

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 TEMBISA MEGA MART AND CAUTIONARY ANNOUNCEMENT

1. Introduction

Holders of Delta linked units ("Delta Linked Unitholders") are advised that Delta has concluded an agreement for the acquisition of the turnkey development of the letting enterprise and property commonly known as Tembisa Mega Mart ("the Property Development") from Realty Dynamix 107 (Pty) Ltd ("the Seller") ("the Acquisition").

2. Rationale for the Acquisition

The Property Development, which comprises a neighbourhood shopping centre located in Tembisa, presents an attractive investment to Delta Linked Unitholders as it:

- is tenanted with c.81% national tenants including *inter alia* Pick 'n Pay, Pep and Buildrite;
- provides Delta with diversification in terms of sectoral spread; and
- is in line with Delta's strategy of actively pursuing investment opportunities that will enhance the overall quality and value of its portfolio.

3. Effective date of the Acquisition

The effective date ("the Effective Date") of the Acquisition will be 1 September 2014.

4. Consideration for the Acquisition

The aggregate purchase consideration for the Acquisition is R240 000 000 (two hundred and forty million Rand) ("the Purchase Consideration").

The Purchase Consideration excludes ancillary costs related to the Acquisition in the amount of R2 700 000 (two million seven hundred thousand Rand).

The Purchase Consideration will be settled in cash upon registration of transfer of the Property Development into the name of Delta.

5. Conditions precedent

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

- a. all aspects of the development plan being substantially finalised to the satisfaction of Delta;
- b. the Seller concluding signed leases on terms and conditions acceptable to Delta in respect of at least 85% of the total rentable area of the Property Development on practical completion, with no less than 80% being tenanted by national tenants acceptable to Delta. In addition the Seller will provide a 24 month head lease in respect of the rentable area of the Property Development that, is vacant as at the Effective Date;
- c. the Property Development being completed in accordance with the development plan, by no later than 1 August 2014, or such longer period as is reasonable in the circumstances (which period will not exceed a further 90 days) provided that the delay in completing the Property Development is for reasons outside of the control of the Seller;
- d. approval by the JSE Limited ("the JSE") and Competition Commission, to the extent required; and
- e. Delta providing written confirmation of a letter of finance on such terms and conditions as are acceptable to the Seller

6. Specific information on the Property Development

Details of the Property Development, including *inter alia*, the location, sector, weighted average rental per square meter, the Purchase Consideration as well as the valuation attributed to the Property Development, is set out below.

Vendor	Property development description/ location	Sector	Gross lettable area m ²	Single or multi tenanted	Weighted average gross rental per m ²⁽¹⁾ R	Annualised property yield ⁽²⁾ %	Purchase price R	Value ⁽³⁾⁽⁴⁾ R
Realty Dynamix 107 (Pty) Ltd	Tembisa Megamart, Erven 3914,5140,5141,3381,30 71,3072,3878 and 3877 Tswelapele Extension 6 Township	Retail	14096	Multi	156	9.1	240 000 000	240 000 000
TOTAL			14 096	Multi	156	9,10	240 000 000	240 000 000

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 Development 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 Acquisition. The value attributed to the Acquisition of R240 000 000 (two hundred and forty million Rand) ("the Value") was derived at by Delta's asset management company, MPI Property Asset Management Proprietary Limited.
4. The Value was derived after taking into account costs related to the Acquisition in the amount of R2 700 000 (Two million seven hundred thousand Rand) which has been capitalised to the Acquisition.

7. Categorisation of the Acquisition

The transaction constitutes a Category 2 transaction in terms of the JSE Listings Requirements and accordingly does not require the approval of Delta Linked Unitholders.

8. Financial effects

The financial effects of the Acquisition, as required in terms of the JSE Listings Requirements, are in the process of being finalised and will be announced in due course.

9. Cautionary

Delta Linked Unitholders are advised to exercise caution in dealing in their linked units until the financial effects of the Acquisition are announced.

26 March 2014

Johannesburg

Investment bank and sponsor
Nedbank Capital