

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")

ANNOUNCEMENT REGARDING THE ACQUISITION OF LETTING ENTERPRISES AND PROPERTIES

1. Introduction

Delta linked unitholders are advised that Delta ("the Purchaser"), has entered into an agreement with the owners of Phamog Properties Proprietary Limited ("Phamog") for the purchase of the entire issued share capital of Phamog ("the Acquisition"). Phamog is the owner of the following property and letting enterprises commonly known as:

1. "Phamoko Towers", situated at 37 Church Street, Polokwane, Limpopo; and
2. "Temo Towers", situated at 67 Biccard Street, Polokwane, Limpopo;

(collectively "the Properties")

Pursuant to the Acquisition, the Properties will be transferred to Delta.

The effective date of the Acquisition will be the date of fulfilment of the conditions precedent as set out in paragraph 5 below, which is expected to be on or about 1 September 2013.

2. Rationale for the Acquisition

In line with Delta's strategy, the Acquisition, comprising well-established A grade properties with low risk tenants, represents attractive investments that will enhance the overall quality and value of Delta's property portfolio.

3. Consideration for the Acquisition

The total purchase consideration for the Acquisition is R377,500,000 (three hundred and seventy seven million five hundred thousand Rand) ("the Purchase Price").

The Purchase Price is based on the following underlying property prices:

1. Phamoko Towers – R241,750,000 (two hundred and forty one million seven hundred and fifty thousand Rand); and
2. Temo Towers – R135,750,000 (one hundred and thirty five million seven hundred and fifty thousand Rand)

The Purchase Price excludes costs in the amount of R12,148,805 (twelve million one hundred and forty eight thousand, eight hundred and five Rand).

The Purchase Price will be settled in cash upon transfer of the entire share capital of Phamog into the name of Delta, and will be financed through a combination of debt financing and existing equity.

4. **Conditions precedent**

The Acquisition is subject to, *inter alia*, the fulfilment or waiver of the following suspensive condition:

- 4.1 Delta providing written confirmation of a letter of finance and or confirmation that it has arranged for sufficient equity on such terms and conditions as are acceptable to the respective vendors.

5. **Unaudited *pro forma* financial effects of the Acquisition**

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

6. **Forecast information on the Properties**

The summarised forecast information on the Properties (“the forecasts”) have been prepared on the assumption that the Acquisition will be implemented on 1 September 2013 and include forecast results for the 6 months ending 28 February 2014 and the year ending 28 February 2015.

The forecasts, including the assumptions on which they are based and the financial information from which they are prepared, are the responsibility of the board of 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 International Financial Reporting Standards.

Summarised forecast in respect of Phamoko Towers:

	Forecast 6 months ending 28 February 2014 R’000	Forecast 12 months ending 28 February 2015 R’000
Rental income	12,511,467	27,265,615
Straight-line rental income accrual	3,335,358	4,503,100
Total revenue	15,846,825	31,768,715
Net operating profit before finance charges	14,195,307	28,309,203
Net operating profit after finance charges	4,415,487	8,900,491
Net profit after tax	2,409,235	3,273,893
Distributable earnings attributable to linked unitholders	1,069,328	4,353,417

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

Summarised forecast in respect of Temo Towers:

	Forecast 6 months ending 28 February 2014 R'000	Forecast 12 months ending 28 February 2015 R'000
Rental income	7,805,641	16,659,117
Straight-line rental income accrual	934,962	597,456
Total revenue	8,740,603	17,256,573
Net operating profit before finance charges	7,594,310	14,865,970
Net operating profit after finance charges	2,098,924	3,960,005
Net profit after tax	681,553	454,379
Distributable earnings attributable to linked unitholders	1,152,322	3,328,923

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

7. Specific information relating to the Properties

Details regarding the Properties are set out below:

Properties	Property description/ location	Sector	Gross lettable area m ²	Single or multi tenanted	Weighted average net rental per m ² ⁽¹⁾ R	Annualised property yield ⁽³⁾	Purchase price R	Value ^{(2) (3)} R
Phamoko Towers	Erf 60, Polokwane, Limpopo	Office government	13 058	Single	139.86	9.00%	241,750,000	140,179,493
Temo Towers	Erf 1002, Polokwane, Limpopo	Office government	7 668	Single	159.06	9.70%	135,750,000	249,469,312
Total							377,500,000	389,648,805

Notes:

1. Based on net rental income for the 12 month period from the anticipated date of transfer, assuming the Properties are fully let.
2. No independent valuation has been carried out and the value of the Properties of R377,500,000 (three hundred and seventy seven million five hundred thousand Rand), was arrived at by Delta's management company, MPI Property Asset Management Proprietary Limited.
3. After taking into account commission and other costs of R12,148,805 (twelve million one hundred and forty eight thousand, eight hundred and five Rand).

8. **Categorisation**

The Acquisition is a Category 2 transaction in terms of the JSE Limited Listings Requirements.

31 July 2013

Johannesburg

Investment bank and sponsor
Nedbank Capital