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")

CORRECTION ANNOUNCEMENT

FORECAST FINANCIAL INFORMATION AND FINANCIAL EFFECTS RELATING TO THE ACQUISITIONS OF LETTING ENTERPRISES AND PROPERTIES AND WITHDRAWAL OF CAUTIONARY

1. Introduction

Linked unitholders are referred to the announcement released on SENS on 24 January 2013 and published in the press on 25 January 2013 ("the Announcement"), in which it was announced that Delta had concluded agreements for the acquisition of letting enterprises and properties ("the Acquisitions") from the following vendors:

- Sugar Creek Trading 278 Proprietary Limited for the purchase of the property and letting enterprise commonly known as the "Bestmed Building";

- Ingwazi Property Fund for the purchase of the property and letting enterprise commonly known as the "Anchor House Building";

- Frutek Proprietary Limited for the purchase of the property and letting enterprise commonly known as the "In 2 Fruit Building";

- Cedar Falls Properties 166 Proprietary Limited, Desert Charm Trading 150 Proprietary Limited and Bostwich CC for the purchase of the property and letting enterprises commonly known as "Protea Coin Cape Town", "Protea Coin Pretoria" and "Protea Coin Durban" respectively, collectively known as the "Protea Coin Portfolio";

- SEG Alliance Proprietary Limited for the purchase of the property and letting enterprise commonly known as the "Edcon Building";

- The owners of Hendisa Investments Proprietary Limited for the purchase of the entire issued share capital of Hendisa Investments Proprietary Limited. Hendisa Investments Proprietary Limited is the owner of the property and letting enterprise commonly known as "Hensa Towers";

- Sechaba Property Investments Proprietary Limited for the purchase of the property and letting enterprise commonly known as "539 Church Street";

- Trifecta Holdings Proprietary Limited and Trifecta Trading 4343 Property 4 Proprietary Limited ("Trifecta") for the purchase of the property and letting enterprises commonly known as "5 Elliot Street", "13 Elliot Street", "Du ToitSpan" and "Themo Thema" respectively, collectively known as the "Trifecta Portfolio";

- 12 New Street South CC, 14 New Street South Shareblock Proprietary Limited and O Property Holdings Proprietary Limited ("OPH") for the purchase of the property and letting enterprises commonly known as "12 New Street", "14 New Street" and "Unisa House" respectively, collectively known as the "OPH Portfolio"; and

- Manaka Property Investments Proprietary Limited ("Manaka") for the purchase of the property and letting enterprises commonly known as "Manaka Continental", "Hallmark", "Manaka House" and "Manaka Heights" respectively, collectively known as the "Manaka Portfolio".

The purpose of this announcement is to present the financial effects of the Acquisitions, including the effects of the required debt funding and the issue of linked units.

2. Forecast information on the properties

Set out below are:

- the summarised forecast statements of comprehensive income (the "Acquisition forecasts") of the Bestmed Building, Anchor House, the In 2 Fruit Building, the Protea Coin Portfolio, the Edcon Building, Hensa Towers, 539 Church Street, the Trifecta Portfolio, the OPH Portfolio and the Manaka Portfolio on a stand-alone basis for the years ending 28 February 2014 and 28 February 2015; and

- together with the existing Delta property portfolio, a full forecast statement of comprehensive income (the "combined property portfolio forecast") for the year ending 28 February 2014.

collectively the "forecasts".

The forecasts have been prepared on the assumption that the Acquisitions will be implemented between 1 March 2013 and 1 May 2013 and include forecast results for the years ending 28 February 2014 and 28 February 2015. The combined property portfolio forecast includes consolidated forecast results for the existing property portfolio for the year ending 28 February 2014.

The forecasts, including the assumptions on which they are based and the financial information from which they are prepared, are the responsibility of the directors of Delta. The forecasts have not been reviewed or reported on by the independent reporting accountants.

The forecasts presented in the tables below have been prepared in accordance with Delta's accounting policies and in compliance with IFRS.

Summarised forecast in respect of the Bestmed Building:

	Forecast 12 months ending 28 February 2014 R'000	**Forecast 12 months ending 28 February 2015 R'000**
Rental income	7,302	7,920
Straight-line rental income accrual	2,969	2,393
Total revenue	10,272	10,313
Net operating profit	6,380	6,301
Net profit after tax	1,898	1,751
Distributable earnings attributable to linked unitholders	3,377	3,869

Contracted revenue is based on existing lease agreements. 100% of the revenue for this property is contracted.

Summarised forecast in respect of the Anchor House Building:

	Forecast 12 months ending 28 February 2014 R'000	**Forecast 12 months ending 28 February 2015 R'000**
Rental income	4,564	4,997
Straight-line rental income accrual	529	191
Total revenue	5,093	5,188
Net operating profit	2,422	2,388
Net profit after tax	273	153
Distributable earnings attributable to linked unitholders	1,874	2,175

Contracted revenue is based on existing lease agreements. 100% of the revenue for this property is contracted.

Summarised forecast in respect of the In 2 Fruit Building:

	Forecast 12 months ending 28 February 2014 R'000	**Forecast 12 months ending 28 February 2015 R'000**
Rental income	9,784	11,301
Straight-line rental income accrual	1,173	673
Total revenue	10,957	11,974
Net operating profit	5,248	5,686
Net profit after tax	611	521
Distributable earnings attributable to linked unitholders	4,034	4,962

Contracted revenue is based on existing lease agreements. 100% of the revenue for this property is contracted.

Summarised forecast in respect of the Protea Coin Portfolio:

	Forecast 12 months ending 28 February 2014 R'000	**Forecast 12 months ending 28 February 2015 R'000**
Rental income	7,601	8,936
Straight-line rental income accrual	1,132	613
Total revenue	8,733	9,549

	Forecast 12 months ending 28 February 2014 R'000	Forecast 12 months ending 28 February 2015 R'000
Net operating profit	5,389	5,834
Net profit after tax	523	479
Distributable earnings attributable to linked unitholders	4,214	5,169

Contracted revenue is based on existing lease agreements. 100% of the revenue for this portfolio is contracted.

Summarised forecast in respect of the Edcon building:

	Forecast 12 months ending 28 February 2014 R'000	Forecast 12 months ending 28 February 2015 R'000
Rental income	6,945	7,979
Straight-line rental income accrual	1,043	788
Total revenue	7,988	8,767
Net operating profit	3,701	4,118
Net profit after tax	559	591
Distributable earnings attributable to linked unitholders	2,632	3,297

Contracted revenue is based on existing lease agreements. 100% of the revenue for this property is contracted.

Summarised forecast in respect of Hensa Towers:

	Forecast 12 months ending 28 February 2014 R'000	Forecast 12 months ending 28 February 2015 R'000
Rental income	28,275	30,820
Straight-line rental income accrual	6,297	3,853
Total revenue	34,572	34,673
Net operating profit	21,555	21,433
Net profit after tax	3,445	2,901
Distributable earnings attributable to linked unitholders	15,105	17,404

Contracted revenue is based on existing lease agreements. 100% of the revenue for this property is contracted.

Summarised forecast in respect of 539 Church Street:

	Forecast 12 months ending 28 February 2014 R'000	Forecast 12 months ending 28 February 2015 R'000
Rental income	6,096	6,635
Straight-line rental income accrual	1,250	787
Total revenue	7,346	7,422
Net operating profit	3,828	4,120
Net profit after tax	747	591
Distributable earnings attributable to linked unitholders	2,552	3,299

Contracted revenue is based on existing lease agreements. 100% of the revenue for this property is contracted.

Summarised forecast in respect of the Trifecta Portfolio:

	Forecast 12 months ending 28 February 2014 R'000	Forecast 12 months ending 28 February 2015 R'000
Rental income	20,724	23,236
Straight-line rental income accrual	1,982	645
Total revenue	22,706	23,880
Net operating profit	12,927	12,945
Net profit after tax	685	553
Distributable earnings attributable to linked unitholders	10,836	12,177

Contracted revenue is based on existing lease agreements. Uncontracted revenue in respect of this portfolio amounts to 6.7% and 8.6% for the years ending 28 February 2014 and 2015, respectively.

Summarised forecast in respect of the OPH Portfolio:

	Forecast 12 months ending 28 February 2014 R'000	Forecast 12 months ending 28 February 2015 R'000
Rental income	16,032	19,643
Straight-line rental income accrual	2,166	1,042
Total revenue	18,198	20,686
Net operating profit	10,554	11,755
Net profit after tax	935	828
Distributable earnings attributable to linked unitholders	8,304	10,605

Contracted revenue is based on existing lease agreements. Uncontracted revenue in respect of this portfolio amounts to 8.5% and 16.0% for the years ending 28 February 2014 and 2015, respectively.

Summarised forecast in respect of the Manaka Portfolio:

	Forecast 12 months ending 28 February 2014 R'000	**Forecast 12 months ending 28 February 2015 R'000**
Rental income	87,207	103,673
Straight-line rental income accrual	10,991	4,850
Total revenue	98,197	108,523
Net operating profit	48,241	55,662
Net profit after tax	5,166	3,858
Distributable earnings attributable to linked unitholders	36,877	50,304

Contracted revenue is based on existing lease agreements. Uncontracted revenue in respect of this portfolio amounts to 8.0% and 9.5% for the years ending 28 February 2014 and 2015, respectively.

The combined property portfolio forecast:

	Forecast 12 months ending 28 February 2014 R'000
Notes:	
Revenue	
Rental income (Trading income)	**486,746**
- Gross property rental income	423,615
- Recoveries	63,131
Straight-line rental income adjustment	59,820
Total revenue	**546,566**
Expenses	
Property expenses (Trading expenses)	(103,726)
Administrative expenses and corporate costs	(41,188)
Other income	**-**
Profit from operations	**401,652**
Finances costs	(124,982)
Finance income	5,112
Profit before debenture interest	**281,782**
Debenture interest	(219,742)
Profit after debenture interest	**62,040**
Capital expenses not included in distribution	
Fair value adjustment	-
Transaction costs	(7,074)
Debt restructuring	-

Profit before taxation	**54,966**
Taxation	(17,371)
Profit after taxation	**37,595**
Other comprehensive income for the period	**-**
Total comprehensive income for the period (attributable earnings)	**37,595**
Number of linked units in issue ('000)	289,316
Weighted average number of linked units in issue ('000)	277,378
Earnings per linked unit (cents)	91.39
Headline Earnings per linked unit (cents)	91.39
Distribution per linked unit (cents)	75.95
Annualised distribution yield (R8.28 weighted average issue price per linked unit)	**9.17%**
Reconciliation between earnings and headline earnings attributable to shareholders	
Net profit after taxation	37,595
Adjusted for:	
Fair value adjustment (net of taxation)	-
Earnings & headline earnings attributable to shareholders	**37,595**
Reconciliation between earnings, headline earnings and distributable earnings attributable to Linked Unitholders	
Profit before taxation	37,595
Adjusted for:	
Debenture interest	219,742
Capital and other items not distributed	7,074
Earnings attributable to Linked Unitholders	**264,411**
Adjusted for:	
Fair value adjustment (net of taxation)	-
Headline earnings attributable to Linked Unitholders	**264,411**
Straight-line rental income adjusted net of deferred tax	(43,071)
Dividend paid to shareholders	(1,598)
Distributable earnings	**219,742**

Main assumptions and comments on the forecasts

Assumptions considered to be significant are disclosed below, however, the assumptions disclosed are not intended to be an exhaustive list.

- The forecast information is based on information derived from the vendors, historical financial information and the directors' knowledge of and experience in the property industry;
- All existing lease agreements are valid and enforceable;
- Contracted revenue, which comprises rental income and expense recoveries from existing tenants, is based on existing lease agreements for the duration of such agreements;
- Rental income in respect of current vacant space, reported under forecast gross rental income, has been excluded from the forecast information;
- Leases expiring during the respective forecast periods have been forecast on a lease-by-lease basis. In circumstances where the tenants occupy the premises on a month-to-month basis, it has been assumed that where such tenants have indicated that they are satisfied with the premises, they will continue to occupy the premises at the same rates and escalations. In circumstances where the existing lease agreements will expire during the periods under

review and the current tenants have indicated that they are satisfied with the premises, it has been assumed that such tenants will continue to occupy the premises at the same rates and escalations as per the existing lease agreements, unless they have specifically indicated otherwise;

- Forecast uncontracted rental income in respect of the Acquisitions included in the forecast information amounts to 5.8%, and 7.7% for the years ending 28 February 2014 and 2015 respectively. Uncontracted revenue for the combined portfolio amounts to 6% for the 12 months ending 28 February 2014;
- Forecast recoveries in respect of municipal expenses have been based on the terms of the existing lease agreements;
- Straight-line rental adjustments are performed on an individual lease basis, are based on current lease agreements and exclude any assumptions of renewals or new leases during the respective forecast periods;
- Properties will be paid for as and when they are transferred. The dates of transfer are assumed to be 1 March 2013 for the Bestmed Building, Anchor House, Hensa Towers and 539 Church Street, 1 April 2013 for the Edcon Building, In 2 Fruit Building, Unisa House, Protea Coin Portfolio, Trifecta Portfolio and Manaka Portfolio and 1 May 2013 for 12 New Street and 14 New Street;
- The total purchase consideration for the transactions amounts to R1.723 billion and is inclusive of costs to be capitalised of R12.0 million;
- The purchase considerations will be funded in part (c.60%) through the issue of additional linked units in terms of a rights issue and a private placement and in part (c.40%) by new debt facilities;
- The additional linked units are assumed to be issued at a price of R8.40;
- Transaction costs amounted to R30.3 million of which R11.2 million is written off against share capital in terms of IAS 32 – Financial instruments, as it directly relates to the rights issue and private placement, R12.0 million is capitalised to the cost of the properties and R7.0 million is expensed.
- Debenture interest paid to linked unitholders will be deductible in full for company taxation purposes. Deferred taxation has been raised in respect of the straight-line rental adjustments at the company taxation rate of 28 per cent;
- Debt funding is provided at an average lending rate of 7.85% per annum based on a combination of fixed and floating rate debt instruments;
- No fair value adjustments have been made in respect of the Acquisitions as at 28 February 2014 or 28 February 2015;
- These forecast statements of comprehensive income have been compiled utilising the accounting policies of Delta;
- No unforeseen market and economic factors that will affect the tenants' ability to meet their commitments in terms of existing lease agreements have been included;
- The full amount of equity capital required is raised;
- The South African prime overdraft rate will be 8.5 per cent for the entire period under review;
- No properties will be acquired and no properties will be disposed of during the forecast periods other than those being acquired in terms of the Acquisitions; and
- 99 per cent of the distributable income will be distributed to linked unitholders as debenture interest.

3. Unaudited *pro forma* financial effects of the Acquisitions

The unaudited *pro forma* financial effects of the Acquisitions on net asset value and net tangible asset value per Delta linked unit have not been disclosed as these are not significant.

4. Withdrawal of cautionary

Delta linked unitholders are referred to the announcement and are advised that following the release of the financial effects of the Acquisitions, caution is no longer required to be exercised by linked unitholders when dealing in their Delta linked units.

07 February 2012

Corporate advisor and sponsor

Nedbank Capital