

# Delta Property Fund applies for JSE listing

Roy Cokayne

DELTA Property Fund was planning to list on the JSE before the end of this year, the black-managed and substantially black-owned property loan stock company said yesterday.

Delta chief executive Sandile Nomvete confirmed yesterday that the firm, which was established and incorporated in March 2005, had applied to the JSE to list in the real estate holdings and development sector of the main board.

The purpose of the listing and capital raising is to reduce Delta's gearing levels and provide it with various funding options for future acquisitions.

A pre-listing statement providing full details of the offering will be published in due course. Nedbank Capital has been appointed as the corporate adviser and sponsor, with KPMG as the independent sponsor to the fund.

The fund's primary niche and springboard to success has been its ability to strategically identify and secure properties leased by government departments and the SA Revenue Service (Sars), with the aim of outperforming the market.

Nomvete said Delta had been built up over the past four years into a serious contender in the property space by concentrating on its core competencies, such as its ability to refurbish

buildings to high grade specifications and identifying scarce prime properties in nodes attractive to the government.

"The proposed listing is an exciting step forward for Delta. Our portfolio will offer investors stable, resilient cash flows and value creation potential. Management has a long term view on the business and will manage it for capital growth and the delivery of superior shareholder returns," he said.

On listing, Delta will own a portfolio of 20 largely AAA to B-grade office buildings countrywide in nodes it believes will be attractive to various government departments and Sars.

The portfolio has been independently valued at R2.1 billion and comprises a total gross lettable area of 203 261m<sup>2</sup>, consisting of 92 percent office space and 8 percent retail. The portfolio has a 4.8 percent vacancy rate.

Nomvete said the fund's broad-based black economic empowerment credentials positioned it well to leverage the advantages of government-tenanted buildings, such as single tenant occupancy, long-term leases, fixed lease escalations for the duration of the loan and a sovereign underpin.

He said Delta was externally managed by a 100 percent black-owned asset manager, qualifying the fund for long-term government leases.