DELTA
INTERNATIONAL

REVIEWED UNAUDITED
Provisional financial statements

for year ended 30 June 2015 (the "financial statements")

DELTA INTERNATIONAL PROPERTY HOLDINGS LIMITED
(the "Company")
(Registered by continuation in the Republic of Mauritius)
(Registration number 128881 C1/GBL)
JSE share code: DLI SEM share code: DEL.N0000
ISIN: MU0473N00002 (Old ISIN: BMG2707T1018)

HIGHLIGHTS

- Maiden full year distribution of US$11.28 cents achieved
- Bronwyn Corbett appointed acting CEO
- Current $ Dividend yield – 8.5%
- Capital raised – US$127.1 million
- Acquisitions – US$208.8 million
- Dual primary listing on JSE and SEM (migration from BSX)
- PIC 25.87% shareholder

DIRECTORS' COMMENTARY

NATURE OF THE BUSINESS

The Company was initially incorporated in Bermuda on 16 May 2012 as a Bermudian exempted company under the laws of Bermuda and has been operational since 1 June 2012. The Company was discontinued from Bermuda on 11 March 2015 and was registered by continuation in Mauritius as a public company limited by shares on the same day. It holds a Category One Global Business License as from 13 March 2015.

On 30 March 2015 the Company transferred its primary listing from the Bermuda Stock Exchange to the Stock Exchange of Mauritius Ltd ("SEM"). On 10 July 2015, the Company moved its secondary listing on the Alternative Exchange (or AltX) of the Johannesburg Stock Exchange ("JSE") to a second primary listing on the main board of the JSE. The rationale for the migration was to attract a more diverse shareholder base and to increase the liquidity of the shares.

The Company and its subsidiaries ("Delta International" or "the Group") has been significantly restructured since the change in ownership in May 2014. The Group has since embarked on a strategy of acquiring a portfolio of African real estate assets (excluding assets situated in South Africa) in furtherance of its objective of investing in real estate assets that will provide strong sustainable income from high quality tenants.

CAPITAL STRUCTURE

The capital structure of the Company increased significantly during the year. The two successful capital raises in July 2014 (issuing 43 254 376 shares, raising a net US$86.51 million) and in April 2015 (issuing 26 354 444 shares, raising a net US$38.89 million) and the other capital raises (issuing a total of 3 383 446 shares with net proceeds of US$6.19 million) increased the total shares in issue from 664,180 shares in 2014 to 73 656 446 shares by the end of the 2015 financial year. The total increase in share capital after deducting share issue expenses of US$4.48 million amounted to $127.10 million from $0.86 million in 2014.

The capital raise in April 2015 resulted in the Public Investment Corporation, the largest pension fund manager in Africa, acquiring 19 054 810 shares in the Company which represents 25.87% of the issued shares. Stanlib has also subsequently increased its shareholding to 9.01%.

STRATEGY

The strategy for the Group (which is mandated by the board and is not expected to change once the new chief executive officer is appointed) remains to acquire assets that provide a sustainable income from high quality tenants across the African continent, while maintaining an accretive distribution over the long term. The Company's focus will remain solely on dollarised leases in stable economies.

The Group's immediate focus will be to capitalise on its knowledge base by expanding within its current jurisdictions of Mozambique and Morocco. The current footprint and brand awareness in the existing jurisdictions has provided the Group with a large pipeline of assets, which will allow the Group to select the highest yielding assets that fall within the Group's investment criteria. The Group will expand its property types to include the lucrative corporate accommodation in Mozambique.

Delta International's next targeted jurisdiction will be Mauritius. The Group has already identified potential office buildings with strong counterparty tenants in Mauritius which are being considered for the latter part of the financial year.

In a bid to maximise shareholder returns by reducing tax leakage, the Group has entered into contracts that will place the Group in a position to convert the Moroccan structures to a REIT as soon as REIT legislation is promulgated. This is expected to take place in quarter three of the 2016 financial year.

The long-term strategy for new jurisdictions will focus on East Africa where the economies have embraced REIT legislation.

DISTRIBUTABLE EARNINGS AND COMMENTARY ON RESULTS

Following the maiden distribution of US$6.636 cents per share for the first six months to December 2014, the final distribution for the last six months of the year will be US$4.648 cents per share. The full year distribution will amount to US$11.284 cents per share.

The distribution of the 2016 financial year is expected to show growth of 3% to 5% (this information has not been reviewed or audited by the Company's auditors).

The operating expenses' resultant cost to income ratio for the year amounted to 24.98%, with this amount including a number of costs associated with bedding down the new asset acquisitions, including a provision for doubtful debts of US$0.41 million in relation to historic arrears which arose prior to transfer of the Anfa Place Shopping Centre.

The loss for the year amounted to US$0.65 million. This loss was largely due to the negative impact of the unrealised foreign exchange loss of US$11.24 million. The bulk of this loss originates from the in-country revaluation of a US$70.94 million shareholders loan to the Moroccan Dirham ("MAD") (being the functional currency of the Moroccan subsidiary). The loan has a term of ten years and as such, the loss is not expected to be realised in the short term. See below for commentary on the performance of the Moroccan Dirham.

The Group's loan to value ratio at the end of the year was 48.3%, marginally below the target of 50%. The difference is attributable to the unrealised exchange gain arising from the Moroccan Dirham based loans and the valuation increase of the investment properties.

The NAV per share at year end was US$168.91 cents per share (or US$169.75 cents per share excluding deferred tax). Currently the shares are trading at a discount to NAV of 32% based on the current JSE market price of ZAR16.25.

The current portion of interest-bearing borrowings of US$91.17 million represents bridging facilities and accrued finance costs of US$38.93 million related to Mozambique assets and vendor finance of US$52.24 million related to the Anfa Place Mall in Morocco. The US$38.93 million debt related to the Mozambique assets was settled using the proceeds from the new term loan with The Standard Bank of South Africa Limited ("Standard Bank South Africa") on 22 July 2015 (for the capital portion) and cash flow from operations (for the accrued interest). The vendor finance of US$52.24 million (which is denominated in MAD) matures on 25 January 2016. The Group has entered a discussion with a number of financiers and is confident that it will secure long-term funding before maturity.

REVIEW OF OPERATIONS

During the year, the Group has successfully acquired three commercial properties in Maputo, Mozambique and one retail asset in Casablanca, Morocco. Before year end, the Group committed to purchase an additional retail centre, being the Zimpeto Square in Maputo, Mozambique. All assets acquired during the year were in line with investment criteria of sustainable income from high quality tenants.

Summary of acquisitions

Property	GLA m²	Purchase price	Grade	Acquisition yield	Acquisition date	Sector	Location
Anadarko Building	7 805	$32.50 million	A+	10.03%	Jul-14	Offices	Maputo, Mozambique
Anfa Place Mall	30 879	$114.68 million	A	7.54%	Jul-14	Retail	Casablanca, Morocco
Hollard Building	4 945	$14.94 million	A	9.32%	Apr-14	Offices	Maputo, Mozambique
Vodacom Building	10 660	$49.00 million	A	6.63%	May-14	Offices	Maputo, Mozambique

Mozambique

The Anadarko Building is operating as expected and remains 100% occupied. The day-to-day management of the property has been bedded down and it is generating attractive returns on capital. The development of phase 2 of the Anadarko Building is expected to commence by the end of 2015. In addition to the net rental income to be generated on the leased building, the Group will share in the development fee without taking any development risk. The development fee is based on the Group's existing interest in the land. The development will be pre-committed with a long-term lease to Anadarko and will create favourable growth on forward returns for the Group.

The Hollard Building transferred to the Group on 28 April 2015. The handover process has run smoothly, with few material issues remaining by the reporting date. The building remains 100% occupied and the tenant lease rental collections have remained virtually unchanged over the transition period.

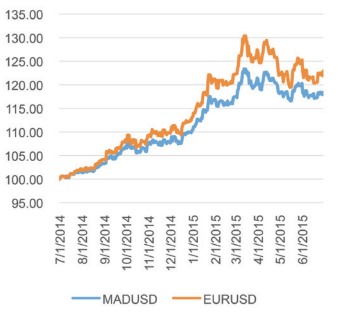
The Vodacom Building has been transferred to the Group on 22 May 2015. The later than anticipated capital raise in April 2015 and the knock on effect this had in obtaining the foreign loan approval from the Bank of Mozambique, for the new Standard Bank South Africa loan, required the Group to incur additional finance costs by raising bridging debt. The main debt facility was paid out on 22 July 2015, and the acquisition is expected to be fully bedded down by mid-August.

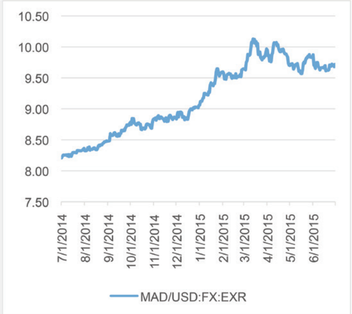
The current Mozambique GDP growth of 7.1% is primarily based on the natural gas discovery, which is the world's largest natural gas find in the last decade. The strong economic indicators have lead the Group's Mozambique assets maintaining a 100% occupancy level with limited tenant arrears.

Morocco

Anfa Place Shopping Centre has performed well since being bedded down after a difficult handover period. Footfall has increase 13% year on year and vacancies in the main portion of the mall are down to 0.39%. The opening of MacDonald's completes a very strong tenant mix in the food court and is indicative of the Group's selective improvements in attracting exciting new brands to the existing line of top international brands. The Four Seasons Hotel, adjacent to the street retail section within the precinct, opens in November 2015 and will allow further reductions to the 7.64% total vacancy rate. Arrears are monitored continuously with strong efforts on collections which are yielding positive results. The in-country centre management team will continue to enjoy the support of top marketing skills from South Africa involved in developing the centre's new marketing strategy.

Historically the MAD has been a stable currency against the United States Dollar ("USD"). The MAD is a managed currency based on a basket of currencies historically consisting of an 80% weighting of the Euro and 20% of the USD. In reaction to the performance of the Euro in 2015, the Moroccan authorities took a proactive approach by reweighting the currency to 60% Euro and 40% USD.





From 1 July 2014 to 30 June 2015, the USD gained c.20% in value against the Euro. Due to the fact that the MAD is managed as per the high weighting to the Euro, this translates into the USD making significant value gains against the MAD (c.17% since 1 July 2015).

Although the MAD has lost significant value against the USD since 1 July 2014, this is linked to the poor performance of the Euro rather than any underlying issues within the Moroccan economy, which still provides a strong investment case. The MAD has strengthened against the USD in recent weeks and through continued strengthening will see USD earnings on Anfa Place increase in the same manner.

CHANGES TO THE BOARD

On 14 April 2015 the Company announced that Gideon Louis Schnetler, Delta International's chief executive officer and a director of the Company, had tendered his resignation due to unforeseen personal reasons. With immediate effect, Bronwyn Corbett, a director of Delta Property Fund and a material shareholder in her own right has been appointed as chief executive officer.

On 1 July 2015, Leon van de Moortele replaced Greg Booyens as the Chief Financial Officer. The new chief financial officer brings a wealth of knowledge gained from practical experience across the African continent, which together with the appointment of the acting chief executive officer will provide sufficient capacity to continue the Group's growth strategy. Greg Booyens has been appointed as the Chief Financial Officer of Delta Property Fund Limited, a 30% shareholder of Delta International, but will remain as an executive director of the Company for the immediate future.

Although Paul Simpson resigned as a director, he continues to form part of senior management with a specific focus on the Moroccan asset while contribution to the overall Group strategy.

A summary of the changes to the board are as follows:

Resignations	
• Paul Simpson	14 August 2014
• James Keyes*	10 March 2015
• David Brown*	10 March 2015
• Gideon Louis Schnetler	7 July 2015
Appointments	
• Chandra Kumar Gujadhur	1 July 2015
• Ian Macleod	1 July 2015
• Leon van de Moortele	1 July 2015

*Linked to the delisting in Bermuda.

SUBSEQUENT EVENTS

On 15 July 2015, the Group concluded the loan agreement for the funding of the Hollard and Vodacom buildings in Maputo, Mozambique with Standard Bank South Africa for an amount of US$38.00 million. The loan has a term of three years and is priced at three-month Libor plus 5.40%. The proceeds of the loan will be utilised to settle the current bridging facilities of US$24.30 million from Standard Bank Mozambique and US$14.00 million from Standard Bank South Africa.

On 9 July 2015, following the latest capital raise of 2 645 556 shares on 30 June 2015, the Group finalised the Promissory Purchase and Sale Agreement for the purchase of Zimpeto Square (with 4 764sqm of GLA) for US$10.70 million. The Group placed a deposit of US$4.50 million with the sellers on 15 July 2015. The balance of the purchase price will be financed by Nedbank Limited in South Africa with terms currently under negotiation.

GOING CONCERN

The directors are of the opinion that the Group has adequate resources to continue operating for the foreseeable future and that it is appropriate to adopt the going concern basis in preparing the Group's financial statements. The directors have satisfied themselves that the Group is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements.

Any forecast included above has been based on assumptions, including assumptions that a stable regional, political and economic environment as well as a stable global macro-economic environment.

By order of the Board

Apex Fund Services (Mauritius) Ltd
Company Secretary

6 August 2015

Consolidated statement of financial position

	Reviewed unaudited for year ended 30 June 2015 $'000	Audited for the 10 months ended 30 June 2014 $'000
Assets		
Non-current assets		
Investment property	210 390 631	–
Fair value of property portfolio	207 768 336	–
Straight line rental income accrual	2 622 295	–
Property, plant and equipment	105 286	–
Intangible assets	–	–
Related party loans	91 665	275 734
Deferred tax	190 143	–
Total non-current assets	210 777 725	275 734
Current assets	–	–
Trade and other receivables	18 697 486	31 946
Cash and cash equivalents	6 565 282	649 328
Total current assets	25 262 768	681 274
Total assets	236 040 493	957 008
Equity and liabilities		
Total equity attributable to equity holders		
Share capital	127 958 794	864 655
Foreign currency translation reserve	(785 389)	52 865
Retained (loss)/income	(2 760 584)	19 471
Total equity attributable to equity holders	124 412 821	936 991
Liabilities		
Non-current liabilities		
Interest-bearing borrowings	10 490 966	–
Deferred tax	807 205	–
Total non-current liabilities	11 298 171	–
Current liabilities		
Interest-bearing borrowings	91 165 629	–
Trade and other payables	8 671 831	20 017
Withholding tax payable	11 893	–
Current tax payable	137 756	–
Cash and cash equivalents	342 391	–
Total current liabilities	100 329 501	20 017
Total liabilities	111 627 672	20 017
Total equity and liabilities	236 040 493	957 008
Net asset value per share (cents)	168.91	141.07
Net asset value per share (excluding deferred taxation) (cents)	169.75	141.07

Consolidated statement of cash flows

	Reviewed unaudited for year ended 30 June 2015 $'000	Audited for the 10 months ended 30 June 2014 $'000
Cash utilised in operating activities	(4 037 644)	(334 135)
Interest received	708 334	59
Finance costs	(4 974 543)	–
Taxation paid	(216 298)	–
Dividends paid	(2 963 434)	–
Net cash utilised from operating activities	(11 483 585)	(334 076)
Acquisition of investment property	(163 684 460)	–
Purchase of property, plant and equipment	(40 484 072)	–
Net cash outflow on acquisition of subsidiary – investment property	(6 881 174)	–
Loans advanced to subsidiaries – other	–	(275 734)
Proceeds on disposal of subsidiaries	–	926 369
Net cash from (utilised in)/generated from investing activities	(211 049 705)	650 635
Proceeds from the issue of shares	131 570 847	–
Capital issue expenses	(4 476 708)	–
Proceeds from interest-bearing borrowings	123 698 563	–
Settlement of interest bearing borrowings	(22 685 849)	293 945
Net cash generated from financing activities	228 106 853	293 945
Net movement in cash and cash equivalents	5 573 563	610 504
Cash at the beginning of the year	649 328	38 824
Total cash at the end of the year	6 222 891	649 328

Condensed consolidated segmental analysis

Geographical location 2015 Reviewed	Morocco $'000	Mozambique $'000	Mauritius $'000	Total $'000
Gross rental income	9 664 688	4 253 510	–	13 918 198
Straight-line rental income accrual	1 596 484	1 025 811	–	2 622 295
Property operating expenses	(2 769 347)	(708 413)	–	(3 477 760)
Net property rental and related income	8 491 825	4 570 908	–	13 062 733
Fair value adjustment	(1 143 270)	5 703 728	–	4 560 458
Assets	104 690 631	105 700 000	–	210 390 631
Investment property at fair value	103 094 147	104 674 189	–	207 768 336
Straight-line rental income accrual	1 596 484	1 025 811	–	2 622 295

Type of property 2015 Reviewed	Retail	Office	Corporate	Total
Gross rental income	9 664 688	4 253 510	–	13 918 198
Straight-line rental income accrual	1 596 484	1 025 811	–	2 622 295
Property operating expenses	(2 769 347)	(708 413)	–	(3 477 760)
Net property rental and related income	8 491 825	4 570 908	–	13 062 733
Fair value adjustment	(1 143 270)	5 703 728	–	4 560 458
Investment property	104 690 631	105 700 000	–	210 390 631
Investment property at fair value	103 094 147	104 674 189	–	207 768 336
Straight-line rental income accrual	1 596 484	1 025 811	–	2 622 295

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Consolidated statement of comprehensive income

	Reviewed unaudited for year ended 30 June 2015 $'000	Audited for the 10 months ended 30 June 2014 $'000
Gross rental income	13 918 198	–
Straight-line rental income accrual	2 622 295	–
Revenue	16 540 493	–
Investment income	–	63,156
Property operating expenses	(3 477 760)	–
Net property income	13 062 733	63,156
Other income	384 061	–
Administrative expenses	(1 711 296)	(48 509)
Profit from operations	11 735 498	14 647
Acquisition fees	(3 291 940)	–
Acquisition fees – Asset management fees	(2 098 563)	–
Acquisition fees – Other	(1 193 377)	–
Set-up costs	(829 279)	(28 494)
Fair value adjustment on investment property	4 560 458	–
Disposal of investment in subsidiaries	–	(33 401)
Gain from bargain purchase	3 504 523	–
Unrealised foreign currency loss	(11 803 314)	(157)
Realised foreign currency gain	551 853	–
Profit/(loss) before interest and taxation	4 427 799	(47 405)
Interest income	708 334	59
Finance costs	(4 257 150)	–
Profit/(loss) for the period before tax	878 983	(47 346)
Current tax expense	(78 542)	–
Deferred tax expense	(617 062)	–
Profit/(loss) for the period after tax	183 379	(47 346)
(Loss)/profit on translation of functional currency	(838 254)	83 734
Other comprehensive income	–	–
Total comprehensive income	(654 875)	36 388
Reconciliation of earnings, headline earnings and distributable earnings		
Basic earnings	183 379	(47 346)
Less: Fair value adjustments on investment property	(4 560 458)	–
Change in fair value of investment property	(4 560 458)	–
Deferred taxation on investment property revaluation	–	–
Headline loss attributable to shareholders	(4 377 079)	(47 346)
Less: Straight-line rental income accrual (net of deferred taxation)	(1 815 090)	–
Straight-line rental income accrual	(2 622 295)	–
Deferred taxation	807 205	–
Unrealised foreign currency exchange differences	11 803 314	157
Disposal of subsidiary	–	33 401
Acquisition costs of investment property	3 626 253	–
Acquisition costs – asset manager	2 098 563	–
Acquisition costs – debt structuring fees included in interest expense	334 313	–
Acquisition costs – other	1 193 377	–
Setup costs	829 279	–
Gain from bargain purchase	(3 504 523)	–
Retained distributable (profit)/loss	(175 538)	13 788
Distributable earnings attributable to shareholders	6 386 616	–
Less: Distribution declared		
Interim	2 963 433	–
Final (declared after 30 June)	3 423 183	–
Distributable earnings attributable to shareholders	–	–
Number of shares in issue at interim	44 656 446	664 180
Number of shares in issue at year-end	73 656 446	664 180
Weighted average number of shares	47 104 830	664 180
Earnings per share		
Basic and diluted profit/(loss) per share (cents)	0.39	(7.13)
Headline and diluted loss earnings per share (cents)	(9.29)	(7.13)
Distribution per share		
Distribution per share (cents) – interim	6.64	–
Distribution per share (cents) – final (declared after 30 June)	4.65	–
Distribution per share (cents) – full year	11.28	–

Consolidated statement of changes in equity

GROUP	Retained earnings $'000	Share capital $'000	Foreign currency translation reserve $'000	Total equity holders $'000
Balance as at 1 September 2013	66 817	864 655	(30 869)	900 603
Loss for the year	(47 346)	–	–	(47 346)
Foreign currency translation reserve movement	–	–	83 734	83 734
Shares issued	–	–	–	–
Share issue expenses	–	–	–	–
Balance as at 30 June 2014	19 471	864 655	52 865	936 991
Profit for the year	183 379	–	–	183 379
Dividends paid	(2 963 434)	–	–	(2 963 434)
Foreign currency translation reserve movement	–	–	(838 254)	(838 254)
Shares issued	–	131 570 847	–	131 570 847
Share issue expenses	–	(4 476 708)	–	(4 476 708)
Balance as at 30 June 2015	(2 760 584)	127 958 794	(785 389)	124 412 821

Notes

1. **Basis of preparation and accounting policy**

   The condensed consolidated financial statements are prepared in accordance with the requirements of the JSE Listings Requirements for provisional reports and the requirements of the requirements of the Mauritian Companies Act 2001. The Listings Requirements require provisional reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting. The accounting policies applied in the preparation of the condensed consolidated financial statements are in terms of IFRS and are consistent with those applied in the previous consolidated annual financial statements.

   The reviewed accounts are issued following the board meeting approving the distribution for the final full year distribution.

   This report has been compiled under the supervision of Leon van de Moortele CA(SA), the Chief Financial Officer of Delta International.

   Delta International has complied with IFRS and JSE and SEM Listings Requirements by disclosing earnings and headline earnings per share. Headline earnings includes fair value adjustments for financial instruments and the straight-line rental income accrual which does not affect distributable earnings. These provisional consolidated financial statements for the year ended 30 June 2015 have been reviewed by BDO Mauritius, who expressed an unmodified unaudited review conclusion.

   The audited financial statements for the year ended 30 June 2015 will be released pursuant to the Listing Rule 12.14 before 30 September 2015.

2. **Declaration of final dividend**

   Shareholders are advised that dividend number 2 of US$4.64750 cents per share for the six months ended 30 June 2015 has been declared. The source of the cash dividend is from rental income.

Salient dates related to cash dividend	
Announcement of results of cash dividend on JSE and SEM	Thursday, 6 August 2015
First date to trade *cum* dividend	Friday, 7 August 2015
Last date to trade *cum* dividend	Friday, 21 August 2015
Shares trade *ex* dividend	Monday, 24 August 2015
Record date of dividend on SEM	Wednesday, 26 August 2015
Record date of dividend on JSE	Friday, 28 August 2015
Payment date of dividend	Monday, 31 August 2015

- No dematerialisation or rematerialisation of share certificates nor transfer of shares between sub-registers in Mauritius and South Africa may take place between Monday, 24 August 2015 and Friday, 28 August 2015, both days inclusive.
- Shareholders on the South African sub-register will receive dividends in South African Rand, based on the exchange rate to be obtained by the Company on or before Friday, 14 August 2015. A further announcement in this regard will be made on or before Friday, 14 August 2015.

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