



# UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS

## FOR THE SIX MONTHS ENDED 31 AUGUST 2024

Delta Property Fund Limited  
(Incorporated in the Republic of South Africa)  
(Registration number 2002/005129/06)

JSE share code: DLT ISIN: ZAE000194049  
(Approved as a REIT by the JSE)  
("Delta" or the "Company" or the "Group")

### INTRODUCTION

The Group posted financial results that demonstrate resilience amid ongoing challenging market conditions. The areas of focus for this period have been the meeting of debt covenant requirements, signing new leases and ensuring lease renewals, as well as the disposal of non-core properties.

The Group continues to make headway in critical aspects of financial performance, including but not limited to the enhancement of the weighted average lease expiry, the improvement of the Loan-to-Value ("LTV") and Interest cover ("ICR") ratios.

### FINANCIAL RESULTS

	Unaudited 31 August 2024	Unaudited 31 August 2023	Change %
Rental income (R'million)	583.7	573.8	1.7
Net operating income (R'million)	365.8	350.8	4.3
Profit for the period (R'million)	29.5	56.4	(47.7)
Basic and diluted earnings per share (cents)	4.1	9.5	(56.8)
Basic and diluted headline earnings per share (cents)	5.1	9.6	(46.9)
SA REIT funds from operations/ distributable earnings per share (cents)	8.1	8.1	-
Average value per property (including NCAHFS)	R8 296.2/m <sup>2</sup>	R8 225.6/m <sup>2</sup>	0.9

The Group reported a net operating income of R365.8m, an improvement from R350.8m in the comparable period ("HY24"), and stable Funds from Operations of R57.6m compared to R58.0m in HY24. However, profit for the period declined to R29.5m (HY24: R56.4m), due to a fair value adjustment loss of R31.0m (HY24: R12.5m gain) driven mainly by the decline in the share price of Grit Real Estate Income Group Limited ("Grit").

Revenue, excluding straight-line rental income accrual, increased by 1.7% from R573.8m to R583.7m. This was mainly due to higher utility recoveries and rent escalations, which were off-set by rent reversions. Property operating expenses increased by 0.5% from R219.4m to R220.5m. Administrative expenses decreased by 2.8% from R50.8m to R49.4m. Operating and administrative costs have been positively impacted by cost containment initiatives and the successful sale of non-core properties.

The cash generated for the period amounted to R308.1m consisting of cash generated from operations of R298.0m, interest income of R0.7m and net proceeds from property disposal of R9.4m. The cash generated was utilised to pay finance costs of R230.9m, taxation of R23.7m, net capex of R16.2m, lease liabilities of R1.8m and net debt repayment of R43.2m. The cash and cash equivalent balance has declined from FY24 mainly due to collection challenges experienced with the Department of Public Works and Infrastructure ("DPWI").

### LETTING

Delta renewed 43 leases totalling 62 907m<sup>2</sup> during the period. The lease renewals were concluded at a weighted average lease term of 3.7 years. In addition, Delta concluded new leases for a total GLA of 14 864m<sup>2</sup>, with a weighted average lease term of 2.9 years. Portfolio vacancies decreased from 33.4% in FY24 to 30.9% in the current reporting period ("HY25"), due to 14 864m<sup>2</sup> GLA of new leases concluded and the sale of three properties which had a vacant GLA of 19 626m<sup>2</sup>.

### ARREARS AND COLLECTION

As of the end of the period, trade receivables were R133.8m, up from R87.9m in FY24. The average collection rate for the period was 93.1% of billings, compared to 101.5% in FY24. The increase in trade receivables is mainly due to collection delays experienced with DPWI, a major tenant accounting for approximately 50% of the Group's revenue. These delays were due to payment system issues at DPWI during the second quarter of the financial year which adversely impacted the average rental collection rate. The Group is actively engaging with DPWI to expedite the resolution of these issues to recover outstanding balances.

### DISPOSALS

Delta's portfolio optimisation strategy includes the disposal of selected properties that are non-core and largely vacant. Three properties with a total GLA of 29 759m<sup>2</sup> were transferred during the reporting period for a gross consideration of R106.2m, while two properties with a total GLA of 8 669m<sup>2</sup> were transferred post the period for a gross consideration of R19.3m. Eleven of the properties held for sale with a combined fair value of R319.1m are expected to transfer before the end of the financial year.

### FUNDING

The Group successfully renewed matured debt facilities with Nedbank and State Bank of India to 7 April 2025 and 7 June 2027 respectively and is currently engaging Standard Bank, Investec and Bank of China regarding renewal of facilities due to expire before the financial year end. The target in the short-term is to achieve debt maturity of two to three years. The Group continues to engage with its funders to improve the pricing of debt, extend debt maturity periods and restructure amortisation.

Debt decreased to R3.9bn (FY24: R4.0bn) during the reporting period. The prevailing interest rates resulted in a weighted average cost of funding of 11.4% (HY24: 10.1%). However, finance costs decreased from R250.7m to R237.4m due to capital payments made in the form of amortisations and proceeds from disposal of non-core properties paid towards debt. Consequently, ICR has improved to 1.4 times (FY24: 1.3 times) and Covenant LTV improved marginally from 59.4% to 58.5%.

### DIVIDEND

Delta's SA REIT Funds from operations ("FFO") per share amounts to 8.1 cents for the reporting period (HY24: 8.1 cents per share). Following the solvency and liquidity test conducted in terms of Section 46 of the Companies Act, which took into consideration the working capital cash flow forecast, expected working capital requirements, capital expenditure requirements and contracted tenant installations relating to lease renewals, the Board resolved not to declare an interim dividend for the period ended 31 August 2024 (HY24: Nil).

### PROSPECTS

During the reporting period, the office sector has demonstrated signs of stabilisation. The demand for B-grade office space is anticipated to remain subdued in the short term due to oversupply, heightened competition, and a trend of traditional B-grade tenants upgrading to higher-grade spaces in response to competitive market offers. Looking forward, the macroeconomic outlook is expected to improve, underpinned by rising investor confidence, a stabilised power grid, and forecasted gradual reductions in the prime lending rate. These factors are likely to foster a more positive business environment and support economic growth over the medium term.

The Group remains focused on executing its strategic objectives. Key priorities include strengthening the balance sheet through the divestment of non-core properties, implementing stringent cost-control measures, securing lease renewals, and reducing vacancies. These initiatives are aimed at enhancing the WALE, rental collection and improving overall profitability. The Group is committed to proactive stakeholder engagement, which has already delivered promising outcomes and remains confident of its trajectory. The Group is committed to proactive stakeholder engagement, which has already delivered promising outcomes and remains confident of its trajectory. The Group is confident that the current favourable macro-economic outlook will support and drive its growth.

Any investment decisions made by investors and/or shareholders should be based in consideration of the full announcement and supplementary information. Shareholders are encouraged to review the full announcement, which is available on the JSE cloudlink at <https://senspdf.jse.co.za/documents/2024/jse/isse/HLT/ie2024.pdf> and on the Group's website <https://www.deltafund.co.za/financial-results/>.

The prospects paragraph has not been reviewed or reported on by the Group's independent external auditors. The content of this short-form announcement is the responsibility of the board of directors of Delta. This short-form announcement is a condensed version of the full announcement in respect of the unaudited condensed consolidated interim financial results for the period ended 31 August 2024 ("Interim Results") and does not contain full or complete details of the Interim results.

Delta Management will host a presentation on the Interim Results via webcast on Tuesday, 26 November 2024 starting at 14:00 (South African time). A virtual question and answer session will follow the presentation. The webcast can be accessed via the following link: <https://www.corpcam.com/DPF28052024>.

The Interim Results presentation will be made available for download from the Company's website at: <https://www.deltafund.co.za/financials/>

A recording of the webcast and Q&A session will be available for download within 24 hours after the presentation from the Company's website at: <https://www.deltafund.co.za/financials/>.

By order of the Board

**P Langeni**  
(Chairman)

**S Masinga**  
(CEO)

22 November 2024

## SHORT-FORM ANNOUNCEMENT



### SALIENT FEATURES

Weighted average lease expiry

▲ **16.3 months**  
(February 2024: 15.3 months)

Net operating income

▲ **R365.8m**  
(August 2023: R350.8m)

Covenant loan to value

▲ **58.5%**  
(February 2024: 59.4%)

Interest cover ratio

▼ **1.4 times**  
(February 2024: 1.3 times)

SA REIT Cost-to-income

▼ **46.9%**  
(August 2023: 45.4%)

Vacancy rate at

▼ **30.9%**  
(February 2024: 33.4%) and at 22.6% when excluding non-core properties held for sale

**Date of release:** 25 November 2024

**Chairman:** \*\*Phumzile Langeni; **Directors:** \*Sindi Zilwa, \*Brett Copans, \*Solly Mboweni \*Tshepo Matlala **CEO:** Sibongile Masinga; **CFO:** Zwelifikile Mhlontlo; **Company Secretary:** Vasta Mhlongo

\*Independent non-executive director, \*\*Non-executive director

**Registered office:** Silver Stream Office Park, 10 Muswell Road South, Bryanston, (PostNet Suite 210, Private Bag X21, Bryanston, 2021)

**Transfer secretaries:** Computershare Investor Services Proprietary Limited

**Sponsor:** Nedbank Corporate and Investment Banking, a division of Nedbank Limited

[www.deltafund.co.za](http://www.deltafund.co.za)