

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")  
 REIT status approved

**ANNOUNCEMENT REGARDING THE ACQUISITION OF VARIOUS LETTING ENTERPRISES AND PROPERTIES**

**1. Introduction**

Holders of Delta linked units ("Delta Linked Unitholders") are advised that Delta has concluded agreements for the acquisition of the following letting enterprises and properties ("the Properties") from the vendors listed below:

<b>Portfolio</b>	<b>Property Name</b>	<b>Vendor Name</b>	<b>Purchase Consideration R'000 (excl. transaction costs)</b>
<b>"Capital Portfolio"</b>	15 Simba Road	iFour Properties S.A. Proprietary Limited	33,030
	Leeuwkop	Capital Property Trust	184,020
	5 Simba Road	Realty Dynamix 73 Proprietary Limited	82,950
<b>"Rob Alexander Portfolio"</b>	Sleepy Hollow	Ziningi Properties Proprietary Limited	110,000
	Capital Towers	Rymer Trading CC and Square Peg Properties Prop	124,000
	Mayors Walk	174 Mayors Walk CC	53,225
<b>"Trifecta Portfolio"</b>	Erf 29755 Kimberley	Trifecta Holdings Proprietary Limited	47,700
	Erf 2380 Kimberley	Albasync Proprietary Limited	53,800
<b>"Karimu Portfolio"</b>	Erf 184 Nelspruit - Bell Street 7	Karimu 2005 Investments Proprietary Limited ("Karimu")	6,150
	Erf 76 Nelspruit - 30 Louis Trichardt Street	Karimu	40,255
	Erf 171 and Erf 113 Nelspruit - 21 Bell Street	Karimu	28,720
	Erf 1327 Nelspruit - 08 Spruit Street	Karimu	19,635
	Erf 5 & 6 Vintonia - 15 - 17 Cruse Circle	Karimu	16,985
	Erf 29 & 30 Vintonia Ext 2 - 4- 6 Davie Street	Karimu	13,325
	Erf 115 Nelspruit - 11 Louis Trichardt Street	Karimu	19,970
	Erf 4294 & Erf 248 Nelspruit - 4 Ehmke Street and 9 Ferreira Street	Karimu	86,755
	Erf 1770 West Acres - 16 Old Pretoria Road	Karimu	16,640
	Erf 240 Nelspruit - 1 Ferreira Street	Karimu	14,600
Erf 241 Nelspruit - 3 Ferreira Street	Karimu	39,520	

	Erf 175 Witrivier - 19 Danie Joubert Street	Karimu	12,745
<b>Total Purchase Consideration</b>			<b>1,004,025</b>

(collectively the “Acquisitions”).

The effective dates of the Acquisitions shall be 01 January 2014 for the Karimu Portfolio and 01 December 2013 for the Capital Portfolio, Rob Alexander Portfolio and Trifecta Portfolio (“the Effective Date”). The Effective Date will be subject to the fulfilment of the conditions precedent as detailed in paragraph 4 below.

## 2. Rationale for the Acquisitions

The Acquisitions are in line with Delta’s strategy of actively pursuing investment opportunities that will enhance the overall quality and value of its portfolio.

The Acquisitions represent an attractive investment to Delta Linked Unitholders as it introduces well-established properties with low risk tenants. Based on GLA, 86% of the Acquisitions represent single tenanted properties. Furthermore, the Karimu Portfolio provides an opportunity to further diversify Delta’s geographic spread into Mpumalanga and offers redevelopment opportunities which may lead to further value extraction for Delta Linked Unitholders. The property manager who will be responsible for the Karimu Portfolio has significant representation in Mpumalanga. Through the acquisition of the Capital Portfolio, the Rob Alexander Portfolio and the Trifecta Portfolio, Delta is bulking up in regions in which it has existing asset management and property management representation.

## 3. Consideration for the Acquisitions

The aggregate purchase consideration for the Acquisitions is R1 004 025 000 (one billion four million and twenty five thousand Rand) (the “Purchase Consideration”).

The Purchase Consideration excludes ancillary costs related to the Acquisitions in the amount of R8 390 663 (eight million three hundred and ninety thousand six hundred and sixty three Rand) (“the Acquisition Costs”).

Where rentals were considered to be above market, specifically on the Karimu Portfolio, a top slice approach was applied on the valuations.

All capital expenditure requirements identified through the due diligence process have been negotiated into the purchase price.

The Purchase Consideration will be settled through a combination of debt funding and the issue of additional Delta linked units.

Details of each Property, including *inter alia* the location, sector, weighted average rental per square meter, the purchase prices as well as the valuations attributed to the Properties, are set out below.

Properties	Location	Sector	GLA m2	Single or multi tenanted	Weighted average rental per m <sup>2</sup> (1) R	Annualised cap rate (2) %	Purchase price R'000	Acquisition costs capitalised R'000	Value R'000 (3)(4)
<b>Capital Portfolio</b>									
15 Simba Road	Sunninghill, Gauteng	Office other	1,920	Single	115.13		33,030	202	33,232
Leeuwkop	Sunninghill, Gauteng	Office other	11,747	Single	98.56		184,020	716	184,736
5 Simba Road	Sunninghill, Gauteng	Office other	5,375	Single	103.61		82,950	372	83,322
<b>Sub total</b>			<b>19,042</b>		<b>101.66</b>	<b>8.55%</b>	<b>300,000</b>	<b>1,290</b>	<b>301,290</b>
<b>Rob Alexander Portfolio</b>									
Sleepy Hollow	Pietermaritzburg, Kwa-Zulu Natal	Office other	6,360	Multi	95.57		110,000	985	110,985
Capital Towers	Pietermaritzburg, Kwa-Zulu Natal	Office government	13,846	Single	88.80		124,000	753	124,753
Mayors Walk	Pietermaritzburg, Kwa-Zulu Natal	Office government	5,507	Multi	103.87		53,225	406	53,631
<b>Sub total</b>			<b>25,713</b>		<b>93.70</b>	<b>9.95%</b>	<b>287,225</b>	<b>2,144</b>	<b>289,369</b>
<b>Trifecta Portfolio</b>									
Erf 29755 Kimberley	Kimberley, Northern Cape	Office government	4,700	Single	91.36		47,700	277	47,977
Erf 2380 Kimberley	Kimberley, Northern Cape	Office government	5,800	Single	93.66		53,800	298	54,098
<b>Sub total</b>			<b>10,500</b>		<b>92.63</b>	<b>10.50%</b>	<b>101,500</b>	<b>575</b>	<b>102,075</b>
<b>Karimu Portfolio</b>									
Erf 184 Nelspruit - Bell Street 7	Nelspruit, Limpopo	Office government	738	Single	82.86		6,150	111	6,261
Erf 76 Nelspruit - 30 Louis Trichardt Street	Nelspruit, Limpopo	Office government	2,910	Single	128.80		40,255	227	40,482
Erf 171 and Erf 113 Nelspruit - 21 Bell Street	Nelspruit, Limpopo	Office government	3,000	Single	91.03		28,720	188	28,908
Erf 1327 Nelspruit - 08 Spruit Street	Nelspruit, Limpopo	Office government	2,174	Single	79.99		19,635	157	19,792
Erf 5 & 6 Vintonia - 15 - 17 Cruse Circle	Nelspruit, Limpopo	Office government	2,430	Single	12.39		16,985	148	17,133
Erf 29 & 30 Vintonia Ext 2 - 4- 6 Davie Street	Nelspruit, Limpopo	Office government	841	Single	24.71		13,325	135	13,460
Erf 115 Nelspruit - 11 Louis Trichardt Street	Nelspruit, Limpopo	Office government	3,102	Single	68.47		19,970	158	20,128
Erf 4294 & Erf 248 Nelspruit - 4	Nelspruit, Limpopo	Office government	4,637	Single	152.21		86,755	385	87,140

Ehmke Street and 9 Ferreira Street									
Erf 1770 West Acres - 16 Old Pretoria Road	Nelspruit, Limpopo	Office government	2,504	Single	15.74		16,640	147	16,787
Erf 240 Nelspruit - 1 Ferreira Street	Nelspruit, Limpopo	Office other	956	Single	129.24		14,600	140	14,740
Erf 241 Nelspruit - 3 Ferreira Street	Nelspruit, Limpopo	Office other	2,224	Single	142.61		39,520	224	39,744
Erf 175 Witrivier - 19 Danie Joubert Street	White River, Limpopo	Office government	1,125	Single	88.38		12,745	133	12,878
Sub total			<b>26,641</b>		<b>91.27</b>	<b>9.52%</b>	<b>315,300</b>	<b>2,153</b>	<b>317,453</b>
Totals			<b>81,896</b>		<b>94.46</b>	<b>9.49%</b>	<b>1 004,025</b>	<b>6,162</b>	<b>1,010,187</b>

Notes:

1. Based on the net rental income, excluding parking, storage and/or recoveries, for the 12 month period from the anticipated date of transfer, assuming the property is fully let.
2. Annualised cap rate is based on property income and variable property expenses (which include property management fees but exclude asset management fees and finance charges) over the purchase price.
3. No independent valuation has been performed on the Acquisitions. The value attributed to the Acquisitions of R 1 010 186 899 (one billion ten million one hundred and eighty six thousand eight hundred and ninety nine Rand) ("the Portfolio Value") was derived at by Delta's asset management company, MPI Property Asset Management Proprietary Limited.
4. The Portfolio Value was derived after taking into account costs related to the Acquisitions to the amount of R6 161 899 (six million one hundred and sixty one thousand eight hundred and ninety nine Rand), which has been capitalised to the Acquisitions.

**4. Conditions precedent**

The Acquisitions are subject to, *inter alia*, the fulfilment or waiver of the following suspensive conditions:

- 4.1 the satisfactory outcome of a due diligence exercise to be performed by Delta on the Acquisitions, to the extent required;
- 4.2 approval by the boards of directors and shareholders, respectively, of the vendors of the Acquisitions ("the Vendors"), to the extent required;
- 4.3 written consent by the counter-parties to the lease agreements, relating to the Acquisitions, consenting to the assignment of all of the respective Vendors' rights and obligations in terms of the leases to Delta;
- 4.4 approval by the Competition Commission, to the extent required; and
- 4.5 written confirmation from Delta confirming that Delta has the required funding available and/or confirmation that Delta 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 Acquisitions**

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

6. **Forecast information on the Properties (“Forecasts”)**

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.

The Forecasts for the Capital Portfolio, Rob Alexander Portfolio and Trifecta Portfolio have been prepared from the Effective Date and include forecast results for the 3 month period ending 28 February 2014 and the year ending 28 February 2015. The Forecasts for the Karimu Portfolio have been prepared from the Effective Date and include forecast results for the 2 month period ending 28 February 2014 and the year ending 28 February 2015.

Summarised Forecast in respect of the **Capital Portfolio**:

	<b>Forecast 3 months ending 28 February 2014 R’000</b>	<b>Forecast 12 months ending 28 February 2015 R’000</b>
Rental income	7,604	32,337
Straight line rental income accrual	718	1,276
<b>Total revenue</b>	<b>8,322</b>	<b>33,613</b>
Net operating profit before finance charges	6,232	26,384
Net operating profit after finance charges	3,888	17,010
Net profit after tax	540	1,032
Distributable earnings attributable to linked unitholders	3,138	15,576

Notes:

1. Contracted revenue is based on existing lease agreements. Uncontracted revenue in respect of this portfolio amounts to 0% for both the years ending 28 February 2014 and 2015.
2. Net operating profit after finance charges includes asset management fees, property management fees and transaction costs.
3. Distributable income excludes any antecedent interest from the issue of new linked units.

Summarised Forecast in respect of the **Rob Alexander Portfolio**:

	<b>Forecast 3 months ending 28 February 2014 R'000</b>	<b>Forecast 12 months ending 28 February 2015 R'000</b>
Rental income	8,145	34,136
Straight line rental income accrual	529	1,279
<b>Total revenue</b>	<b>8,674</b>	<b>35,415</b>
Net operating profit before finance charges	6,879	29,415
Net operating profit after finance charges	4,261	18,946
Net profit after tax	408	1,048
Distributable earnings attributable to linked unitholders	3,695	17,490

Notes:

1. Contracted revenue is based on existing lease agreements. Uncontracted revenue in respect of this portfolio amounts to 22% and 30% for the years ending 28 February 2014 and 2015, respectively.
2. Net operating profit after finance charges includes asset management fees, property management fees and transaction costs.
3. Distributable income excludes any antecedent interest from the issue of new linked units.

Summarised Forecast in respect of the **Trifecta Portfolio**:

	<b>Forecast 3 months ending 28 February 2014 R'000</b>	<b>Forecast 12 months ending 28 February 2015 R'000</b>
Rental income	3,088	12,912
Straight line rental income accrual	670	2,121
<b>Total revenue</b>	<b>3,758</b>	<b>15,033</b>
Net operating profit before finance charges	2,971	12,619
Net operating profit after finance charges	2,168	9,409
Net profit after tax	493	1,580
Distributable earnings attributable to linked unitholders	1,483	7,215

Notes:

1. Contracted revenue is based on existing lease agreements. Uncontracted revenue in respect of this portfolio amounts to 17% and 15% for the years ending 28 February 2014 and 2015, respectively.
2. Net operating profit after finance charges includes asset management fees, property management fees and transaction costs.
3. Distributable income excludes any antecedent interest from the issue of new linked units.

Summarised Forecast in respect of the **Karimu Portfolio**:

	<b>Forecast 2 months ending 28 February 2014 R'000</b>	<b>Forecast 12 months ending 28 February 2015 R'000</b>
Rental income	5,671	35,610
Straight line rental income accrual	17	46
<b>Total revenue</b>	<b>5,688</b>	<b>35,656</b>
Net operating profit before finance charges	4,416	30,416
Net operating profit after finance charges	2,952	21,635
Net profit after tax	33	189
<b>Distributable earnings attributable to linked unitholders</b>	<b>2,906</b>	<b>21,373</b>

Notes:

1. Contracted revenue is based on existing lease agreements. Uncontracted revenue in respect of this portfolio amounts to 93% and 94% for the years ending 28 February 2014 and 2015 respectively.
2. Net operating profit after finance charges includes asset management fees, property management fees and transaction costs.
3. Distributable income excludes any antecedent interest from the issue of new linked units.

## 7. **Categorisation**

The Acquisitions are categorised as Category 2 transactions in terms of the JSE Limited Listings Requirements and accordingly do not require approval by Delta Linked Unitholders.

08 November 2013

Johannesburg

Investment bank and sponsor

Nedbank Capital