

■ LISTED PROPERTY

Delta's dividend payment declines by 43 percent

EDWARD WEST
edward.west@inl.co.za

DELTA Property Fund declared a full-year distribution of 55.39 cents per share for the year to February 28, a decline of 43 percent from the same time last year, reflecting the toughest year in the fund's history, the property company said in a statement yesterday.

This was after it kept 25 percent of distributable earnings for capital expenditure and working capital.

Distributable earnings came in at 73.84c per share (97.24c), in line with revised guidance.

The primary focus of the black-managed and substantially black-owned company are investments in rental income-generating properties in nodes attractive to sovereigns and other tenants requiring empowered landlords.

"It's been the toughest year in our listed history, mainly as a result of the protraction in the bulk lease renewal programme. We are, therefore, very excited about the good progress made post the reporting period in renewing 151 018m² of leases with our key tenants, and we believe the balance will be concluded imminently," said chief executive Sandile Nomvete.

Expiring debt facilities of R2.1 billion were renegotiated to diversify funding sources and renegotiate more market related terms on the back of longer weighted average lease term, following the conclusion of the remainder of bulk leases with the

Department of Public Works.

New facilities to the value of R0.2bn were concluded.

Property valuations decreased by R227 million on the back of a contracted weighted average lease expiry, and vacancies crept up to 14.4 percent.

Vacancies in Delta's dominant nodes of the Pretoria and Durban CBDs were 8.5 percent (Sapoa 4.3 percent) and 16.9 percent (Sapoa 21.6 percent), respectively.

An additional 10 buildings, all in the Bloemfontein node, were put up for disposal.

To facilitate capital expenditure and working capital, a dividend distribution of 55.39c per share was declared after retaining 25 percent of distributable earnings of 73.84c per share.

Looking forward, an aim was to increase the debt fix ratio and reduce loan-to-value (LTV), post the conclusion of the bulk lease renewals.

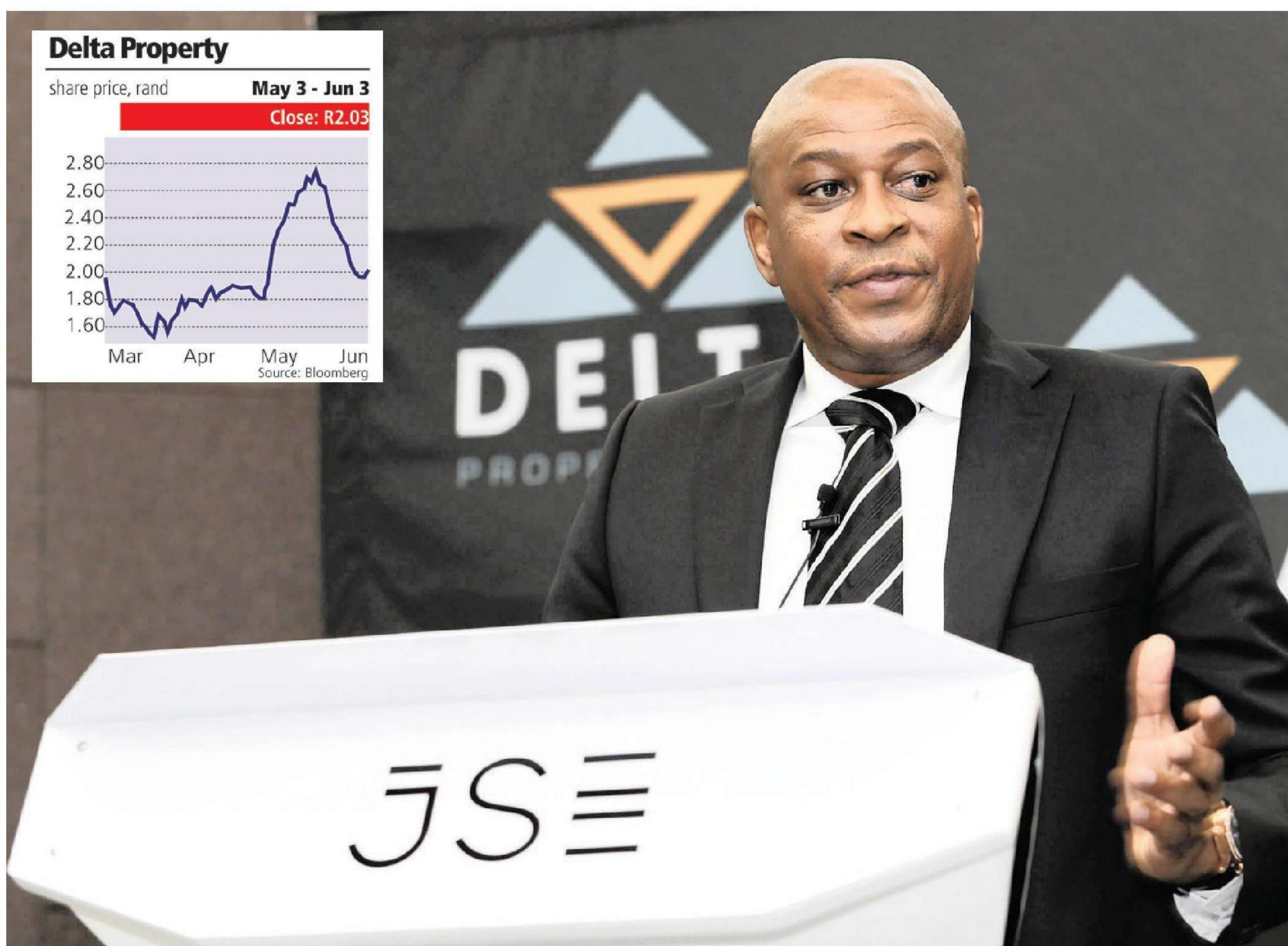
LTV increased to 45.1 percent (41.3 percent).

The election was expected to provide political stability and improved business confidence in the economy.

"We expect this transition to materialise within the next 12 months," the management said.

The conclusion of the bulk lease renewal and longer-term refinancing of debt at market-related rates remained critical priorities.

"The current short-term refinance of debt due to the low weighted average lease expiry has resulted in higher



DELTA chief executive Sandile Nomvete says he is very excited about the good progress made post the reporting period in renewing 151 018m² of leases with key tenants. | SIMPHIWE MBOKAZI African News Agency (ANA)

finance costs, thereby diluting earnings."

Capital expenditure and reducing vacancies remained a further strategic consideration as was a more aggressive non-core asset disposals.

The board anticipated that earnings will decrease by between 8 and

10 percent for the 2020 financial year.

Net property income decreased by 9.7 percent, largely due to provisions raised that had a bearing on the gross cost-to-income ratio and net cost-to-income ratio increasing to 32.2 percent and 18.3 percent.

Net property income grew 1.8 per-

cent on a like-for-like basis and declined 3.2 percent, including the effect of the provisions.

Delta's property portfolio was valued at R11.4bn, consisting of 104 properties, including assets held-for-sale of 20 properties and a combined value of R1.4bn.