

Delta Property Fund Limited
(Incorporated in the Republic of South Africa)
(Registration number 2002/005129/06)
Share code: DLT
ISIN: ZAE000194049
REIT status approved
("Delta" or the "Fund" or the "Group" or the "Company")

MARKET UPDATE

IMPACT OF COVID-19

The Group's strategy of being a sovereign focussed office fund has to date limited the negative economic impact of COVID-19 on the business. While rental collection for the period post financial year-end has remained robust, it is still too early to quantify the full impact of COVID-19, if any, on the portfolio.

Since the onset of the lockdown, we have collected 73.8% of the April 2020 billing, with a further 21.3% expected to be collected once departments officially return to work. A component of our retail and non-government tenants of 4.9% remain doubtful and we continue engaging on an individual basis to understand how we may assist these tenants to ensure sustainability of their businesses during these uncertain times.

The Group received 50.2% of the May 2020 billing within the first week of May, which is in line with historic payment patterns.

The portfolio remains defensive and resilient during these turbulent times.

CAPITAL ALLOCATION

As reported on during the voluntary pre-close update published on SENS on 2 March 2020 ("the voluntary pre-close update") Delta is in the process of concluding negotiations or has successfully renegotiated approximately 80% of its bulk lease renewal programme.

Fundamental to these negotiations is the contractual commitment to capital expenditure of approximately R200 million per annum over the next three financial years ("the capex programme").

With constrained headroom for borrowing and limited access to alternative resources, funding for the capex programme to date has been from working capital. In light of current market conditions and uncertainty, management expects this trend to continue.

DISPOSAL PROGRAMME

Current market uncertainty has slowed the Group's R1.3 billion disposal programme, although negotiations announced during the voluntary pre-lose update continue.

Previous forecasts included some level of proceeds from disposals to supplement the capex programme and have subsequently been adjusted downwards for the medium term.

FUNDING

Delta remains in constant communication with its primary funders, who remain highly supportive and have continued to grant extensions on expiring facilities during the period. The Fund continues to service its capital and interest repayment obligations without any cashflow restrictions.

Negotiations on facility renewals and normalising the Group's cost of funding on the back of a longer WALE is expected to be finalised on conclusion of the remaining bulk leases.

EXTENSION OF FINANCIAL REPORTING PERIODS

Shareholders are referred to the market notice issued by the Financial Services Conduct Authority on 3 April 2020, in respect of the extension of financial reporting periods (the "Extension Periods") and are advised that the Group will be utilising the two-month Extension Periods afforded to issuers with year-ends of 31 December 2019, 31 January 2020, 29 February 2020 and 31 March 2020.

The impact of COVID-19 lockdown has constrained the Group's ability to complete the necessary work required to finalise its financial results and accordingly the Board considers it prudent and in the best interests of the Group to utilise the Extension Periods.

Given that the Group's financial year end is 29 February 2020, Delta will issue its provisional annual financial statements on or about 15 June 2020 and its integrated annual report, incorporating the final annual financial statements and the notice of annual general meeting, by no later than 31 July 2020.

The results will be presented via webcast in light of the COVID-19 outbreak.

As advised by the JSE, the Group reiterates that market participants should not draw undue adverse inferences as a result of Delta making use of the Extension Periods available to it.

CONCLUSION

The impact of the Covid-19 pandemic remains fluid and the Company continues its close contact with all relevant stakeholders to proactively manage any contingencies. Liquidity remains of paramount importance, especially considering Delta's capex commitments, limited capital raising opportunities and ongoing market uncertainty.

In light of the Group's liquidity requirements the Board is currently reviewing its distribution policy for the short-term. The Board and

management will continue to exercise prudence in managing the Company's liquidity.

The information on which this update is based has not been reviewed or reported on by Delta's auditors.

Johannesburg
13 May 2020

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