

Distribution of **32.51 cents** per linked unit met

Property portfolio value exceeds **R4.8 billion**

Market capitalisation of **R2.98 billion**

94.7% occupancy rate across the portfolio

Attractive forward funding rates of **7.7%**

Leases renewed for **39 533 m²**

Successful **R190 million** inaugural commercial paper issuance

Favourable GCR credit rating

Abridged consolidated statement of comprehensive income

	Unaudited Six months ended 31 August 2013 R'000	Unaudited Six months ended 31 August 2012 R'000	Audited for year ended 28 February 2013 R'000
Revenue			
Contractual rental income	218 950	30 630	116 867
Straight line rental income accrual	23 902	-	23 082
	242 852	30 630	139 949
Property operating expenses	(51 216)	(2 703)	(27 553)
Net property rental and related income	191 636	27 927	112 396
Other income	17	-	10
Administration expenses	(15 813)	(481)	(11 793)
Net operating profit	175 840	27 446	100 613
Fair value adjustments	-	-	34 315
Profit from operations	175 840	27 446	134 928
Finance costs	(52 586)	(17 517)	(55 446)
Interest received	2 558	2 357	5 836
Antecedent interest	16 004	-	-
Transaction expenses	(9 841)	-	(21 659)
Restructuring expenses	-	(10 000)	(20 000)
Profit before debenture interest and taxation	131 975	2 286	43 659
Debenture interest	(116 738)	-	(39 068)
Profit before taxation	15 237	2 286	4 591
Taxation	(7 047)	(2 096)	(21 916)
Profit (loss) for the period	8 190	190	(17 325)
Other comprehensive income	-	-	-
Total comprehensive profit (loss) for the period	8 190	190	(17 325)
Reconciliation of earnings, headline earnings and distributable earnings			
Total comprehensive profit (loss) for the period	8 190	190	(17 325)
Debenture interest	116 738	-	39 068
Earnings	124 928	190	21 743
Change in fair value of investment property (net of deferred taxation)	-	-	(38 995)
Change in fair value of property	-	-	(49 122)
Deferred taxation	-	-	10 127
Impairment of goodwill	-	-	2 893
Headline profit (loss) attributable to linked unitholders	124 928	190	(14 359)
Change in fair value of financial instruments (net of deferred taxation)	-	-	21 005
Change in fair value of financial instruments	-	-	14 807
Deferred taxation	-	-	6 199
Straight line rental income accrual (net of deferred taxation)	(17 209)	-	(16 619)
Straight line rental income accrual	(23 902)	-	(23 082)
Deferred taxation	6 693	-	6 463
Pre-acquisition income recognised against investment property	-	-	6 455
Restructuring expenses	-	10 000	20 000
Deferred taxation - other adjustments	354	2 096	(874)
Transaction expenses	9 841	-	21 659
Impairment of other financial assets	-	-	2 196
Retained distributable earnings	(1 176)	(12 286)	(395)
Distributable earnings attributable to linked unitholders	116 738	-	39 068
Number of linked units in issue	359 083 615	N/A	164 935 365
Weighted average number of linked units in issue	307 268 720	N/A	53 773 448
Basic earnings per linked unit (cents)	40.66	N/A	40.43
Headline/diluted headline profit (loss) per linked unit (cents)	40.66	N/A	(26.70)
Distribution per linked unit (cents)	32.51	N/A	23.69

Commentary on results

Profile
Delta is a black managed property loan stock company that has been listed on the JSE Limited ("JSE") since 02 November 2012. Delta's primary business is long-term investment in quality, rental generating properties with a strong focus on government and other employment sensitive tenants. Delta has the ability to purchase C-grade and D-grade properties at favourable yields, convert them to A-grade or B-grade and thereafter secure long-term leases. The portfolio currently comprises of 49 strategically located and high grade properties, valued at R4.8 billion.

Financial results
A direct comparison to the previous interim reporting period, being the results for the six months ended 31 August 2012 (prior to listing), is not as meaningful as a comparison to the forecast results as previously published by the Fund on 08 April 2013.

Delta achieved distributable earnings of R116.7 million for the six months ended 31 August 2013. The accrued distribution per linked unit of 32.51 cents is in line with the Fund's expectations and forecast. Delta remains on track to meet its forecast distribution per linked unit for the full year ending 28 February 2014.

Finance income includes R16.0 million of antecedent interest relating to new linked units issued in the interim period. Certain comparative figures have been reclassified. Property management fees have been reclassified from administration expenses to property operating expenses. The effect of the reclassification is as follows:

	Audited Year ended 28 February 2013 R'000	Reclassification of property expenses R'000	Restated Year ended 28 February 2013 R'000
Property operating expenses	(21 947)	(5 606)	(27 553)
Administration expenses	(17 399)	5 606	(11 793)

Property expenses have remained stable at 23.4% of contractual rental income as compared with 23.6% (restated) at 28 February 2013.

Property portfolio
As at 31 August 2013, the portfolio, valued at R4.8 billion, consisted of 49 properties with a total GLA of 477 680 m².

Abridged consolidated statement of financial position

	Unaudited Six months ended 31 August 2013 R'000	Unaudited Six months ended 31 August 2012 R'000	Audited for year ended 28 February 2013 R'000
Assets			
Non-current assets			
Investment property	4 840 667	364 117	2 119 112
Fair value of property portfolio	4 767 706	364 117	2 070 053
Straight line rental income accrual	72 961	-	49 059
Property, plant and equipment	4 232	-	279
Other financial assets	-	67 069	-
	4 844 899	431 186	2 119 391
Current assets			
Other financial assets	26 392	34 105	25 917
Trade and other receivables	60 045	9 341	39 410
Cash and cash equivalents	76 918	30 859	56 828
	163 355	73 305	122 155
Total assets	5 008 254	504 491	2 241 546
Equity and liabilities			
Equity			
Stated capital	2 261 901	-	932 232
Retained income	129 634	138 959	121 444
	2 391 535	138 959	1 053 676
Liabilities			
Non-current liabilities			
Debentures	412 946	-	189 676
Secured financial liabilities	1 787 415	290 622	832 450
Other financial liabilities	-	7 009	-
Deferred tax	64 255	33 637	57 207
	2 264 616	331 268	1 079 333
Current liabilities			
Secured financial liabilities	197 978	-	33 992
Trade and other payables	36 959	4 908	35 477
Current tax payable	428	672	-
Derivative instruments	-	28 684	-
Unitholders for distribution	116 738	-	39 068
	352 103	34 264	108 537
Total liabilities	2 616 719	365 532	1 187 870
Total equity and liabilities	5 008 254	504 491	2 241 546

Acquisitions
During the six months ended 31 August 2013 Delta completed the transfer of the following 29 properties valued at R2.7 billion:

Property name	Province	Building sector	Tenancy (Multi/Single)	Total GLA (m ²)	Purchase price plus costs (R'000)	Effective date of acquisition	Weighted average rental per m ² (excl parking and storage)
539 Church Street	Gauteng	Office government	M	4 488	41 058	01/03/2013	90.38
Hensa Towers	Limpopo	Office government	S	14 230	294 518	15/03/2013	160.68
Bestmed Building	Gauteng	Office government	S	3 684	65 024	25/03/2013	102.83
Anchor House	Free State	Office government	S	2 645	29 511	01/03/2013	87.42
Hallmark Building	Gauteng	Office government	M	26 255	318 749	02/05/2013	102.20
Manaka Heights	Gauteng	Office government	M	18 933	226 296	02/05/2013	115.20
Manaka House	Gauteng	Office government	M	11 528	141 358	02/05/2013	99.16
Manaka Continental	Gauteng	Office government	S	4 133	46 621	02/05/2013	90.78
Sambora House	KwaZulu-Natal	Office government	S	6 920	63 285	06/05/2013	94.79
Embassy House	KwaZulu-Natal	Office government	M	32 365	239 280	23/05/2013	74.35
Du Toit Street	Northern Cape	Office government	M	9 204	100 558	01/05/2013	105.40
13 Elliot Street	Northern Cape	Office government	S	4 400	45 429	01/05/2013	103.15
5/7 Elliot Street	Northern Cape	Office government	S	2 300	28 559	01/05/2013	107.11
Thema Thuma	Northern Cape	Office government	S	2 396	27 354	01/05/2013	102.83
Harlequins Office Park	Gauteng	Office government	M	5 450	137 032	01/07/2013	161.03
12 New Street	Gauteng	Office other	M	2 475	36 381	03/05/2013	114.67
14 New Street	Gauteng	Office other	M	2 795	29 476	07/05/2013	87.83
Unisa House	Gauteng	Office other	M	10 055	101 914	17/05/2013	91.92
Damelin Building	KwaZulu-Natal	Office other	S	3 933	51 856	01/07/2013	98.81
Edcon Building	Gauteng	Office other	S	6 188	51 361	03/07/2013	67.38
Escom Sunninghill	Gauteng	Office other	S	3 585	46 714	18/07/2013	93.00
SARS Bellville	Western Cape	Office other	M	17 270	185 734	01/07/2013	85.70
SARS Randburg	Gauteng	Office other	S	8 496	93 598	30/08/2013	74.20
CMH Building	KwaZulu-Natal	Retail	S	10 974	54 053	27/05/2013	38.73
Protea Coin Cape Town	Western Cape	Industrial	S	5 700	26 274	30/04/2013	39.54
Protea Coin Pretoria	Gauteng	Industrial	M	7 140	31 393	07/05/2013	34.30
Protea Coin Durban	KwaZulu-Natal	Industrial	S	4 365	21 292	10/05/2013	40.99
In 2 Fruit Building	Gauteng	Industrial	S	11 177	64 095	10/05/2013	55.53
Top Trailers	Gauteng	Industrial	S	28 363	81 436	25/07/2013	25.74
				271 447	2 680 209		

The weighted average rental per m² per sector for the properties acquired are: office government R104.90, office other R82.97, retail R60.91 and industrial R22.64. The lease expiry profile for the properties acquired shows 94% (by rental) expiring beyond 28 February 2018.

The impact of delays in the transfer of certain properties was negated by savings achieved on borrowing costs through both the delayed pay-out from the facilities and achieving more favourable rates.

Commitments	31 August 2013 R'000
Capital improvements in respect of investment property	
- Opening balance - 01 March 2013	63 151
- Refurbishments and renovations capitalised in the period	(17 444)
- New approvals	30 423
	76 130

These commitments will be financed from available cash resources and new debt financing facilities.

Lease expiry profile	GLA %	Rental %
Based on		
Vacant	5.3	-
28 February 2014	5.3	5.9
28 February 2015	4.8	4.4
28 February 2016	4.2	6.5
28 February 2017	1.1	1.6
28 February 2018	0.1	0.1
> 28 February 2018	79.2	81.5
Total	100.0	100.0

During the period leases in respect of 39 533 m² were renewed. The weighted average escalation rate across the portfolio was 8.3% at 31 August 2013.

Vacancies
Vacancies in the Delta portfolio at 31 August 2013 amounted to 5.3% of gross lettable area compared with 4.4% at 28 February 2013. The minor percentage increase from 28 February 2013 is due to the vacancy acquired at the Embassy building which was not paid for and once tenanted will increase the forward yield of the Fund.

Borrowings
Delta's net borrowings of R1.9 billion equate to a gearing ratio of 41.0% compared with 40.9% at 28 February 2013. Gearing is calculated as total interest-bearing liabilities (excluding debentures) as a percentage of total income-producing assets.

Interest rates in respect of 61.5% of borrowings at 31 August 2013 had been fixed for a weighted average period of 3.5 years. The average weighted interest rate of all borrowings was 7.5% per annum, with utilised banking facilities in excess of R200 million.

Delta has a R2 billion unsecured domestic medium term note programme and has a rating of BBB+ (long term) and A2 (short term). A total of R190 million had been issued under the programme at 31 August 2013.

Current debt facilities:	Facility R'million	Utilised amount R'million	Expiry	Fixed rate %	Margin over JIBAR for floating facility %	Rate below prime for floating facility %
Provider and type of loan						
Nedbank - Fixed	350	350	2018*	7.88		
Nedbank - Fixed	350	350	2016	7.74		
Nedbank - Floating	150	133	2016		2.05	
Nedbank - Fixed	270	270	2019	7.87		
Nedbank - Fixed	180	180	2017	7.55		
Nedbank - Floating	200	110	2017		1.88	
Nedbank - Floating	80	80	2018		1.96	
Nedbank - Floating	100	100	2018		1.96	
Standard Bank - Floating	130	128	2019		2.09	
Standard Bank - Floating	85	85	2017		1.91	
Standard Bank - Floating	93	-	2017			1.50
Commercial Paper - Fixed	190	190	2014	7.55		
	2 178	1 976				

* Fixed rate expires 2016.

At 31 August 2013, R9 million in interest had been accrued on the above facilities.

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

Abridged condensed segmental analysis

For the six months ended 31 August 2013 (R'000)	Retail	Office government	Office other	Industrial	Total
Contractual rental income	5 489	149 062	58 335	6 064	218 950
Straight line rental income accrual	344	19 266	3 196	1 096	23 902
Property operating expenses	(1 061)	(29 927)	(19 220)	(1 009)	(51 216)
Net property rental and related income	4 772	138 401	42 311	6 152	191 636
Fair value adjustments	-	-	-	-	-
Investment property	102 397	3 310 382	1 202 304	225 584	4 840 667
Fair value of property portfolio	101 946	3 244 281	1 196 991	224 488	4 767 706
Straight line rental income accrual	451	66 101	5 313	1 096	72 961

For the year ended 28 February 2013 (R'000)	Retail	Office government</
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