

Delta Property Fund 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 A 25% INTEREST IN DELTA INTERNATIONAL PROPERTY HOLDINGS LIMITED ("DELTA INTERNATIONAL") AND REVISED GUIDANCE ON DELTA'S FORECAST DISTRIBUTION

1. Introduction

Holders of Delta linked units ("Delta Linked Unitholders") are advised that Delta has committed to participate in a private placement to invited investors by Delta International, a company registered in Bermuda with a primary listing on the Bermuda Stock Exchange and a secondary listing on the AltX ("the Private Placement"). In terms of the Private Placement, Delta will acquire approximately 14 714 628 common shares in Delta International ("the Acquisition") at a price per common share of US\$2.00 (payable in Rands), resulting in an aggregate purchase consideration of US\$29 429 256 or R312 273 830 (three hundred and twelve million two hundred and seventy three thousand eight hundred and thirty Rand) ("the Purchase Consideration"), calculated at an exchange rate of 10.61 ZAR:USD.

The effective date of the Acquisition is anticipated to be on or about 14 July 2014 ("the Effective Date").

2. Rationale for the Acquisition

The Acquisition offers Delta immediate access to a US Dollar ("USD") based investment and Rand hedge, together with a stake in a quality office and retail property portfolio underpinned by long term leases, low vacancies and strong anchor tenants. Delta International offers attractive capital value and income growth potential, as well as a USD based forward yield of 7.8% with significant potential for future growth. Delta has secured USD based debt facilities at interest rates of 4% per annum to fund the Acquisition, resulting in a yield enhancing acquisition within the fund.

3. Consideration for the Acquisition

The Purchase Consideration will be settled through new debt.

4. Conditions Precedent

There are no outstanding conditions precedent in relation to the Acquisition.

5. Forecast information on the Acquisition ("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 Board"). 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 have been prepared from the Effective Date and include forecast results for the eight months ending 28 February 2015 and for the year ending 29 February 2016.

	Forecast 8 months ending 28 February 2015	Forecast Year ending 29 February 2016
	R	R
Distributable income from investments	15 811 351	25 433 570
Delta International distribution ^{(1) (3)}		
Additional expenses		
Finance costs ^{(2) (3)}	9 328 625	12 553 408
Net profit after tax	6 482 726	12 880 162
Distributable income	6 482 726	12 880 162

Notes:

- 1) Forecast distributions for Delta International are 15.59 USD cents per share for the 12 months ended 30 June 2015 and 16.62 USD cents per share for the 12 months ended 30 June 2016.

- 2) Finance costs are incurred on a new USD based facility at a variable interest rate of 4% nacm.
- 3) All income and expenses relating to the investment in Delta International have been converted into Rands at an exchange rate of 10.61 ZAR:USD being the spot exchange rate on 30 June 2014.

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

6. Categorisation

The Acquisition is categorised as a Category 2 transaction in terms of JSE Listings Requirements and accordingly does not require approval by Delta Linked Unitholders.

7. Revised guidance on Delta's forecast distribution

As contained in the prospects statement in the SENS announcement released on 6 May 2014, Delta anticipated double digit growth in the distribution per linked unit for the year ending 28 February 2015. Having regard to the information set out above in relation to the Acquisition, the sale of Delta's entire linked unitholding in Ascension Properties Limited as set in the announcement released on SENS on 25 June 2014, as well as reduced operating costs on Delta's 78 properties, the expected distribution per linked unit has been revised and is anticipated to be between 83 cents and 84 cents per linked unit ("the Revised Forecasts"), translating to a growth in distribution of between 14%-15% from the prior comparable period.

The Revised Forecasts, including the assumptions on which they are based and the financial information from which they are prepared, are the responsibility of the Board. The Revised Forecasts are based on the assumptions that the macro-economic environment will not deteriorate markedly, budgeted renewals will be concluded and that clients will be able to absorb rising rates and utility costs. Budgeted rental income was based on contractual escalations and market-related renewals. The information and opinions contained above are recorded and expressed in good faith and are based upon sources believed to be reliable. No representation, warranty, undertaking or guarantee of whatever nature is made or given concerning the accuracy and/or completeness of such information and/or the correctness of such opinions. The Revised Forecasts have not been reviewed or reported on by the independent reporting accountants.

2 July 2014

Johannesburg

Investment bank and sponsor

Nedbank Capital