

MEDIA RELEASE FROM DELTA PROPERTY FUND

7 May 2014

***Delta's full year provisional results outperform market guidance
and reveal a year of exceptional growth***

Delta Property Fund today announced a distribution of 40.18 cents per linked unit for the six-month period to 28 February 2014, bringing its final distribution to a guidance-beating 72.69 cents per linked unit for its first full financial year as a JSE-listed property fund.

Sandile Nomvete, CEO of Delta, attributes this outperformance to its substantial growth in assets, its increased management capacity for its growing portfolio and excellent debt management, among other factors. He adds, "We do not expect our final set of full-year results to differ materially from the provisional results published."

Nomvete comments, "Delta started this financial year with property assets valued just over R2 billion. Thanks to our aggressive growth strategy, we have increased this to R7 billion during the year with strategic, yield-enhancing properties. As a result, our distributions for the second half increased 23.6% from the first half of the year."

Delta's Net Asset value increased 12.42% from R7.89 at the start of its financial year, to R8.87 at its close.

"Even with this period of tremendous portfolio enhancing growth, we have kept a sharp eye on sustaining excellent portfolio metrics. The quality of our portfolio allowed us to outperform our distribution growth projections," adds Nomvete.

Despite a tough operating environment, Delta reported a portfolio occupancy of 95.4% and renewed leases over 156,263sqm of space, which represents around 25% of its portfolio.

And, its strong performance is set to continue. "We are confident that Delta is in an excellent position to progress its strategies and should deliver double-digit growth to its investors for the year ahead," says Nomvete.

Delta is a black-managed REIT which is listed on the JSE in November 2012. It has a Level 2 BEE property charter rating. Delta's property portfolio comprises 77 properties that are geographically diversified across nine South African provinces. Its average value per property is R90.5 million. Some 56% of its portfolio benefits from a secure long-term sovereign underpin of commercial government leases, including major offices for SARS.

During the period Delta acquired 9.07% of Ascension A and 21.94% of Ascension B units in issue. Its Ascension investment contributed positively to Delta's results. While its offer for Ascension's management company has resulted in merger prospects with Ascension and Rebois, and the prospect of together becoming the seventh largest property fund. Talks around the merger are continuing.

Nomvete adds, "This is not a forced merger, it would be a merger very carefully taking into account the best interests of our shareholders.

Besides giving priority to maintaining sound property fundamentals, Delta has several strategic objectives for its continued growth. This includes an established yield-enhancing pipeline of acquisitions of around R800 million and capital projects to improve and expand its assets.

The Delta Board has also approved the acquisition of a 20% shareholding in a fund that will be invested in other African countries. This is the second phase of a four-part strategy in the development of Delta.

It will also continue to leverage its BEE status for parastatals and BEE sensitive tenants.

As the only listed property small cap with a DMTN programme, its focus on debt management supports Delta's performance. Its DMTN benefits from a low 6.68% cost of funding. Delta also has access to diverse and affordable sources of debt including from several banks. Importantly, 52.2% of its debt is presently fixed. It is 47.5% geared.

"Delta has a long-term strategy and will continue to innovate to pursue yield-enhancing portfolio growth opportunities. We will also continue to grow our management resources with exceptional skills. This will support sustainable value creation for our investors and all stakeholders," says Nomvete.

~ ends ~

Bronwyn Corbett
Chief Operating Officer
Delta Property Fund
083 227 0443

Distributed by:
Anne Lovell
Marketing Concepts
Tel: 011 783 0700