

R'000	Delta six months ended august 2017		the year ended 28 Feb 2017
	for the half-year ended 31 Aug 2017	31 Aug 2016	
Profit for the period attributable to owners of the parent	241 510	287 894	634 950
Headline earnings			
Profit for the period from continuing operations	241 510	287 894	634 950
Change in fair values of investment properties and investment	57 399	78 793	103 922
Fair value loss on investment property	13 909	8 250	43 817
Fair value loss on investment property of associate	2 009	70 543	60 105
Fair value loss on disposal of investment	41 481	-	-
Headline earnings from operations	298 909	366 687	738 872
Headline earnings from operations	298 909	366 687	738 872
Fair value loss/(gain) on derivative financial instruments	31 308	(7 196)	(8 930)
Straight-line rental income accrual (net of deferred taxation)	699	(59)	(4 863)
Dividend income	18 587	18 851	37 990
Share of (profit)/loss in associate	(19 225)	23 690	(1 526)
Unrealised foreign exchange gain	(1 923)	(18 311)	(20 336)
Fair value loss on investment property of associate	(2 009)	(70 543)	(60 105)
Prior year retained distribution declared	3 378	-	-
Distributable earnings attributable to owners of the parent	329 724	313 119	681 102
Less: distribution declared	329 724	313 119	677 724
Interim	329 724	313 119	313 119
Final	-	-	364 605
Distributable earnings retained	-	-	3 378
Number of shares in issue (R'000)	710 632	710 632	710 632
Weighted average number of shares in issue (R'000)	710 632	663 042	709 531
Shares in issue entitled to distribution (R'000)	710 632	681 723	710 632
Basic and diluted earnings per share (cents)	33.99	43.42	89.49
Basic and diluted headline earnings per share (cents)	42.06	55.30	104.14
Distribution per share (cents)			
Distribution per share - interim	46.40	45.93	45.93
Distribution per share - final	-	-	51.31
	46.40	45.93	97.24

Condensed consolidated segmental analysis

R'000	Unaudited		Audited for the year ended 28 Feb 2017
	for the half-year ended 31 Aug 2017	31 Aug 2016	
Contractual rental income			
Office - Sovereign	607 206	592 035	1 302 985
Office - Non-sovereign	138 036	113 489	216 403
Retail	24 210	40 745	71 198
Industrial	12 889	10 964	21 895
	782 341	757 233	1 612 481
Net property rental and related income			
Office - Sovereign	464 913	440 273	957 386
Office - Non-sovereign	84 927	75 398	139 333
Retail	17 348	27 616	41 374
Industrial	9 188	7 298	15 248
	576 376	550 585	1 153 341
Investment property including non-current assets held-for-sale			
Office - Sovereign	8 651 470	9 141 335	9 258 112

	Delta six months ended august 2017		
Office - Non-sovereign	2 112 384	1 603 125	1 516 772
Retail	349 020	435 383	448 537
Industrial	217 555	177 947	158 000
	11 330 429	11 357 790	11 381 421

Condensed consolidated statement of changes in equity

R'000	Share capital	Foreign currency translation reserve	Deferred consideration reserve	Retained income	Total equity
Balance at 1 March 2016	3 450 593	(43 796)	259 720	1 990 112	5 656 629
Profit for the year	-	-	-	634 950	634 950
Other comprehensive income	-	44 150	-	-	44 150
Total comprehensive income for the year	-	44 150	-	634 950	679 100
Issue of shares - issued as consideration for investment property	1 394 655	-	-	-	1 394 655
Deferred consideration	-	-	(120 295)	-	(120 295)
Dividends paid	-	-	-	(568 473)	(568 473)
Balance at 28 February 2017	4 845 248	354	139 425	2 056 589	7 041 616
Profit for the period	-	-	-	241 510	241 510
Other comprehensive income	-	2 127	-	-	2 127
Total comprehensive income for the year	-	2 127	-	241 510	243 637
Distribution paid	-	-	-	(364 605)	(364 605)
Balance at 31 August 2017	4 845 248	2 481	139 425	1 933 494	6 920 648

Condensed consolidated statement of cash flows

R'000	Unaudited for the half-year ended		Audited for the year ended
	31 Aug 2017	31 Aug 2016	28 Feb 2017
Cash generated from operations	505 583	505 336	1 016 482
Tax received	627	-	-
Finance costs	(232 772)	(224 524)	(482 090)
Interest received	12 194	5 144	7 823
Dividends received	14 062	-	18 851
Dividends paid	(364 650)	(255 399)	(568 473)
Net cash from operating activities	(64 956)	30 557	(7 407)
Purchase of property, plant and equipment	(430)	(96)	(260)
Acquisition of investment properties	-	(4 126)	(60 300)
Capital expenditure	(90 143)	(111 221)	(202 965)
Proceeds on disposal of investment properties	105 526	206 000	268 500
Loans repaid from related parties	28 835	7 573	18 634
Net cash from investing activities	43 788	98 130	23 609
Capital issue expenses	-	(604)	(604)
Repayment of derivative financial instrument	(9 024)	-	-
Increase in interest-bearing borrowings	42 037	200 000	418 800
Repayment of interest-bearing borrowings	(108 825)	(331 482)	(387 313)
Net cash from financing activities	(75 812)	(132 086)	30 883
Net movement in cash and cash equivalents	(96 980)	(3 399)	47 085

	Delta six months ended august 2017		
Cash at the beginning of the period	152 838	105 753	105 753
Total cash at the end of the period	55 858	102 354	152 838

Condensed consolidated statement of financial position

R'000	Unaudited for the half-year ended		Audited for the year ended
	31 Aug 2017	31 Aug 2016	28 Feb 2017
Assets			
Non-current assets			
Investment property	10 124 585	10 155 844	10 053 921
Fair value of investment property	9 934 190	9 969 666	9 861 449
Straight-line rental income accrual	190 395	186 178	192 472
Property, plant and equipment	3 090	3 790	3 302
Investment in associate	398 304	403 954	391 013
Derivative financial instruments	-	4 213	35
	10 525 979	10 567 801	10 448 271
Current assets			
Loans receivable	66 861	131 432	108 483
Current tax receivable	526	1 153	1 153
Trade and other receivables	285 123	238 502	276 091
Derivative financial instruments	164	732	1 721
Cash and cash equivalents	60 772	134 461	196 115
	413 446	506 280	583 563
Non-current assets held-for-sale	1 205 844	1 201 946	1 327 500
Total assets	12 145 269	12 276 027	12 359 334
Equity			
Share capital	4 845 248	4 845 248	4 845 248
Reserves	141 906	139 955	139 779
Retained income	1 933 494	2 022 607	2 056 589
Total equity	6 920 648	7 007 810	7 041 616
Liabilities			
Non-current liabilities			
Interest-bearing borrowings	3 039 048	3 994 346	4 112 646
Cash-settled share-based payment arrangement	-	559	-
Derivative financial instruments	39 989	44 463	29 623
	3 079 037	4 039 368	4 142 269
Current liabilities			
Interest-bearing borrowings	1 996 696	1 009 772	986 581
Derivative financial instruments	34 094	19 353	23 768
Trade and other payables	109 880	167 617	121 823
Bank overdraft	4 914	32 107	43 277
	2 145 584	1 228 849	1 175 449
Total liabilities	5 224 621	5 268 217	5 317 718
Total equity and liabilities	12 145 269	12 276 027	12 359 334

COMMENTARY

Company profile

Delta is a JSE listed Real Estate Investment Trust ("REIT") with a property portfolio of R11.3 billion and a

Delta six months ended August 2017

market capitalisation of R5.3 billion as at 31 August 2017. Delta is the dominant sovereign listed property fund in South Africa, is black managed and with its level 2 B-BBEE contributor status is one of the highest empowered funds in the sector. The primary focus of the Fund is long-term investment in quality, rental income-generating properties situated in strategic nodes attractive to sovereign entities and other tenants requiring empowered landlords.

Financial results

The Board of directors ("the Board") has declared a half-year distribution of 46.40 cents per share which represents a 1.02% increase to the comparable prior period.

Contractual rental income increased by 3.3% and property operating expenses decreased by 0.7%, negatively impacted by 3.4% and 5.3% respectively due to disposals. Net cost to income ratio increased from 10.2% to 11.0% during the period due to higher operating costs incurred on the portfolio. Like-for-like net property income increased by 6.8% in line with the contractual weighted average escalations.

Administrative expenses increased by 11.2% due to inflationary increases together with the fulfilment of Executive and Board vacancies. The disposal of Delta's investment in UK based Baystone Holdings Limited ("Baystone") and losses on its swap contracts during the period, respectively contributed R41 million and R31.3 million to the R86.7 million loss on fair value adjustments.

Net finance costs increased marginally by 3.8% due to higher debt levels coupled with more expensive longer-term interest rate swap contracts concluded.

Profit from associate GRIT (previously known as Mara Delta) improved significantly as its prior year results were negatively impacted by fair value losses on investment properties. Delta received a US dollar denominated distribution which translated into R18.6 million from its 11.5% shareholding.

Property portfolio

Delta's portfolio of R11.3 billion consists of 108 properties with a total GLA of 973 431m², which includes assets held-for-sale comprising 14 properties with a total GLA of 111 358m² and a combined value of R1.2 billion.

Detailed tenant breakdown by GLA (%)

- National government	33.6%
- Office - other	15.8%
- Provincial government	13.7%
- Vacant	11.3%
- State-owned enterprise	11.1%
- Retail	6.0%
- Local government	5.1%
- Industrial	3.4%

Detailed tenant breakdown by rental (%)

- National government	37.0%
- Provincial government	20.8%
- Office - other	15.2%
- State-owned enterprise	11.8%
- Retail	7.1%
- Local government	6.3%
- Industrial	1.8%

Geographic profile by GLA (%)

- Gauteng	43.8%
- KwaZulu-Natal	28.6%
- Free State	8.8%
- Limpopo	4.6%
- Western Cape	4.3%
- Northern Cape	3.8%
- Mpumalanga	3.1%
- Eastern Cape	2.4%
- North West	0.6%

Geographic profile by rental (%)

- Gauteng	44.5%
- KwaZulu-Natal	25.2%
- Limpopo	8.9%
- Free State	6.4%
- Western Cape	5.3%
- Northern Cape	3.4%
- Mpumalanga	2.9%
- Eastern Cape	2.9%
- North West	0.5%

Delta six months ended august 2017

Acquisitions

No acquisitions were concluded during the current period with management focusing its efforts on lease renewals and marketing of existing vacancies on the portfolio.

Major capital projects

Delta will continue to invest capital in its property portfolio to ensure that it maintains a higher quality and grade of assets that meets the requirements of its tenants. The following major capital projects progressed during the current period:

- 88 Field Street (Durban) - completed at an estimated cost of R89 million.
- Sleepy Hollow (PMB) - completed at an estimated cost of R4.5 million.
- Embassy Building (Durban) - nearing completion October 2017 at an estimated cost of R28 million and is strategic to securing future leases.
- Beacon Hill (King Williams Town) - investment of R40 million due to a five-year lease.
- Commission House (Pretoria) - nearing completion November 2017 at an estimated cost of R32 million with negotiations for a 10-year lease extension in progress.
- 17 Harrison Street Building and Kay Street Parkade (Johannesburg) - investment of R11 million due to a four-year lease.

Disposals

During the financial year, the Group concluded sale agreements and disposed of four properties, namely; Samora House, 1 & 3 Ferreira Street and the Damelin Building, with a total GLA of 14 785m², for an aggregate R139.1 million. Sale agreements for Block G, Broadcast House and Presidia with a total GLA of 25 502m² and fair value of R373.8 million were concluded as at 28 February 2017 and are in the process of being transferred.

Disposal proceeds will be used to reduce gearing, supplement capital expenditure and invest in higher yielding assets.

Letting and vacancies

Building sectoral split by GLA

		Month	28 Feb	28 Feb	29 Feb	28 Feb	28 Feb	Beyond
	Vacant	to	2018	2019	2020	2021	2022	28 Feb
	%	month	%	%	%	%	%	%
Lease expiry								
Office sovereign	10.2	33.4	9.4	9.3	9.3	19.5	5.5	3.4
Office-other	14.0	6.8	6.8	25.2	18.8	14.6	4.5	9.3
Retail	3.6	9.7	1.8	11.4	14.4	2.9	1.0	55.1
Industrial	19.0	0.0	14.2	27.8	0.0	39.1	0.0	0.0

Vacancies increased to 11.3% with a GLA of 110 049m², which is slightly lower than the SAPOA national average vacancy of 11.8% for Q2: 2017. Vacancies in our major nodes, being Pretoria CBD and Durban CBD are 8.1% and 15.0% respectively, in line with The Rode Report 2017:3, in Pretoria, and better in Durban (18.5%). The weighted average in-force escalation at year-end is 7.3% with a weighted average rental of 108.09/m².

Lease renewals of 71 661m² were concluded, with 24 726m² relating to post-reporting period. New deals totalling 48 590m² were also concluded during the year, of which 27 114m² commenced post-reporting period.

The National Department of Public Works ("DPW") is still in the process of finalising its Leasing Policy, which will largely address Delta's current 33.4% monthly leases. There has been restructuring within the DPW and Property Management Trading Entity ("PMTE") space, resulting in the delay in finalising the bulk

Delta six months ended august 2017

renewal proposals. The new team consists of professionals who have been in the DPW environment for a long time and are well acquainted with the internal processes. The DPW have advised us that all evaluations and assessments of the submitted proposals have been completed and they await the final negotiations with the various landlords. Delta remains confident that these negotiations will be concluded by the end of this financial year.

Funding

Delta's loan to value ratio has increased to 42.3% (2016: 41.0%), impacted by the disposal of its investment in Baystone and devaluation of its investment in GRIT. Proceeds from disposals have been utilised on capital expenditure and working capital.

The weighted average all-in cost of funding increased to 9.2% (2016: 9.0%) and was impacted by higher rates incurred on facility renewals and longer-term interest rate swap contracts concluded. Interest rate exposure remains hedged with 82.3% (2016: 84.1%) of borrowings being fixed through a combination of swap contracts and fixed rate loans for an average period of 1.9 years (2016: 2.1 years). The average debt facility expiry period is 1.6 years (2016: 2.1 years) with the interest cover ratio at 2.4 (2016: 2.5).

Provision of financial assistance

Delta provided the following financial assistance as at the date of the Board resolution passed on 27 October 2017, which is in aggregate greater than 0.1% of Delta's net worth:

- Somnipoint Proprietary Limited - R39.9 million in respect of a loan to a company with common directors.
- GRIT Real Estate Income Group Limited - R5.6 million in respect of a guarantee fee charged.
- Hestitrix Proprietary Limited - R248.9 million in the ordinary course of business.
- K201400273 Proprietary Limited - R139.7 million in the ordinary course of business.
- 277 Vermeulen Street Properties Proprietary Limited - R18.1 million in the ordinary course of business.
- Hendisa Investments Proprietary Limited - R33 614 in the ordinary course of business.

The Board confirms that immediately after providing the financial assistance, the Company continues to satisfy the solvency and liquidity test as contemplated in section 4 of the Companies Act 71 of 2008 and that the terms and conditions of the financial assistance are fair and reasonable to the Company.

Changes to directorate during the period

There have been no changes to directorate since the release of the 2017 year-end results.

Events subsequent to the reporting period

Global Credit Rating reaffirmed Delta's National Credit Rating as stable on long term and short term at BBB+(za) and A2(za) respectively as at 28 September 2017, with the outlook accorded as Evolving.

Prospects

The economic environment is expected to remain pressurised due to continued risk of sovereign rating downgrades combined with low economic growth and uncertain political risks.

Delta will continue to focus its efforts on the basic property fundamentals to create a healthy and sustainable business for all stakeholders. Significant progress has been made to date and a further initiative, as detailed in our cautionary of 3 July 2017, is currently in its final stages to inject much needed capital and achieve significant direct black ownership of the Fund which will qualify Delta for the long-term leases awarded by DPW. This will assist to recapitalise the business, reduce reliance on debt funding and facilitate the growth of the Fund with yield accretive acquisitions.

Despite the current challenging and tough trading climate we remain committed to Delta's sovereign strategy and expect to achieve flat full-year distribution growth as communicated to the market. This forecast is based on the current trading environment prevailing with no major changes in

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operating conditions. The Group's independent auditors have not reviewed nor reported on this forecast.

Declaration of interim dividend ("the cash dividend") with the election to reinvest the dividend
Shareholders are advised that dividend number 10 of 46.39874 cents per share for the six months ended
31 August 2017 has been declared. The source of the cash dividend is from distributable income.

Shareholders will be entitled, in respect of all or part of their shareholding, to elect to reinvest
the cash dividend in return for Delta shares ("the dividend reinvestment alternative"), failing which
they will receive the cash dividend in respect of all or part of their shareholding. The number of Delta
shares to which shareholders are entitled will be determined with reference to the ratio that 46.39874
cents per Delta share bears to the five-day volume weighted average traded price (ex dividend) of Delta
shares on the JSE prior to the finalisation date, which will be no later than Tuesday, 7 November 2017.

The Board of directors of Delta, at its discretion, may withdraw the dividend reinvestment alternative
should market conditions warrant such action and such withdrawal will be communicated to shareholders
prior to the finalisation announcement to be published by 11:00 on Tuesday, 7 November 2017.

Salient dates relating to the cash dividend and the dividend reinvestment alternative:

	2017
Circular and form of election posted to Delta shareholders	Tuesday, 31 October
Announcement of dividend reinvestment alternative issue price and finalisation information	Tuesday, 7 November
Last day to trade ("LDT") cum dividend	Tuesday, 21 November
Delta shares to trade ex dividend and dividend reinvestment alternative	Wednesday, 22 November
Listing of maximum possible number of dividend reinvestment alternative Delta shares commences on the JSE	Friday, 24 November
Last day to elect to receive the dividend reinvestment alternative (no late forms of election will be accepted) by 12:00	Friday, 24 November
Record date for the cash dividend and dividend reinvestment alternative	Friday, 24 November
Announcement of results of cash dividend and dividend reinvestment alternative on SENS	Monday, 27 November
Cheques posted to certificated shareholders and accounts credited by CSDP or broker to dematerialised shareholders electing the cash dividend on or about	Monday, 27 November
Announcement of results of cash dividend and dividend reinvestment alternative in the press	Tuesday, 28 November
Share certificates posted to certificated shareholders and accounts credited by CSDP or broker to dematerialised shareholders electing the dividend reinvestment alternative on or about	Wednesday, 29 November
Adjustment to Delta shares listed on or about	Friday, 1 December

Notes:

1. All dates and times indicated are South African dates and times.
2. All dates and times indicated are subject to change. Any change will be announced on SENS.
3. Shares may not be dematerialised or rematerialised between commencement of trade on
Wednesday, 22 November 2017 and the close of trade on Friday, 24 November 2017, both dates included.
4. Shareholders electing the dividend reinvestment alternative are alerted to the fact that the new
Delta shares will be listed on LDT + 3 and that these new Delta shares can only be traded on LDT + 3,
due to the fact that settlement of the Delta shares will be three days after record date, which differs
from the conventional one day after record date settlement process.

Trading in the Strate environment does not permit fractions or fractional entitlements. Accordingly, where a
shareholder's entitlement to the Delta shares in relation to the dividend reinvestment alternative calculated
in accordance with the formula mentioned above gives rise to a fraction of a new Delta share, such fraction

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will be rounded down to the nearest whole number and the cash balance will be paid to the shareholder.

The distribution of the circular and/or accompanying documents and the right to elect the dividend reinvestment alternative in jurisdictions other than the Republic of South Africa may be restricted by law and failure to comply with any of these restrictions may constitute a violation of the securities laws of any such jurisdictions. The Delta shares have not been and will not be registered for the purposes of the election under the securities laws of the United Kingdom, European Economic Area ("EEA"), Canada, United States of America, Japan or Australia and accordingly are not being offered, sold, taken up, resold or delivered directly or indirectly to recipients with registered addresses in such jurisdictions.

In accordance with Delta's status as a REIT, shareholders are advised that the cash dividend meets the requirements of a "qualifying distribution" for the purposes of section 25BB of the Income Tax Act, No 58 of 1962 ("Income Tax Act"). An announcement informing shareholders of the tax treatment of the distributions will be released separately on SENS.

Basis of preparation and accounting policies

The unaudited condensed consolidated interim results have been prepared in accordance with the International Financial Reporting Standards ("IFRS"), IAS 34: Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listings Requirements and the requirements of the Companies Act of South Africa. The accounting policies applied in the preparation of these interim results are in terms of IFRS and are consistent with those applied in the previous annual financial statements.

The condensed consolidated interim results have been prepared under the supervision of the Chief Financial Officer, Mr Shaneel Maharaj CA(SA)/HDipTax, and have not been reviewed or audited by the independent external auditors BDO South Africa Incorporated. Delta has complied with IFRS and JSE Listings Requirements by disclosing earnings and headline earnings per share. Distribution per share has been disclosed additionally.

By order of the Board

JB Magwaza (Chairman) SH Nomvete (Chief Executive Officer)

31 October 2017

Directors: JB Magwaza* (Chairman), SH Nomvete~ (CEO), S Maharaj~ (CFO), ON Tshabalala~ (COO), MJN Njeke#, DN Motau*, ID Macleod*, NN Afolayan*, C Rampheri*, BA Corbett^, N Khan^
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Sponsor: Nedbank Corporate and Investment Banking

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