

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 OMC DURBAN AND THE MARINE 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 letting enterprises and properties commonly known as:

- OMC Durban, comprising Old Mutual Centre, Westguard House, 300 Smith Street, and the 400 bay carpark situated on the former Gardiner House/Mutual Building Sites ("OMC Durban"); and
 - The Marine and The Marine Parking ("The Marine");
- (collectively, "the Properties") from Old Mutual Life Assurance Company (South Africa) Limited ("the Seller" or "OMLACSA") (collectively, "the Acquisitions").

2. Rationale for the Acquisitions

The Acquisitions present attractive investment opportunities to Delta Linked Unitholders as:

- the Properties are well-established and tenanted with low-risk tenants;
- OMC Durban is underpinned by a rental guarantee from the Seller for a period of two years ("Rental Guarantee");
- vacancies have been excluded in determining the purchase consideration and will accordingly provide further upside on re-letting; and
- 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.

3. Effective date of the Acquisitions

The effective date of the Acquisitions will be the date of registration of transfer of the Properties into the name of Delta, which is expected to be during September 2014 ("the Effective Date").

4. Purchase Consideration

Pursuant to the due diligence investigations process, Delta has identified vacancies within the Properties, which have been quantified as follows:

- R10 000 000 (ten million Rand) in respect of OMC Durban; and
- R18 600 000 (eighteen million six hundred thousand Rand) in respect of The Marine;

(collectively, "the Vacancy Adjustment").

The aggregate purchase consideration for the Acquisitions (net of the Vacancy Adjustment) is R487 200 000 (four hundred and eighty seven million two hundred thousand Rand) ("the Purchase Consideration") comprising:

- R291 000 000 (two hundred and ninety one million Rand) in respect of OMC Durban; and
- R196 200 000 (one hundred and ninety six million two hundred thousand Rand) in respect of The Marine.

The Purchase Consideration excludes ancillary costs related to the Acquisitions in the amount of R3 350 000 (three million three hundred and fifty thousand Rand).

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

5. Rental Guarantee

The Seller guarantees Delta gross rental income in the sum of R10 000 000 (ten million Rand) for the mothballed premises in the building known as 300 Smith Street, for the period from the transfer date until 31 December 2016, payable upon transfer into Delta's name.

6. Conditions precedent

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

- a. Delta obtaining all regulatory approval required, by no later than 30 May 2014;
- b. Delta providing written confirmation that adequate funding has been secured on such terms and conditions as are acceptable to the Seller;

- c. the board of Delta providing written unconditional approval of the Acquisitions, by no later than 30 May 2014; and
- d. the relevant Competition authorities unconditionally approving the Acquisitions or subject to such conditions acceptable to the Seller and Delta.

7. Specific information on the Properties

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

Vendor	Property description / location	Sector	Gross lettable area m ²	Single or multi tenanted	Weighted average gross rental R/m ² ⁽¹⁾	Annualised property yield ⁽²⁾ %	Purchase price Rm	Value ^{(3) (4)} Rm
OMLACSA	OMC / KwaZulu Natal	Offices	44 668	Multi	Retail - 68 Office -290	11	291	305
OMLACSA	OMC / KwaZulu Natal	Offices	24 517	Multi	163	11	196	225
TOTAL							487	530

Notes:

- 1) Based on the net rental income, including parking, storage and/or recoveries, for the 12 month period from the anticipated date of transfer excluding all vacant areas.
- 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 Consideration.
- 3) No independent valuation has been performed on the Acquisitions. The valuations attributed to the Acquisitions of R530 000 000 000 (five hundred and thirty 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 Acquisitions in the amount of R3 350 000 (three million three hundred and fifty

thousand Rand which has been capitalised to the Acquisitions.

8. Categorisation of the Acquisitions

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

9. Financial effects

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

10. Cautionary

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

22 April 2014

Johannesburg

Investment bank and sponsor
Nedbank Capital