

Unaudited abridged consolidated interim financial statements

for the three months ended 30 September 2016 (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 denominated medium- to long-term leases with high quality counterparties delivering sustainable returns. Listed in July 2014, the Company holds dual primary listings on the Official market of the Stock Exchange of Mauritius Limited ("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 shareholder value and dividend yield.

The Group has focused on risk mitigants in relation to the target countries to ensure the resilience of the portfolio to any macro-economic uncertainties. This is demonstrated by the delivery of the dividend forecast and the payment thereof.

REVIEW

Results

The Company forecasted growth on distribution of 2% to 4%, which is on target to be delivered. The calculated distribution for the period 1 July 2016 to 30 September 2016 falls within the forecast on the previous year's full year distribution of US\$11.75 cents per share.

Rental income together with income from associates has increased 49.3% versus the first quarter of the 2016 financial year on the back of asset acquisitions in the latter half of the previous financial year. The rental income increase included the impact of the US Dollar-based rental escalations. Operating costs were maintained at expected levels and the Operating cost percentage decreased to 24.3% for the first quarter of the 2017 financial year from 25.7% for the 2016 financial year.

The Company continues to make significant progress in reducing its cost of borrowings with the weighted average cost of debt decreasing to 5.65% for the three months ended 30 September 2016 (year ended 30 June 2016: 6.22%). The Company's loan to value ratio at 30 September 2016 was 49.58%, up from 48.85% reported in June 2016.

Despite the economic and liquidity challenges that Mozambique is currently facing, Mara Delta's assets are performing as expected with no material movement in vacancies or arrears. The Company remains confident about the long-term growth prospects in Mozambique.

Vacancies

Portfolio vacancies have reduced significantly with an overall portfolio vacancy of 2% as at 30 September 2016 versus an overall portfolio vacancy of 9% reported for the 2016 financial year.

The primary contributor to this low vacancy percentage remains Anfa Place Shopping Centre which holds strategic vacancies due to a pending upgrade of the Centre. Amongst the new tenants secured is LC Waikiki, an international Turkish clothing brand which entered into Heads of Agreement for 1,373sqm of GLA, with occupation due in February 2017.

Portfolio vacancy excluding Anfa Place Shopping Centre is 0.29%.

SUBSEQUENT EVENTS

- On 3 October 2016, Mara Delta has paid distribution of US\$5.58 cents per share. This took the full year distribution of the 2016 financial year to a total of US\$11.75 cents per share, a growth of 4.13% growth on 2015's distribution.
- Mara Delta has signed a binding sale agreement with Néréide Limited ("Néréide"), being a wholly-owned subsidiary of Lux Island Resorts Limited ("LUX"), for the acquisition of the Tamassa Resort (located in Bel Ombre, Mauritius), for a total consideration of the Euro equivalent of US\$40.0 million. Approval from the Board of Investment of Mauritius was obtained during October 2016 with the approval of the Prime Minister's office expected during November 2016. Subsequent to the sale, the Property will be leased back to Néréide (guaranteed by LUX), for an initial period of 10 years. The Euro denominated lease agreement will be on a triple net basis. There will be no operational risk assumed on the hotel.
- Mara Delta entered into negotiations with New Mauritius Hotels Limited ("NMH") for the acquisition of a 45% interest in an entity owning three hotel assets in Mauritius, namely Le Victoria, Le Canonnier and Le Mauricia. This transaction will be on a sale and leaseback basis, no operational risk will be assumed and will generate Euro denominated earnings from a 15 year triple net lease from NMH.
- Mara Delta (via two wholly-owned subsidiaries namely Warehousely Limited and Mara Viwandani Limited) has agreed to acquire the imperial Health Sciences logistics warehouse in Nairobi, Kenya. The facility will be leased back to Imperial on a 10 year triple net basis, denominated in USD and guaranteed by Imperial Holdings Limited. The total purchase price is US\$16.88 million for the warehouse and US\$2.99 million for the vacant land.
- The Vale accommodation compound in Tete, Mozambique and the Cosmopolitan Mall in Lusaka, Zambia are awaiting transfer pending regulatory approvals.
- Mara Delta is in the process of obtaining shareholders' approval to allot and issue a maximum of 125,513,408 additional ordinary shares at a minimum price of US\$1.54 per share. The proceeds of this capital raise will be utilised to close the abovementioned acquisitions.

OUTLOOK

After the first quarter the board remains confident of the forecasted distribution growth of 2% to 4% in US Dollars and the ability to convert on the yield accretive pipeline of US\$168.3. Even though Mozambique faces macro-economic challenges our portfolio is proving to be resilient to these challenges due to the underlying tenant base.

Any forecast included above has been based on the assumption, of stable regional, political and economic environments as well as a stable global macro-economic 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.

	Unaudited for the quarter ended 30 September 2016	Audited for the year ended 30 June 2016	Unaudited for the quarter ended 30 September 2015
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME			
Gross rental income	5,703,841	20,878,458	5,560,233
Straight-line rental income accrual	481,833	2,217,399	576,908
Revenue	6,185,674	23,095,857	6,137,141
Income from associates	1,984,547	3,219,866	-
Property operating expenses	(1,535,557)	(5,769,024)	(938,799)
Net property income	6,634,664	20,546,699	5,198,342
Other income	617,001	2,933,782	604,528
Administrative expenses	(1,468,620)	(3,856,608)	(562,292)
Profit from operations	5,783,045	19,623,873	5,240,578
Acquisition fees	(146,992)	(990,338)	(537,412)
Set-up and merger costs	(30,397)	(848,462)	-
Fair value adjustment on investment property	(47,548)	(3,759,543)	1,274,205
Fair value adjustment on financial instruments	39,998	(99,198)	(479,533)
Gain from bargain purchase	-	250,515	-
Foreign currency gains/(losses)	29,306	2,763,774	(487,925)
Profit before interest and taxation	5,627,412	16,940,621	5,009,913
Interest income	119,225	170,158	480
Finance costs	(1,778,684)	(9,698,267)	(2,308,920)
Profit for the quarter/year before tax	3,967,953	7,412,512	2,701,473
Current tax expense	(835,313)	(1,493,959)	(573,852)
Deferred tax expense	1,211,518	(3,944,764)	(314,194)
Profit for the quarter/year after tax	4,344,158	1,973,789	1,813,427
Other comprehensive income			
(Loss)/profit on translation of functional currency	(34,087)	783,491	(1,498,489)
Total comprehensive income	4,310,071	2,757,280	314,938
Reconciliation of basic earnings and headline earnings			
Basic earnings	4,344,158	1,973,789	1,813,427
Fair value adjustments on investment property	47,548	3,759,543	(1,274,205)
Gain from bargain purchase	-	(250,515)	-
Share of fair value adjustment on investment property accounted by associate	-	(1,418,401)	-
Fair value adjustment on financial instruments	(39,998)	99,198	479,533
Headline earnings/(loss) attributable to shareholders	4,351,708	4,163,614	1,018,755
Number of shares in issue at interim	100,061,130	81,785,009	73,656,446
Number of shares in issue at quarter/year-end	100,706,571	100,061,130	-
Weighted average number of shares	100,341,757	81,725,430	73,656,446
Earnings per share			
Basic and diluted earnings per share (cents)	4.33	2.42	2.46
Headline diluted earnings/(loss) per share (cents)	4.34	5.09	1.38

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30 September 2016	As at 30 June 2016	Unaudited as at 30 September 2015
Assets			
Non-current assets			
Investment property	251,963,700	248,545,665	222,544,519
Fair value of property portfolio	246,755,977	243,705,971	219,347,391
Straight-line rental income accrual	5,207,723	4,839,694	3,197,128
Property, plant and equipment	789,696	803,240	107,655
Investments in associates	47,072,630	45,945,339	-
Intangible assets	5,575,562	5,699,199	29,828
Related party loans	-	978,277	-
Deferred tax	7,025,055	5,984,142	-
Total non-current assets	312,426,643	307,955,862	222,682,002
Current assets			
Trade and other receivables	20,038,550	18,101,466	17,374,020
Cash and cash equivalents	7,663,609	17,771,821	16,292,470
Total current assets	27,702,159	35,873,287	33,666,490
Total assets	340,128,802	343,829,149	256,348,492
Equity and liabilities			
Total equity attributable to equity holders			
Share capital	173,060,368	171,995,298	127,956,113
Foreign currency translation reserve	(35,985)	(1,898)	(2,283,878)
Antecedent dividend reserve	-	635,547	-
Retained loss	(9,896,220)	(9,256,498)	(4,370,390)
Total equity attributable to equity holders	163,128,163	163,372,449	121,301,845
Liabilities			
Non-current liabilities			
Interest-bearing borrowings	111,148,224	127,070,183	48,920,933
Deferred tax	665,041	835,646	929,744
Total non-current liabilities	111,813,265	127,905,829	49,850,677
Current liabilities			
Interest-bearing borrowings	44,600,000	34,548,386	73,831,819
Trade and other payables	11,346,980	15,029,155	10,380,706
Related party loans	1,365,000	1,365,000	-
Shareholders for dividend	5,613,322	-	-
Withholding tax payable	21,147	33,180	-
Current tax payable	1,469,649	1,020,938	503,912
Financial instruments	319,334	554,212	479,533
Cash and cash equivalents	451,942	-	-
Total current liabilities	65,187,374	52,550,871	85,195,970
Total liabilities	177,000,639	180,456,700	135,046,647
Total equity and liabilities	340,128,802	343,829,149	256,348,492
Net asset value per share (cents)	161.98	163.27	164.69
Net asset value per share (excluding deferred taxation) (cents)	155.67	158.13	165.95

CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited for the quarter ended 30 September 2016	Audited for the year ended 30 June 2016	Unaudited for the quarter ended 30 September 2015
Dividends paid	-	(8,469,704)	(3,423,234)
Net cash generated from operating activities	(2,037,414)	9,625,298	3,205,627
Net cash utilised in investing activities	(3,706,773)	(62,116,830)	(10,806,291)
Net cash (utilised in)/generated from financing activities	(4,815,967)	72,510,166	21,093,477
Net movement in cash and cash equivalents	(10,560,154)	11,548,930	10,069,579
Cash at the beginning of the quarter/year	17,771,821	6,222,891	6,222,891
Total cash at the end of the year	7,211,667	17,771,821	16,292,470

CONDENSED CONSOLIDATED SEGMENTAL ANALYSIS

	Unaudited as at 30 September 2016	Audited as at 30 June 2016	Unaudited as at 30 September 2015
Profit for the period before tax			
Morocco	323,616	(4,296,926)	1,107,218
Mozambique	3,760,435	12,325,295	1,797,836
Zambia	1,751,517	2,638,296	-
Kenya	(11,983)	238	-
Mauritius	(1,855,632)	(3,254,391)	(203,581)
	3,967,953	7,412,512	2,701,473
Total assets			
Morocco	114,722,085	114,297,213	119,712,498
Mozambique	142,270,432	148,641,297	135,169,592
Zambia	45,820,476	44,656,394	-
Kenya	4,517,036	4,529,018	-
Mauritius	32,798,773	31,705,227	1,466,402
	340,128,802	343,829,149	256,348,492

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

GROUP	Share capital	Foreign currency translation reserve	Antecedent dividend reserve	Retained earnings/(Revenue deficit)	Total equity holders
Balance as at 1 July 2015	127,958,794	(785,389)	-	(2,760,583)	124,412,822
Profit for the year	-	-	-	1,973,789	1,973,789
Foreign currency translation reserve movement	-	783,491	-	-	783,491
Dividends paid	-	-	-	(8,469,704)	(8,469,704)
Shares issued	44,830,306	-	-	-	44,830,306
Transfer from share issues	(635,547)	-	635,547	-	-
Balance as at 30 June 2016	171,995,298	(1,898)	635,547	(9,256,498)	163,372,449
Profit for the quarter	-	-	-	4,344,158	4,344,158
Dividends paid	-	-	(635,547)	(4,983,880)	(5,619,427)
Foreign currency translation reserve movement	-	(34,087)	-	-	(34,087)
Shares issued	1,064,978	-	-	-	1,064,978
Share issue expenses	92	-	-	-	92
Transfer from share issues	-	-	-	-	-
Balance as at 30 September 2016	173,060,368	(35,985)	-	(9,896,220)	163,128,163

NOTES

The Group is required to publish interim reports in accordance with the Listing Rule 12.19 of the SEM. Accordingly, this announcement presents the financial results of the Group in respect of the three-month period from 1 July 2016 to 30 September 2016.

The accounting policies which have been applied are consistent with those used in the preparation of the audited financial statements for the year ended 30 June 2016.

The financial statements for the three months ended 30 September 2016 have been prepared in accordance with the measurement and recognition requirements of IFRS, the requirements of IAS 34: Interim Financial Reporting, the SEM Listing Rules, the JSE Listings Requirements and the Securities Act of Mauritius 2005.

The financial statements have not been reviewed or reported on by the Group's external auditors. These financial statements were approved by the Board on 10 November 2016. Copies of the financial statements and the statement of direct and indirect interests of each officer of the Group, pursuant to rule 8(2)(m) of the Securities (Disclosure Obligations of Reporting Issuers) Rules of Mauritius 2007, are available free of charge, upon request at the Company's registered address. Contact person: Mr Kesaven Moothoosamy.

By order of the board
10 November 2016

JSE sponsor and corporate advisor to Mara Delta

SEM authorised representative and sponsor to Mara Delta



Directors: Sandile Nomvete (chairman), Bronwyn Corbett*, Peter Todd (lead independent), Maheshwar Doorgakant, Chandra Gujadhur, Ian Macleod, Leon van de Moortele*, Ashish Thakkar, Jacqueline van Niekerk and David Savage (*executive directors)

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Transfer secretary (South Africa): Computershare Investor Services Proprietary Limited

Registrar and transfer agent (Mauritius): Intercontinental Secretarial Services Limited

Corporate advisor and JSE sponsor: PSG Capital Proprietary Limited

Sponsoring broker: Capital Markets Brokers Limited

SEM authorised representative and sponsor: Perigeum Capital Limited

www.maradelta.com

This communiqué is issued pursuant to SEM Listing Rules 11.3 and 12.20 and section 88 of the Securities Act of Mauritius 2005. The Board accepts full responsibility for the accuracy of the information contained in this communiqué. The directors are not aware of any matters or circumstances arising subsequent to the quarter ended 30 September 2016 that require any additional disclosure or adjustment to the financial statements.