

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

POSTING OF CIRCULAR, NOTICES OF GENERAL MEETINGS AND IMPORTANT DATES AND TIMES

1. Introduction

Delta linked unitholders are advised that the Company has on Wednesday, 27 August 2014 posted a circular ("the Circular") relating to the conversion the Company's current linked unit capital structure to an ordinary share structure, which will be implemented by:

- the delinking of each Delta ordinary share from a Delta debenture so as to no longer constitute a Delta linked unit;
- the cancellation of each Delta debenture for no consideration;
- the capitalisation of the issue price of each Delta debenture to the stated capital attributable to the ordinary shares issued by the Company from an accounting perspective for purposes of financial reporting in accordance with International Financial Reporting Standards ("IFRS") and the increase of the contributed tax capital of Delta attributable to the ordinary shares issued by Delta by the issue price of each cancelled debenture, as contemplated in section 25BB(8) of the Income Tax Act 58 of 1962; and
- termination of the Delta debenture trust deed, without payment or other compensation to Delta debenture holders, (collectively, "the Transaction")

to be effected by way of a scheme of arrangement in terms of section 114(1) (c) of the Companies Act 71 of 2008 ("the Companies Act") ("the Scheme"). The Scheme is being proposed by the board of Delta ("the Board") between the Company and the Delta linked unitholders and shall, subject to the passing of the relevant resolutions at the general meeting of Delta linked unitholders and the general meeting of Delta shareholders (collectively, "the General Meetings"), be binding on all Delta linked unitholders.

The general meeting of Delta debenture holders will be held at 12h00 on Thursday, 2 October 2014 at the registered office of

Delta, for the purpose of considering and, if deemed fit, passing, with or without modification the resolutions required to approve the Transaction. A notice convening such general meeting of Delta debenture holders is attached to and forms part of the Circular.

The general meeting of Delta shareholders will be held at 12h30 on Thursday, 2 October 2014 at the registered office of Delta, for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions required to approve the Transaction. A notice convening such general meeting of Delta shareholders is attached to and forms part of the Circular.

The Circular is available in electronic format on the website of the Company at www.deltafund.co.za.

2. RATIONALE

In terms of the Listings Requirements of the JSE Limited ("the Listings Requirements") the total consolidated IFRS liabilities of a REIT may not exceed 60% of its total consolidated IFRS assets. As the Listings Requirements make use of the IFRS definition of a liability a Company is required to include in such calculation any debentures it has issued.

For the purposes of calculating the aforementioned gearing ratio, the JSE has provisionally allowed all REITS to exclude its debentures which form part of its linked unit capital structure, including any debenture premium in the calculation for the determination of such 60% threshold.

After 1 July 2015 the ratio of the Company's total consolidated liabilities to total consolidated assets must be based on the total consolidated liabilities as reflected in the IFRS financial statements and no separate adjustment may be made for any debentures, even if they are part of the historic linked unit structure.

By converting its capital structure, the Company will reduce the ratio of its total consolidated liabilities (excluding debentures, as these will no longer exist subsequent to the passing of the requisite resolutions) to total consolidated assets to 49% and will thereby ensure that the Company's consolidated liabilities remain below the aforementioned 60% threshold requirement.

3. Conditions precedent

The Scheme will be subject to the following conditions precedent:

- the requisite majority of Delta debenture holders and Delta shareholders approving the relevant resolutions required to authorise:
 - the Delta debenture trust deed amendment;
 - the delinking of each Delta ordinary share from a Delta debenture so as to no longer constitute a Delta linked unit;
- the approval of the Scheme by the requisite majority of Delta linked unitholders at the General Meetings, as contemplated in section 115(2) (a) of the Companies Act; and
 - to the extent required, the approval of the implementation of such resolutions by the court as contemplated in section 115(3) (a) of the Companies Act; and
 - if applicable, the Company not treating the aforesaid resolutions as a nullity, as contemplated in section 115(5) (b) of the Companies Act;
- the requisite majority of Delta shareholders approving the relevant resolutions required to authorise the amendments to the Company's memorandum of incorporation; and
- all applicable regulatory and statutory approvals are obtained.

4. Financial information

The issue price of each Delta debenture will be capitalised to the Company's stated capital account. The effect on Delta's statement of financial position is therefore limited to a reclassification of the debenture balance to stated capital.

With regard to Delta's statement of comprehensive income, the Scheme will have the effect of reducing the amount disclosed as interest paid. An amount equivalent to the reduction in interest paid will instead be reflected as a dividend paid to Delta shareholders through the Company's statement of changes in equity.

5. Report of the independent expert

The Board has appointed Grant Thornton Advisory Services Proprietary Limited ("Grant Thornton" or "the Independent Expert") as the independent expert, in accordance with section 114 (2) of the Companies Act, to provide an independent

professional expert's opinion regarding the Scheme, and to make appropriate recommendations to the Board in the form of a fair and reasonable opinion.

The Independent Expert has considered the terms and conditions of the Scheme and is of the opinion that the terms and conditions are fair and reasonable to Delta debenture holders.

The full text of the report of the Independent Expert regarding the Scheme, prepared in accordance with section 114 (3) of the Companies Act is contained in the Circular.

6. Views of the board

None of the directors have any conflict of interests in relation to the Scheme and all directors are able to make impartial decisions in relation thereto. Accordingly all directors are considered to be independent as defined under Regulation 81 of the Takeover Regulations.

The Board, after due consideration of the terms and conditions of the Scheme, is in favour of the Scheme and recommends that Delta linked unitholders vote in favour of the resolutions set out in the notice of the general meeting of Delta debenture holders and the notice of the general meeting of Delta shareholders, to implement the Transaction.

The directors of the Company who hold Delta linked units intend to vote in favour of the resolutions required to give effect to the Transaction.

7. Salient dates and times

The salient dates and times relating to the Transaction is set out below.

	2014
Record date in order to receive the Circular	Friday, 15 August
Circular posted to Delta linked unitholders on	Wednesday, 27 August
Announcement relating to the issue of the Circular released on SENS on	Wednesday, 27 August
Last day to trade in order to be eligible to vote at the General Meetings	Thursday, 18 September
Voting record date	Friday, 26 September
Last day to lodge forms of proxy for the general meeting of Delta shareholders by 12h30	Tuesday, 30 September
Last day to lodge forms of proxy for the general meeting of Delta debenture holders by 12h00	Thursday, 2 October
General meeting of Delta debenture holders held at 12h00 on	Thursday, 2 October

General meeting of Delta shareholders to be held at 12h30 on	Thursday, 2 October
Results of the General Meetings released on SENS on	Thursday, 2 October
Results of the General Meetings published in the press on	Friday, 3 October
Last date on which dissenting Delta linked unitholders can make application to court in terms of section 115(3) (a) of the Companies Act if the Scheme is approved by Delta linked unitholders at the General Meetings, but with sufficient opposing votes that Delta linked unitholders may require the Company to obtain court approval for the Scheme as contemplated in section 115(3) (a)	Friday, 10 October
<i>If no Delta linked unitholders exercise their rights in terms of section 115(3) (a) of the Companies Act</i>	
Finalisation date expected to be on	Friday, 21 November
Finalisation date announcement expected to be released on SENS on	Friday, 21 November
Finalisation date announcement expected to be published in the press on	Monday, 24 November
Expected last day to trade in existing Delta linked units on the JSE prior to the delinking of the Delta linked units and the capitalisation of the Delta debentures on	Friday, 28 November
Trading in delinked ordinary shares of no par value under the new ISIN: ZAE000194049 and the existing code of "DLT" commences on	Monday, 1 December
Expected suspension of listing of linked units on the JSE	Monday, 1 December
Expected Scheme implementation record date for the delinking of the linked units and the capitalisation of the debentures at the close of business on	Friday, 5 December
Expected Scheme operative date	Monday, 8 December
Expected date dematerialised shareholders will have their accounts updated at their CSDP or broker on	Monday, 8 December
Expected date of issue of new replacement share certificates provided that the old linked unit certificates have been surrendered by 12h00 on Friday, 5 December 2014 (any certificated linked units surrendered after this date will be replaced within five business days after receipt by the transfer secretaries)	Monday, 8 December
Expected termination of listing of Delta linked units (at the commencement of trade) on	Monday, 8 December

Notes:

1. All dates and times indicated in this Circular are South African dates and times.
2. All dates and times indicated in this Circular are subject to change by Delta. Any change will be released on SENS.
3. Delta linked unitholders should note that as trade in Delta linked units are settled in the electronic settlement system used by Strate, settlement of trades takes place five business days after such trade. Therefore, Delta linked unitholders who acquire Delta linked units

after Thursday, 18 September 2014 will not be eligible to vote at the general meeting of Delta debenture holders or the general meeting of Delta shareholders.

4. If the general meeting of Delta debenture holders and/or the general meeting of Delta shareholders are adjourned or postponed, forms of proxy submitted for the initial general meeting of Delta debenture holders and/or general meeting of Delta shareholders, as the case may be, will remain valid in respect of any adjournment or postponement of the general meeting of Delta debenture holders and/or the general meeting of Delta shareholders.
5. No dematerialisation of Delta linked units may take place after Friday, 28 November 2014.

27 August 2014

Johannesburg

Investment bank and sponsor

Nedbank Capital

Independent expert

Grant Thornton