



DELTA PROPERTY FUND

Delta Property Fund Limited
(formerly Tuffsan 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")

Abridged pre-listing statement

This abridged pre-listing statement relates to:

- an offer by Delta to selected institutional and other investors in South Africa ("qualifying investors") to subscribe for up to 119 512 195 linked units (each comprising one ordinary no par value share linked to a unsecured variable rate subordinated debenture ("linked unit") in Delta, for cash, at an issue price of R8.20 per linked unit, amounting to a capital raise of R980 000 000 (the "private placement"); and
- the subsequent listing of up to 164 935 366 linked units (the "listing") in Delta on the "Real Estate – Real Estate Holding and Development" sector of the JSE Limited (the "JSE") under the abbreviated name "DELPROP", Share code: DLT, ISIN: ZAE000172052, with effect from the commencement of business on Friday, 2 November 2012 (the "listing date").

This abridged pre-listing statement is not an invitation to the public to subscribe for linked units in Delta, or an offer to the public to purchase linked units in Delta, but is issued in compliance with the JSE Listings Requirements (the "Listings Requirements"), for the purpose of providing information to the public with regards to Delta. The private placement, details of which are set out in this abridged pre-listing statement, is open for acceptance by qualifying investors only, each applying as principals for a minimum subscription of R1 000 000 in linked units. Prior to the opening of the private placement, the company had accepted irrevocable subscription commitments in an aggregate amount of R850 million.

This abridged pre-listing statement contains the salient features of the company, the private placement and the listing and as such is not intended to be comprehensive. For a full appreciation of the company, the private placement and the listing, the pre-listing statement issued to qualifying investors on Tuesday, 23 October 2012 (the "pre-listing statement") should be read in its entirety.

1. INTRODUCTION TO DELTA

Delta is a black-managed and substantially black-owned property loan stock company, established by Johannes Magwaza, Sandile Nomvete, Ipeleng Mkhari, Bruce Zungu and Jabulani Mriga (collectively, the "initial shareholders") and Bronwyn Corbett (collectively, "the founders").

Delta offers investors, *inter alia*:

- access to a quality office portfolio with secure income streams underpinned by long-term government leases, low vacancies and strong anchor tenants;
- access to Delta's ability to acquire government-tenanted properties, and secure long-term leases in respect of these properties;
- an opportunity to invest in a 100% black-managed fund that is managed and serviced by highly experienced property investors, asset managers and property managers with an outstanding track record in the property industry;
- access to Delta's robust acquisition pipeline; and
- an attractive initial forward yield of 9.12% for the 12 months from listing to 31 October 2013 and a forward yield of 9.61% for the financial year ending 28 February 2014, representing a forecast return considerably in excess of expected averages for the sector.

2. OVERVIEW OF THE PROPERTY PORTFOLIO

The property portfolio has been independently valued at a fair value of R2.1 billion in aggregate, consisting of 20 properties with a total gross lettable area of 203 261 m² and comprises 92% office space and an 8% retail component.

Delta's property portfolio comprises:

- the initial property portfolio, which comprises the following two properties with a combined fair value of R473 million, currently owned by Delta:
 - the Forum building, which is a 37 942 m² building located in Pretoria which has a lease with the National Department of Public Works ("DPW") until the year 2020 and is in the process of being upgraded to a B-grade building;
 - the PwC Polokwane building, which is a 1 951 m² building located in Polokwane which has a lease with PricewaterhouseCoopers Inc. until the year 2016;
- the additional property portfolio, which comprises:
 - the following six properties with a combined fair value of R316 million, which were previously owned by various special purpose vehicles owned by the founders or their associates, and which are in the process of being transferred to Delta (the "restructure properties"):
 - the NPA Cape Town building, which is a 10 552 m², A-grade building located in Cape Town that has a lease with DPW until the year 2013, which is in the process of being renewed;
 - the 110 Hamilton building, which is a 4 511 m², A-grade building located in Pretoria that has a lease with DPW until the year 2020;
 - the SARS Kimberley building, which is a 2 950 m², B-grade building located in Kimberley that has a lease with the South African Revenue Service ("SARS") until the year 2015;
 - the Cooper House building, which is a 2 111 m², C-grade building located in Bloemfontein that has a lease with DPW until the year 2022;
 - the Tivoli building, which is a 2 759 m², B-grade building located in Klerksdorp that has a lease with DPW until the year 2013;
 - the SARS Springs building, which is a 1 922 m², B-grade building located in Springs that has a lease with SARS until the year 2013; and
 - the following 12 properties with a combined fair value of R1.3 billion, which Delta has entered into agreements to acquire, and which are expected to be transferred to Delta before or shortly after listing:
 - the Liberty Towers building, which is a 40 555 m², B-grade building located in Durban that has a multitude of tenants, including Mass Stores Proprietary Limited with a lease until the year 2017;
 - the Block G building, which is a 7 992 m², AAA-grade building located in Pretoria that has a multitude of tenants, including the Small Enterprise Development Agency and Khula Financial Services Limited, with lease expiries of 2020 and 2021, respectively;
 - the Beacon Hill building, which is a 13 648 m², AAA-grade building located in King Williams Town that has a lease with the Eastern Cape Provincial Public Works (a division of DPW) until the year 2015;
 - the Presidia building, which is a 12 884 m², A-grade building located in Pretoria that is earmarked for a lease with the National Youth Development Agency until the year 2022, which lease is in the process of being concluded;
 - the 88 Field Street building, which is a 21 104 m², B-grade building located in Durban that has a multitude of tenants with lease expiries ranging from the year 2013 to 2017;
 - the 5 Walnut Road building, which is a 12 884 m², A-grade building located in Durban that has a lease with Durban Technology Hub Proprietary Limited, trading as Smart Xchange, until the year 2015;
 - the Cape Road building, which is a 7 992 m², AAA-grade building located in Port Elizabeth that has a lease with Eskom Holdings Limited and Old Mutual South Africa Limited with lease expiries ranging from 2012 to 2014;
 - the Broadcast House building, which is a 4 923 m², B-grade building located in Mthatha that has a lease with the DPW until the year 2014;
 - the WB Centre building, which is a 7 674 m², C-grade building located in Kimberley that has a multitude of tenants, including Edcon Holdings Proprietary Limited until the year 2014;
 - the North Ridge Road building, which is a 3 354 m², A-grade building located in Durban that has a lease with Butterworths Publishers Proprietary Limited until the year 2016;
 - the Richmond Forum building, which is a 3 968 m², C-grade building located in Auckland Park that has a lease with the Law Society of South Africa until the year 2013; and
 - the Old Mutual building, which is a 3 294 m², B-grade building located in Bloemfontein that has a lease with the DPW until the year 2014.

All of the restructure properties have been lodged in the various deeds offices and transfer is expected to take place on or before the listing date. In terms of the requisite acquisition agreements, Delta is entitled to all benefits and all income attributable to the restructure properties with effect from 1 August 2012, regardless of whether or not transfer has taken place.

Similarly, it has been agreed with the cedents of the Block G rental enterprise and the vendors of the Cape Road building, Broadcast House building, North Ridge Road building, Richmond Forum building and Old Mutual building, that the income attributable to these buildings will accrue to Delta with effect from the listing date, regardless of whether or not transfer has taken place.

The initial property portfolio and additional property portfolio are collectively recognised as the "property portfolio".

A detailed list and analysis of the property portfolio by sector, tenancy, geographical spread, rental per square metre and lease expiry profile is set out in the pre-listing statement.

3. PROSPECTS AND INVESTMENT STRATEGY

The board of directors of Delta (the "directors") is of the opinion that Delta is well-positioned to capitalise on opportunities for growth by continuing to develop its niche position as a 100% black-managed property fund by strategically identifying and securing government-tenanted properties, which has been Delta's springboard to success.

Delta is also well-positioned to leverage its black economic empowerment ("BEE") credentials to acquire yield-enhancing properties from other property companies or investors who are looking to obtain accreditation in terms of the recently gazetted Property Sector Code for disposing of property to a BEE entity. In terms of the Property Sector Code, property companies are required to demonstrate commitment to economic development by selling 35% of all assets that are being disposed of to black-owned enterprises that have a broad-based BEE status of Level 1 to Level 3 BEE contributor. Delta is currently a Level 3 BEE contributor.

The company's objective is to achieve a maximum total return on capital, consisting of both current income and capital gains, consistent with a diversified, risk-managed real estate investment portfolio.

The company will in general not assume development or leasing risk and will not acquire incomplete developments with unsecured income streams or vacant buildings with no lease or income-generating ability.

Delta's vision is to grow its property portfolio to approximately R7 billion by the year 2017 to ensure critical mass and liquidity. It is also Delta's intention to diversify the property portfolio by investing in non-government offices, retail and industrial properties to the extent that attractive investment opportunities arise. It is however anticipated that the majority of leases will remain government and SARS leases in the medium-term. Delta has an attractive pipeline of acquisition opportunities that are anticipated to progress to formal agreements and will be implemented post-listing.

4. MANAGEMENT OF DELTA

DPW is a tenant of a substantial number of the properties constituting the property portfolio. In accordance with DPW requirements, it is critical to Delta's investment and growth strategy that the asset manager is 100% owned and controlled by black persons.

For the purposes of achieving this objective, Delta has appointed MPI Asset Management Proprietary Limited (the "asset manager") to manage the property portfolio.

Furthermore, the asset management of the property portfolio will continue to be undertaken by the same management team that has successfully managed and tenanted the restructure properties and the Forum building to date.

The asset management team has over 75 years of property experience collectively, and has been instrumental in establishing the property portfolio and positioning Delta as a landlord to the government and SARS.

The shareholders and certain key management of the asset manager, who are also the founders, will, directly or indirectly, also have a vested interest in Delta in terms of linked units held by them or their associates post listing, which will ensure that their interests are aligned with those of other linked unitholders.

The property management of Delta will be undertaken by Motseng Property Services Proprietary Limited, who has competently managed the restructure properties and the Forum building to date and has a wealth of experience in the field of property management.

5. DIRECTORS

The full names, ages, qualifications, business addresses and functions of the directors are set out below:

Name	Business address	Function
Johannes Bhekumuzi Magwaza (70) <i>BA MA (Warwick UK)</i>	42 Addison Drive La Lucia Durban, 4001	Non-executive Chairman
Sandile Hopeson Nomvete (39) <i>Exec Dep. & Prop Dev. Prog. (Wits & UCT Business Schools)</i>	Motseng House 204 Rivonia Road Morningside, 2199	Chief Executive Officer
Bronwyn Anne Corbett (31) <i>CA(SA)</i>	Motseng House 204 Rivonia Road Morningside, 2199	Chief Financial Officer
Nooraya Khan (43) <i>CA(SA)</i>	Suite 8b, 1st Floor 3 Melrose Boulevard Melrose Arch, 2196	Lead independent non-executive director
Ipeleng Nonkululeko Mkhari (38) <i>BSoc.Sc (University of Natal, Durban)</i>	Motseng House 204 Rivonia Road Morningside, 2199	Non-executive director
Jose Jorge Goncalves da Costa (57) <i>(Portuguese citizen)</i>	2 Ayrshire Avenue Longmeadow Business Estate, Edenvale, 1610	Independent non-executive director
Karl Ernst Schmidt (58) <i>CA(SA)</i>	9 Catherine Avenue Cowie's Hill Durban, 3610	Independent non-executive director
Paul David Simpson (59) <i>Royal Institute of British Architects Part 1 (British citizen)</i>	10 Surcingle Avenue Hout Bay, 7806	Independent non-executive director

6. RATIONALE FOR THE PRIVATE PLACEMENT AND LISTING

The purpose of the private placement is to:

- raise equity capital of up to R980 000 000 for Delta with a view to reducing gearing levels;
- provide qualifying investors the opportunity to participate directly in Delta's income streams and future capital growth; and
- create a spread of qualifying investors that will provide liquidity and tradability in the linked units.

7. THE PRIVATE PLACEMENT

7.1 Particulars of this private placement

The private placement comprises an offer by Delta of up to R980 000 000, comprising 119 512 595 linked units in Delta at a price of R8.20 per linked unit to qualifying investors, each applying as principals for a minimum subscription of R1 000 000 in linked units.

7.2 Conditions to the private placement

The private placement is conditional on the listing taking place by no later than 30 November 2012, failing which the private placement and any acceptance thereof shall not be in force or effect and no person shall have any claim whatsoever against Delta or any other person as a result of the failure of any condition.

The listing is subject to:

- Delta obtaining JSE consent regarding the spread of linked unitholders. The linked unitholder spread will be finalised on Thursday, 1 November 2012 when notification of allotment takes place. Following this, the linked unitholder spread will be provided to the JSE for approval; and
- the minimum amount of R954 744 175, comprising 116 432 216 linked units in Delta at a subscription price of R8.20, being received.

7.3 Subscription commitments

Delta has received irrevocable subscription commitments in an aggregate amount of R970 000 000, of which R850 000 000, comprising 103 658 538 linked units at a price of R8.20 per linked unit, has been accepted and allocated to certain qualifying investors.

7.4 Minimum subscription

In the opinion of the directors, a minimum amount of R954 744 175, comprising 116 432 216 linked units in Delta at a subscription price of R8.20, is required to be raised by the private placement in order to reduce the company's overall gearing level to acceptable levels and to pay for costs related to the listing and the private placement.

No other proceeds or resources, other than those raised by way of the private placement, are required to settle any other amounts owing.

7.5 Over-subscriptions

The maximum number of linked units that can be subscribed for in terms of the private placement is 119 512 195 linked units. Other than in respect of the subscription commitments, in the event of an over-subscription, linked units will be allocated and issued at the discretion of the directors, in consultation with Nedbank Capital, a division of Nedbank Limited ("Nedbank Capital"), as bookrunners. Factors to be considered by the company in allocating linked units include:

- achieving a spread of linked unitholders that is acceptable to the JSE; and
- promoting liquidity, tradability and an orderly after-market in the linked units of the company.

7.6 Dates and times of the opening and closing of the private placing

	2012
Private placement opens at 09:00 on	Tuesday, 23 October
Abridged pre-listing statement published in the South African press on	Tuesday, 23 October
Private placement closes at 16:00 on	Monday, 29 October
Results of the private placement released on the Securities Exchange News Services of the JSE ("SENS") on	Wednesday, 31 October
Results of the private placement published in the South African press on	Thursday, 1 November
Notification of allotments on	Thursday, 1 November
Listing of linked units commences at 09:00 on	Friday, 2 November
Accounts at Central Securities Depository Participant or broker updated and debited in respect of dematerialised linked unitholders on	Friday, 2 November

All references to time are to local time in South Africa. Any changes to the above dates and times will be announced on the SENS and published in the South African press.

8. FINANCIAL INFORMATION

The table below sets out the abridged unaudited forecast financial information of Delta for the four months from listing to 28 February 2013, the twelve months ending 28 February 2013 (consisting of reviewed results of Delta for the six months ended 31 August 2012 and forecast financial information of Delta for six months ending 28 February 2013), the twelve months from listing to 31 October 2013 and the twelve months ending 28 February 2014 ("forecast financial information").

The forecast financial information assumes the private placement is taken up in full.

The forecast financial information should be read in conjunction with the unaudited forecast financial information disclosed in the pre-listing statement. Such information has been presented for illustrative purposes only and because of its nature may not fairly reflect the financial position and results of Delta. The forecast financial information is the responsibility of the directors.

Unaudited forecast financial information	4 months ending 28 February 2013	12 months ending 28 February 2013	12 months ending 31 October 2013	12 months ending 28 February 2014
Linked units in issue on listing	164 935 366	164 935 366	164 935 366	164 935 366
Weighted average number of linked units in issue	164 935 366	57 628 455	164 935 366	164 935 366
Earnings per linked unit (cents)	41.82	169.10	102.08	92.58
Headline earnings per linked unit (cents)	28.84	65.90	89.11	92.58
Distribution per linked unit (cents)	23.68	36.32	74.76	78.78
Annualised yield (based on distribution per linked unit and a linked unit price of R8.20) (%)	9.01	4.43	9.12	9.61
Distribution growth (based on annualised distributions) (%)	–	–	–	6.58

Notes to the forecast financial information are disclosed in the pre-listing statement.

9. DISTRIBUTIONS

The company intends making semi-annual distributions which are expected to be declared for the periods ending on the last day of February and August. These distributions are expected to be payable at the end of May and November, respectively.

10. COPIES OF THE PRE-LISTING STATEMENT

Copies of this pre-listing statement may be obtained in English only during normal business hours from 08:30 until 17:00 on Tuesday, 23 October 2012 to Monday, 29 October 2012 from the offices of:

- Delta (Motseng House, 204 Rivonia Road, Morningside, 2199);
- Nedbank Capital (135 Rivonia Road, Sandown, 2196);
- KPMG Services Proprietary Limited (85 Empire Road, Parktown, 2193); or
- Computershare Investor Services Proprietary Limited (70 Marshall Street, Johannesburg, 2001).

The pre-listing statement may also be obtained from Delta's website (www.deltafund.co.za).

Johannesburg
23 October 2012

Bookrunner, corporate advisor and sponsor



Legal advisor

BG Bowman Gilfillan

Independent reporting accountants and auditors



Debenture trustee

Maitland

Independent sponsor



Competition law and tax advisor



Independent property valuer



Transaction communication advisor

College Hill