

Transfer of yield enhancing LUX Tamassa Resort and Mall de Tete
New strategic investor: National Pension Fund of Mauritius
Portfolio occupancy maintained at 98%
Cost of funding reduced to 5.80%
20% of total property portfolio sits in Mauritius



Unaudited abridged consolidated interim financial statements

for the nine months ended 31 March 2017 (the "financial statements")

DIRECTORS' COMMENTARY

NATURE OF THE BUSINESS

Mara Delta is a pan African property income fund focusing on African real estate assets (excluding South Africa), underpinned by predominantly US Dollar and Euro denominated medium- to long-term leases with high quality counterparties delivering sustainable income. Listed in July 2014, the Company holds dual primary listings on the Official Market of the Stock Exchange of Mauritius Ltd ("SEM") and on the Main Board of the JSE Limited ("JSE").

The Group's strategy remains to expand its property portfolio throughout targeted countries in Africa, with assets that will provide sustainable long term, hard currency-based income from high quality counterparties with a core focus on enhancing net asset value and dividend yield.

REVIEW

During the period, the Company has successfully raised capital of US\$34.3 million, through the issue of 21 870 592 shares at an average price of US\$1.57 per share. The proceeds of these issuances were utilised to settle the equity bridge facilities and to part fund the LUX Tamassa transaction. On 22 March 2017, the Company's subsidiary, Mara Delta (Mauritius) Properties Limited issued 1 284 non-redeemable preference shares to the National Pension Fund of Mauritius at an issue price of US\$10,000 per share, raising US\$12.8 million to partly fund the LUX Tamassa transaction.

On 6 March 2017, the Company paid its fifth distribution of 6.12 US\$ cents per share (for the six-month period ended 31 December 2016). The Company maintains its distribution growth forecast of between 2% and 4% on the previous year's full year distribution of 11.75 US\$ cents per share.

Acquisitions transferred during the reporting period

- A 100% interest in Mall de Tete, a 11 571m² retail mall in Tete, Mozambique, which transferred on 1 March 2017 for a purchase price of US\$24.2 million with additional security of a three-year net operating income guarantee from the seller. The acquisition was funded via debt of US\$13.3 million from Bank of China raised at 5.10% and the issue of 7 111 420 shares at a price equal to the net asset value per share.

- LUX Tamassa Resort, a 214 room hotel, located in Bel Ombre, Mauritius, which was transferred on 30 March 2017 for a consideration of the Euro equivalent of US\$40.0 million (US\$43.4 including costs). The acquisition was funded by a combination of debt (EUR22.3 million at Euro libor + 3.75%), preference shares (US\$12.8 million at 6.25%) and the balance via the issue of shares at US\$1.54 per share.

Pending transfers

- The acquisition of a 44.4% interest in an entity owning three Beachcomber hotel assets in Mauritius namely Le Victoria, Le Canonier and Le Mauricia for a total consideration of EUR50.0 million. The initial financial commitments of EUR21.5 million were made in December 2016. Conditional regulatory approval has now been obtained and transfer will take place during the next quarter.

- The 13 560m² Imperial Health Sciences logistics warehouse located in Nairobi, Kenya. The total purchase price is US\$19.87 million. During December 2016 Mara Delta paid the deposit on the transaction and transfer is expected to be concluded during the next quarter.

- The Vale accommodation compound, consisting of 83 villas and 40 apartments, in Tete, Mozambique, at a consideration of US\$33.1 million and is expected to take transfer pending final payment at the date of the rights offer.

- Cosmopolitan Mall in Lusaka, Zambia is a 26 512m² retail centre anchored by Shoprite and Game. All regulatory approvals have now been obtained. The initial deposit of US\$3.0 million was paid in June 2016 and transfer will be concluded pending final payment.

Results

Rental income together with income from associates has increased by 21% versus the first nine months of the 2016 financial year. The rental income increase included the impact of the new acquisitions, US Dollar-based rental escalations, as well as the impact of the concessions and vacancies linked to the Anfa Place Shopping Centre refurbishment. Operating costs (including properties in associated companies) at 31 March 2017 decreased to 25.7% from the 27.6% reported for the year ended at 30 June 2016.

The Company continues to focus on reducing its cost of borrowings with the weighted average cost of debt at 31 March 2017 decreasing to 5.80% from 6.22% reported for the year ended 30 June 2016. Mara Delta has initiated the process to obtain new Euro denominated debt that provides a natural balance sheet hedge to the new Euro-based investments and provides scope to further reduce the cost of debt. The Company's loan to value ("LTV") ratio at 31 March 2017 was 53.02%, up from 48.85% reported in June 2016. The increase in LTV is due to equity bridge facilities pending the rights offer which will be completed within the next quarter.

Mara Delta's net asset value per share ("NAVPS") decreased from 163.27 US\$ cents per share at 30 June 2016 to 158.77 US\$ cents per share at 31 March 2017. The positive increase in valuations of the assets in Mozambique and Mauritius of US\$4.4 million was offset by exchange differences in the value of the Anfa Place Shopping Centre in Morocco of US\$2.4 million (this movement is related to the Euro's decline versus the US Dollar and its impact on the Moroccan Dirham). Other factors influencing the NAVPS growth was the issue of 21 870 592 shares at an average price of US\$1.57 (a 3.9% discount to NAVPS) as well as the distribution of US\$12.2 million paid during the period.

Overall portfolio vacancies remain at 2% as at 31 March 2017. These vacancies are largely due to the redevelopment of Anfa Place Shopping Centre.

Despite ongoing economic and liquidity challenges in Mozambique, Mara Delta's assets are performing as expected. Vacancies remained at zero and no bad debts have originated from the Mozambican portfolio. The improvement in the USD liquidity within Mozambique and the recovery in the Metacais versus the USD (MZN 70.6:US\$1 on 31 March 2017 from its peak of MZN78.5 in September 2016) are positive signs of improvement of the macroeconomic situation in Mozambique. The Company remains confident about the long-term growth prospects in its Mozambican portfolio.

Funds from operations ("FFO")

Funds from operations is determined as the total cash generated from all property investments (profit from operations adjusted for non-cash items, including any realised exchange gains or loss, less net finance costs and taxation), expressed as US\$ cents per share (based on the weighted number of shares in issue).

	Unaudited for the quarter ended 31 March 2017 US\$	Unaudited for the quarter ended 31 March 2016 US\$	Audited for the year ended 30 June 2016 US\$
Operating profit	15,742,777	15,295,420	19,623,873
Adjusted for non-cash items:			
Property fair value adjustment included in income from associates	(742,551)	-	-
Depreciation and amortisation	501,834	16,619	36,142
Straight-line rental income accrual	(930,776)	(1,909,275)	(2,217,399)
Realised foreign exchange gains	1,793,087	937,673	3,489,058
Interest income	887,645	59,816	170,158
Interest expense	(7,257,746)	(6,699,435)	(9,698,267)
Taxation	(159,163)	(498,320)	(1,493,959)
Total funds from operations	9,835,107	7,202,498	9,909,606
Weighted average number of shares	106,301,518	76,669,861	81,725,430
FFO per share	9.25	9.39	12.13

FFO decreased by 1.5% to 9.25 US\$ cents for the nine months ended 31 March 2017 (31 March 2016: 9.39 US\$ cents). The decrease is attributable to the concessions provided to relocate tenants during the refurbishment at Anfa Place Shopping Centre which amounted to US\$0.9 million (or 0.86 US\$ cents decrease in FFO).

OUTLOOK

Following these first nine months, the Board remains confident that the forecasted distribution growth of 2% to 4% on previous year's full year distribution will be achieved. This confidence is supported by Mara Delta's portfolio which is proving to be resilient during macro-economic challenges in markets like Mozambique, due to the strength of its underlying tenant base and together with the pending rights offer where the company will be in a position to fund other high yielding properties.

Any forecast included above has been based on the assumption of stable regional, political and economic environments as well as a stable global macroeconomic environment. This forecast is the responsibility of the Mara Delta Board and has not been reviewed or reported on by the auditors of the Company.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	Unaudited for the quarter ended 31 March 2017 US\$	Unaudited for the quarter ended 31 March 2016 US\$	Unaudited for the nine months ended 31 March 2017 US\$	Unaudited for the nine months ended 31 March 2016 US\$	Audited for the year ended 30 June 2016 US\$
Gross rental income	6,039,704	6,601,119	16,739,651	16,991,077	20,878,458
Straight-line rental income accrual	155,156	256,678	930,776	1,909,275	2,217,399
Revenue	6,194,860	6,857,797	17,670,427	18,900,352	23,095,857
Income from associates	2,493,797	782,015	5,021,449	1,061,130	3,219,866
Property operating expenses	(1,369,552)	(1,291,099)	(4,305,955)	(3,065,908)	(5,769,024)
Net property income	7,319,105	6,348,713	18,385,921	16,895,574	20,546,699
Pre-transfer rental accrued	544,766	854,601	1,703,415	1,139,468	1,987,335
Other income	-	37,881	219,252	353,028	946,447
Administrative expenses	(1,530,576)	(1,266,736)	(4,565,811)	(3,092,650)	(3,856,608)
Profit from operations	6,333,295	5,974,468	15,742,777	15,295,420	19,623,873
Acquisition fees	(827,936)	(134,977)	(830,365)	(893,390)	(990,338)
Set-up costs	(168,833)	-	(254,771)	-	(848,462)
Fair value adjustment on investment property	(2,293,604)	9,757,813	1,996,956	26,331,475	(3,759,543)
Fair value adjustment on financial instruments	(12,972)	(331,970)	114,048	(525,839)	(99,198)
Gain from bargain purchase	-	-	-	-	250,515
Foreign currency gains/(losses)	19,328	1,139,573	(2,622,242)	(10,526,980)	2,763,774

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)	Unaudited for the quarter ended 31 March 2017 US\$	Unaudited for the quarter ended 31 March 2016 US\$	Unaudited for the nine months ended 31 March 2017 US\$	Unaudited for the nine months ended 31 March 2016 US\$	Audited for the year ended 30 June 2016 US\$
Profit before interest and taxation	3,049,278	16,404,907	14,146,403	29,680,686	16,940,621
Interest income	582,693	94,262	887,645	59,816	170,158
Finance costs	(2,994,140)	(1,407,851)	(7,257,746)	(6,699,435)	(9,698,267)
Profit for the period before tax	637,831	15,091,318	7,776,302	23,041,067	7,412,512
Current tax expense	771,216	(230,373)	(159,163)	(498,320)	(1,493,959)
Deferred tax income/(expense)	(46,446)	(537,137)	1,367,255	(457,604)	(3,944,764)
Profit for the period after tax	1,362,601	14,323,808	8,984,394	22,085,143	1,973,789
Profit/(loss) on translation of functional currency	503,980	(10,670,163)	450,795	(20,715,479)	783,491
Other comprehensive income	-	-	-	-	-
Total comprehensive income	1,866,581	3,653,645	9,435,189	1,369,664	2,757,280
Reconciliation of basic earnings and headline earnings					
Basic earnings			8,984,394	22,085,143	1,973,789
Less: Fair value adjustments on investment property (net of deferred taxation)			(1,996,956)	(26,331,475)	3,759,543
Gain from bargain purchase			-	-	(250,515)
Share of value adjustment on investment property accounted by associate			(1,744,625)	-	(1,418,401)
Fair value adjustments on financial instruments			(114,048)	-	99,198
Headline earnings/(loss) attributable to shareholders			5,128,765	(4,246,332)	4,163,614
Number of shares in issue			121,931,722	90,608,538	100,061,130
Weighted average number of shares			106,301,518	76,669,861	81,725,430
Earnings per share					
Basic and diluted earnings per share (cents)			8.45	28.81	2.42
Headline and diluted headline earnings/(loss) per share (cents)			4.82	(5.54)	5.09

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited as at 31 March 2017 US\$	Unaudited as at 31 March 2016 US\$	Audited as at 30 June 2016 US\$
Assets			
Non-current assets			
Total property investments	398,990,819	284,695,031	294,491,004
Fair value of property portfolio	321,608,124	239,984,588	243,705,971
Straight-line rental income accrual	5,662,567	4,137,196	4,839,694
Investment in associates	48,525,662	40,573,247	45,945,339
Other financial assets	23,194,466	-	-
Property, plant and equipment	1,890,014	319,566	803,240
Intangible assets	5,315,776	26,903	5,699,199
Related party loans	1,988,767	-	978,277
Goodwill	-	126,514	-
Deferred tax	6,937,863	139,773	5,984,142
Total non-current assets	415,123,239	285,307,787	307,955,862
Current assets			
Trade and other receivables	15,968,603	19,491,527	18,101,466
Cash and cash equivalents	6,477,960	23,714,985	17,771,821
Total current assets	22,446,563	43,206,512	35,873,287
Total assets	437,569,802	328,514,299	343,829,149
Equity and liabilities			
Total equity attributable to equity holders			
Share capital	203,951,569	156,562,686	171,995,297
Foreign currency translation reserve	448,897	(21,500,868)	(1,898)
Antecedent dividend reserve	390,758	-	635,547
Retained (loss)/profit	(11,200,194)	10,854,856	(9,256,498)
Total equity attributable to equity holders	193,591,030	145,916,674	163,372,448
Liabilities			
Non-current liabilities			
Preference shares: Non-redeemable	12,840,000	-	-
Interest-bearing borrowings	147,028,377	130,781,305	127,070,183
Secured finance leases	179,597	-	-
Deferred tax	797,204	1,214,438	835,646
Total non-current liabilities	160,845,178	131,995,743	127,905,829
Current liabilities			
Interest-bearing borrowings	70,226,815	40,161,618	34,548,386
Secured finance leases	47,409	-	-
Trade and other payables	10,589,928	9,809,816	15,029,154
Related party loans	1,365,000	-	1,365,000
Current tax payable	66,742	126,323	1,054,118
Financial instruments	55,049	504,125	554,212
Cash and cash equivalents	782,651	-	-
Total current liabilities	83,133,594	50,601,882	52,550,870
Total liabilities	243,978,772	182,597,625	180,456,699
Total equity and liabilities	437,569,802	328,514,299	343,829,149
Loan to value %	53.02	51.71	48.85
Net asset value per share (cents)	158.77	161.04	163.27
Net asset value per share (excluding deferred taxation) (cents)	153.73	162.23	158.13

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited for the nine months ended 31 March 2017 US\$	Unaudited for the nine months ended 31 March 2016 US\$	Audited for the year ended 30 June 2016 US\$
Cash generated from operating activities	4,872,757	5,141,616	7,101,620
Changes in working capital	(2,309,940)	423,833	2,523,677
Dividends paid	(12,238,903)	(8,469,702)	(8,469,704)
Net cash utilised in investing activities	(89,870,986)	(48,853,387)	(62,116,830)
Net cash generated from financing activities	87,470,560	69,249,734	72,510,167
Net movement in cash and cash equivalents	(12,076,512)	17,492,094	11,548,930
Cash at the beginning of the year	17,771,821	6,222,891	6,222,891
Total cash at the end of the period	5,695,309	23,714,985	17,771,821
Represented by:			
Cash at bank	6,477,960	23,714,985	17,771,821
Bank overdraft	(782,651)	-	-
Total cash at the end of the period	5,695,309	23,714,985	17,771,821

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	Share capital US\$	Foreign currency translation reserve US\$	Antecedent dividend reserve US\$	Retained earnings US\$	Total equity holders US\$
Balance as at 1 July 2015	127,958,793	(785,389)	-	(2,760,581)	124,412,823
Profit for the period	-	-	-	22,085,143	22,085,143
Dividends paid	-	-	-	(8,469,706)	(8,469,706)
Foreign currency translation reserve movement	-	(20,715,479)	-	-	(20,715,479)
Shares issued	28,756,446	-	-	-	28,756,446
Share issue expenses	(152,553)	-	-	-	(152,553)
Balance as at 31 March 2016	156,562,686	(21,500,868)	-	10,854,856	145,916,674
Loss for the period	-	-	-	(20,111,354)	(20,111,354)
Dividends paid	-	-	-	-	-
Foreign currency translation reserve movement	-	21,498,970	-	-	21,498,970
Shares issued	16,073,860	-	-	-	16,073,860
Share issue expenses	(5,702)	-	-	-	(5,7