

Successful listing raised **R980 million** in equity | Maiden distribution achieved per forecast of **23.69 cents** per linked unit | Annualised return to unitholders of **17.4%** | Market capitalisation of **R1.39 billion** | Total investment property of **R2.12 billion** | High occupancy of **95.6%** across the portfolio | Attractive forward funding rates of **7.9%** | Post year end acquisition growth of **R2.3 billion** | Successful **R1 billion** rights offer completed

Reviewed provisional consolidated statement of comprehensive income

	Reviewed for year ended 28 February 2013 R'000	Audited for year ended 29 February 2012 R'000
Revenue		
Contractual rental income	116 867	42 745
Straight line rental income accrual	23 082	19 144
Property operating expenses	(21 947)	(2 677)
Net property rental and related income	118 002	59 012
Other income	10	454
Administration expenses	(17 399)	(9 671)
Listing expenses	(21 659)	-
Restructuring expenses	(20 000)	-
Net operating profit	58 954	49 795
Fair value adjustments	34 315	33 280
Profit from operations	93 269	83 075
Finance costs	(55 446)	(31 722)
Interest received	5 836	5 331
Profit before debenture interest and taxation	43 659	56 684
Debenture interest	(39 068)	-
Profit before taxation	4 591	56 684
Taxation	(21 916)	(16 938)
(Loss) profit for the year	(17 325)	39 746
Other comprehensive income	-	-
Total comprehensive (loss) income for the year	(17 325)	39 746
Reconciliation of earnings, headline earnings and distributable earnings		
Total comprehensive loss for the year	(17 325)	39 746
Debenture interest	39 068	-
Earnings	21 743	39 746
Change in fair value of investment property (net of deferred taxation)	(38 995)	(28 389)
Change in fair value of property	(49 122)	(42 154)
Deferred taxation	10 127	13 765
Impairment of goodwill	2 893	-
Headline (loss) profit attributable to linked unitholders	(14 359)	11 357
Change in fair value of financial instruments (net of deferred taxation)	21 005	6 389
Change in fair value of financial instruments	14 807	8 874
Deferred taxation	6 198	(2 485)
Straight line rental income accrual (net of deferred taxation)	(16 619)	(13 784)
Straight line rental income accrual	(23 082)	(19 144)
Deferred taxation	6 463	5 360
Pre-acquisition income recognised against investment property	6 455	-
Restructuring expenses	20 000	-
Deferred taxation - other adjustments	(874)	(454)
Listing expenses	21 659	-
Impairment of other financial assets	2 196	(338)
Retained distributable earnings	(395)	(3 170)
Distributable earnings attributable to linked unitholders	39 068	-
Number of linked units in issue	164 935 365	N/A
Weighted average number of linked units in issue	53 773 448	N/A
Basic earnings per linked unit (cents)	40.43	N/A
Headline/diluted headline loss per linked unit (cents)	(26.70)	N/A
Distribution per linked unit (cents)	23.69	N/A

Reviewed provisional abridged consolidated statement of changes in equity

	Reviewed for year ended 28 February 2013 R'000	Audited for year ended 29 February 2012 R'000
Stated capital	932 232	-
Balance at the beginning of the year	-	-
Issue of shares	932 232	-
Retained income	121 444	138 769
Balance at the beginning of the year	138 769	99 023
(Loss)/profit for the year attributable to shareholders	(17 325)	39 746
	1 053 676	138 769

Reviewed provisional abridged consolidated statement of cash flows

	Reviewed for year ended 28 February 2013 R'000	Audited for year ended 29 February 2012 R'000
Cash flows from operating activities	(7 626)	3 450
Cash generated from operations	40 035	30 093
Net finance cost	(47 447)	(26 391)
Taxation paid	(214)	(252)
Cash outflows from investing activities	(1 594 407)	(58 644)
Net cash from financing activities	1 629 122	87 814
Net movement in cash and cash equivalents	27 089	32 620
Cash at the beginning of the year	29 739	(2 881)
Total cash at the end of the year	56 828	29 739

Reviewed provisional consolidated statement of financial position

	Reviewed for year ended 28 February 2013 R'000	Audited for year ended 29 February 2012 R'000
Assets		
Non-current assets		
Investment property	2 119 112	388 381
Fair value of property portfolio	2 070 053	362 404
Straight line rental income accrual	49 059	25 977
Property, plant and equipment	279	-
Other financial assets	-	48 609
	2 119 391	436 990
Current assets		
Other financial assets	25 917	40 409
Trade and other receivables	39 410	938
Cash and cash equivalents	56 828	29 739
	122 155	71 086
Total assets	2 241 546	508 076
Equity and liabilities		
Equity		
Stated capital	932 232	-
Retained income	121 444	138 769
	1 053 676	138 769
Liabilities		
Non-current liabilities		
Debentures	189 676	-
Secured financial liabilities	832 450	289 829
Other financial liabilities	-	14 038
Deferred tax	57 207	31 541
	1 079 333	335 408
Current liabilities		
Secured financial liabilities	33 992	7 178
Trade and other payables	35 477	4 370
Current tax payable	-	214
Derivative instruments	-	22 137
Unitholders for distribution	39 068	-
	108 537	33 899
Total liabilities	1 187 870	369 307
Total equity and liabilities	2 241 546	508 076

Commentary on results

1. Profile

Delta is a black managed property loan stock company that successfully listed on the JSE Limited ("JSE") on 02 November 2012. Delta's primary business is long-term investment in quality, rental generating properties. On listing Delta raised R980 million in an oversubscribed private placement, of which the proceeds were utilised to acquire additional properties and to restructure and reduce Delta's overall gearing levels. The Company's portfolio currently consists of twenty high grade commercial properties valued at R2.12 billion located in all provinces, except Mpumalanga.

2. Financial results

The reviewed provisional results reported on are for the financial year ended 28 February 2013. These results include the impact of the restructuring of the Company, its portfolio and capital structure in anticipation of the listing on the JSE on 02 November 2012. A direct comparison to the previous reporting period, being the audited results for the 12 months to 29 February 2012, is therefore not as meaningful as a comparison to the forecast results contained in the pre-listing statement dated 23 October 2012.

The results for the year ended 29 February 2012 reflect a highly geared company which held a single investment property, The Forum building. The property portfolio of the Company has changed substantially between 29 February 2012 and 28 February 2013 and the Company has reduced its gearing significantly to existing levels and as set out in the pre-listing statement. The results reported for 28 February 2013 reflect these changes.

The Company achieved distributable earnings for the year of R39,068 million (forecast: R39,050 million). The accrued distribution per linked unit of 23.69 cents for the four months since listing is in line with the forecast of 23.68 cents.

3. Property portfolio

As at 28 February 2013, the portfolio, valued at R2.12 billion, consists of 20 properties with a total GLA of 203 261 m² comprising 97% commercial offices and 3% retail (by value). 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.

The portfolio

Property	GLA m ²	Value R'000	Value per m ² R/m ²
Office government	121 719	1 470 037	12 077
Forum building	37 941	454 229	11 972
NPA Cape Town	10 552	161 027	15 260
110 Hamilton	4 511	77 200	17 114
Cooper House	2 111	22 548	10 681
Tivoli	2 759	17 118	6 204
Block G	7 992	194 016	24 276
Old Mutual building	3 294	24 400	7 407
Beacon Hill	13 648	185 000	13 555
Presidia	12 894	147 000	11 410
88 Field Street	21 105	133 000	6 302
Umtata	4 923	54 500	11 071
Office other	73 868	601 075	8 137
5 Walnut Road	14 041	91 300	6 503
SARS Springs	1 922	11 162	5 808
SARS Kimberley	2 950	32 000	10 847
PWC Polokwane	1 951	28 100	14 402
Cape Road	5 127	56 000	10 923
North Ridge Road	3 354	42 500	12 671
Liberty Towers	40 555	315 013	7 768
Richmond Forum	3 968	25 000	6 300
Retail			
WB Centre	7 674	48 000	6 255
Total	203 261	2 119 112	10 426

The valuations prepared by an independent valuer, Active Blue Valuation Solutions CC, at 02 October 2012 for purposes of the listing were used for valuation purposes at year end.

Lease expiry profile

Based on	GLA %	Rental revenue %
Vacant	4.4	
February 14	42.5	34.3
February 15	13.9	12.6
February 16	10.3	13.7
February 17	4.3	5.6
February 18	1.2	1.3
>February 19	23.4	32.5
	100.0	100.0

Condensed segmental analysis

Reviewed for year ended 28 February 2013 (R'000)	Retail	Office government	Office other	Admin and corporate cost	Total
Rental income (excluding straight line rental income accrual)	2 683	83 978	30 206	-	116 867
Property operating expenses	(639)	(12 222)	(9 086)	-	(21 947)
Net property income	2 044	71 756	21 120	-	94 920
Fair value adjustments	(1 341)	52 928	(2 465)	(14 807)	34 315
Investment property	48 000	1 470 037	601 075	-	2 119 112

No segmental information has been presented for the Group for the financial year ended 29 February 2012 as the Group held only one investment property which has been classified as office government in the current year.

4. Secured financial liabilities

During the year Delta restructured its debt facilities. At 28 February 2013, Delta's net borrowings of R866.4 million equate to a gearing ratio of 38.7%. Gearing is calculated as total secured financial liabilities (excluding debentures) as a percentage of total assets. The average interest rate for the year under review was 8.9% which included pre-listing debt facilities which were subsequently restructured. At year end, interest rates were fixed in respect of 82% of the borrowings for an average period of 2.8 years at an average all-in interest rate of 7.86%. To ensure effective cash management, surplus cash is invested against revolving debt facilities.

5. Business combinations

Pursuant to its listing on the JSE, Delta acquired 100% of the voting rights and equity interest of Hestrix Proprietary Limited and Choice Decisions 300 Proprietary Limited with effect from 02 August 2012 and 02 October 2012, respectively.

Details of the net assets acquired are as follows:

	Hestrix Proprietary Limited R'000	Choice Decisions 300 Proprietary Limited R'000	Total R'000
Investment property	-	27 854	27 854
Property, plant and equipment	-	352	352
Straight line rental income accrual	-	246	246
Directors loans	-	(14 557)	(14 557)
Trade and other receivables	-	27	27
Cash and cash equivalents	-	89	89
Secured financial liabilities	-	(5 938)	(5 938)
Deferred tax	-	(3 750)	(3 750)
Trade and other payables	-	(116)	(116)
Total identifiable net assets	-	4 207	4 207
Goodwill	-	2 893	2 893
Purchase consideration settled in cash	-	7 100	7 100

Hestrix Proprietary Limited was dormant at the date of acquisition.

6. Capital commitments

At 28 February 2013 Delta had the following contracted capital commitments:

	Reviewed for year ended 28 February 2013 R'000	Audited for year ended 29 February 2012 R'000
Capital commitments		
Capital improvements in respect of investment property		
- Approved and committed	28 781	-
- Approved not yet committed	34 370	-
	63 151	-

These capital commitments will be funded out of existing cash resources and debt financing facilities.

7. Events after the reporting period

On 25 January 2013 and 19 February 2013 respectively, it was announced on SENS that Delta had entered into agreements with various vendors to acquire 24 properties and the entire issued share capital of Hendisa Investments Proprietary Limited for a combined purchase consideration of approximately R2.3 billion (including transaction costs). The acquisitions will be 40% debt funded and 60% equity funded.

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. As announced on SENS on 06 May 2013, Delta successfully completed a rights offer raising R1 billion through the issue of 1 19 047 599 linked units at an issue price of R8.40 per linked unit.

8. Prospects

As per the revised listing particulars that were published on 08 April 2013, Delta currently forecast a distribution per linked unit for the year ending 28 February 2014 of 72.50 cents per unit and 86.85 cents for the year ending 28 February 2015, representing a 20% year on year increase. These forecasts are the responsibility of the board of directors of Delta and have been reviewed by the independent reporting accountants.

The board remains confident of the sustainability of government leases and the Company's empowerment credentials which position Delta well for future acquisition of government tenanted buildings. The Company continues to consider high quality assets and remains on track to meet its forecast fund size of R7 billion.

It is anticipated that the recently announced REITs legislation will positively impact the listed property sector.

9. Debenture interest distribution

Linked unitholders are advised that debenture interest distribution No. 1 of 23.69 cents per linked unit for the period ended 28 February 2013 will be paid to linked unitholders in accordance with the abbreviated timetable set out below:

Last day to trade cum distribution	Friday, 17 May 2013
Linked units trade ex distribution	Monday, 20 May 2013
Record date	Friday, 24 May 2013
Payment date	Monday, 27 May 2013

Linked unitholders may not dematerialise or rematerialise their linked units between Monday, 20 May 2013 and Friday, 24 May 2013, both days included.

10. Basis of preparation, accounting policies and review opinion

The reviewed consolidated provisional results of Delta have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and contains the information required by IAS 34: *Interim Financial Reporting*, the JSE Listings Requirements and the requirements of the South African Companies Act, 71 of 2008 (as amended). This report has been compiled under the supervision of Bronwyn Corbett CA(SA), the Chief Financial Officer of Delta. The accounting policies are consistent with those applied in the prior period. BDO South Africa Incorporated has reviewed the financial information set out in this report. Their unmodified review report is available for inspection at Delta's registered office.

The Company has complied with IFRS and JSE Listings Requirements by disclosing earnings and headline earnings per share. Headline earnings includes fair value adjustments for financial instruments and the straight line rental income accrual which does not affect distributable earnings.

By order of the board

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

06 May 2013

Delta Property Fund Limited
(formerly Tuffan 89 Investment Holdings Proprietary Limited)
(Incorporated in the Republic of South Africa)
(Registration number 2002/005129/06)
Share code: DLT ISIN: ZAE000172052
("Delta" or "the company")

Directors: JB Magwaza † (Chairman), SH Nomvete * (CEO), BA Corbett * (CFO), JGG Da Costa*, N Khan*#, IN Mkhani†, KE Schmidt*, PD Simpson* *Executive †Non-executive †Independent non-executive #Lead Independent Director

Registered office: 204 Rivonia Road, Johannesburg (PO Box 652836, Benmore, 2010)

Transfer secretaries: Computershare Investor Services Proprietary Limited