

6 May 2013

DELTA PROPERTY FUND - REVIEWED PROVISIONAL RESULTS FOR THE YEAR ENDED FEBRUARY 2013

DELTA DELIVERS TO EXPECTATION; EXPANDED PORTFOLIO TO YIELD EXCEPTIONAL GROWTH

06 May 2013 – Delta Property Fund, a black-managed and substantially black-owned property fund with significant exposure to government tenanted offices, today reported its maiden annual results for the year ended 28 February 2012.

Distribution per linked unit of 23.69 cents for the 4 months since listing was declared, in line with the Fund's pre-listing forecast of 23.68 cents. Delta concomitantly reported distributable earnings for the year of R39.068 million against a pre-listing forecast of R39.050 million.

Sandile Nomvete, CEO of Delta commented:

"We are pleased with this solid maiden set of results. Since listing we have significantly expanded our portfolio and our main aim going forward will be to bed down and unlock value from these assets." This will form the beachhead of our distribution growth going forward, targeted at 20% year-on-year for the next two years."

Established in 2005, Delta successfully listed on the main board of the Johannesburg Stock Exchange on 02 November 2012 through an oversubscribed private placement raising R980 million. The listing portfolio has subsequently undergone material changes: additional properties were acquired and gearing levels were significantly restructured. For this reason, only the trading period for the four months since listing to the financial year-end on 28 February 2013 is of relevance to Delta linked unit holders. The Fund is externally managed by MPI Property Asset Management, a company with exceptional BEE credentials. The asset management team has collectively over 75 years of property experience, and has been instrumental in establishing the property portfolio and positioning Delta as a landlord of choice to government and SARS. "Our BEE credentials and solid track record of delivery place us in a strong position to transact in the government space.

"The sovereign underpin and relatively long tenure of government leases make Delta's portfolio largely defensive. We will continue to augment this through strategic diversification into quality retail and industrial assets." Nomvete continued.

Excluding the newly acquired assets (which are due to transfer pending regulatory approval) Delta owns a sectorially and geographically diversified portfolio of 20 properties, comprising 97% office and 3% retail assets by value. The portfolio is valued at R2.12 billion with a total gross lettable area (GLA) of 203 250 m². The portfolio is 95.6% occupied.

A large proportion of the office portfolio is leased to the National Department of Public Works and SARS under long leases, with average escalation rates of 8.45%. The office portfolio represents a 72% sovereign underpin to a substantial portion of the earnings and shields it from private sector risks such as tenant insolvency.

Earlier in 2013, Delta announced that it has entered into agreements with various vendors to acquire a further twenty four properties and the entire issued share capital of Hendisa Investments Proprietary Limited for a combined purchase consideration of approximately R2.3 billion. This purchase consideration includes transaction costs and will be 40% debt and 60% equity funded.

Subsequently, on 14 March 2013 Delta raised R207.8 million via a private placement through the issue of 24 740 304 linked units at an issue price of R8.40 per linked unit. On 25 March 2013 Delta raised a further R382 million via a vendor consideration placement through the issue of 45 476 878 linked units at an issue price of R8.40 per linked unit.

Today, the Fund announced that it successfully completed a rights offer raising R1 billion through the issue of 119 047 599 linked units at an issue price of R8.40 per linked unit. The proceeds of which will be used to fund the acquisitions.

"We remain confident of the sustainability of government leases going forward. Delta's empowerment credentials position us well for future value enhancing acquisitions and prudent growth as and when opportunities arise.

We are on track to meet our forecast fund size of R7 billion by 2017" said Nomvete.

Management's focus on cost containment during the period yielded results, as the Fund reported a cost-to-income ratio of 18.78% well below the industry average.

During the year, Delta restructured its pre-listing debt facilities and fixed 82% of its borrowings for an average period of 2,8 years at an average all-in interest rate of 7,86% compared to 8,9% previously.

To ensure effective cash management, surplus cash is invested against revolving debt facilities.

Delta currently forecasts a distribution per linked unit for the year ending 28 February 2014 of 72.50 cents per linked unit and 86.85 cents per linked unit for the year ending 28 February 2015, representing a 20% year-on-year increase.

FOR FURTHER ENQUIRIES:

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