healthcare-aligned partners

The phased nature of the development supports flexible structuring discussions across construction, operating, and terminal phases.

STRATEGIC RATIONALE FOR INVESTORS

Meridian Luxe offers a number of strategic advantages:

- exposure to a high-growth coastal node
- diversified mixed-use asset base
- early cash flow through sales

- recurring income from stabilised operations
- institutional exit pathways through yield-based valuation
- platform potential beyond a single site if replicated regionally

RISK MANAGEMENT THROUGH PHASING

The phasing strategy is not only an execution framework but also a risk management tool.

Key mitigants include:

- early market validation through Phase 1 absorption
- staggered capital deployment
- multiple revenue streams reducing reliance on a single use
- terminal asset backing providing downside support
- ability to pace later phases in line with demand and capital conditions

EXIT PATHWAYS

The project supports multiple exit pathways depending on market conditions and investor strategy:

1. partial or full sale of stabilised assets
2. refinance and retention of cash-yielding components
3. institutional portfolio sale
4. longer-term hold strategy with recapitalisation

This flexibility enhances overall investability.

CONCLUSION

Meridian Luxe is a phased mixed-use development platform with a clear location strategy, diversified use mix, structured execution path, and materially stronger economics than reflected by an accounting-only model.

The project's original base numbers remain unchanged:

- Revenue: **R5.293 billion**
- Cost: **R4.27 billion**

- Accounting Profit: **R1.023 billion**

What this updated prospectus corrects is the valuation logic by including:

- stabilised NOI
- yield-based pricing
- terminal value
- true economic profit
- corrected investor return framing

Key Investment Message

Meridian Luxe combines development profit with yield-based asset creation, resulting in approximately R9.4 billion of total value and more than R5 billion in total economic profit.

