

DELTA PROPERTY FUND LIMITED  
(Incorporated in the Republic of South Africa)  
(Registration number: 2002/005129/06)  
Share code: DLT  
ISIN: ZAE000194049  
(Approved as a REIT by the JSE)  
("Delta" or "the Company")

## PROPOSED TRANSACTION AND RENEWAL OF CAUTIONARY ANNOUNCEMENT

### 1. INTRODUCTION

1.1. Shareholders are referred to the Company's cautionary announcements dated 21 April 2017 and 6 June 2017 ("Initial Announcements"), advising that Delta's board of directors has been approached by a broad-based black economic empowerment consortium, led by members of Delta's management, ("Consortium") wishing to acquire up to 51% of the Company's issued share capital, and has constituted an independent board subcommittee ("Independent Board") to assess the transaction ("Proposed Transaction").

1.2. Although the terms of the Proposed Transaction have not yet been finally agreed and no formal transaction agreements have been concluded, the parties have, since the release of the Initial Announcements, made considerable progress towards agreeing the terms and Delta, accordingly, wishes to provide shareholders with an update on the current position.

### 2. TRANSACTION STRUCTURE

2.1. As indicated in the Initial Announcements, the Consortium wishes to acquire a shareholding of up to 51% in Delta. However, as a result of the black economic empowerment transaction undertaken by Redefine Properties Limited with its 22.8% Delta shareholding and to which the Company is not a party, it is now proposed that the Consortium instead subscribes for approximately 42.2% in Delta in terms of the Proposed Transaction. If the Proposed Transaction is concluded, it would result in -

2.1.1. the Consortium subscribing for new Delta shares ("Issue Shares"), representing, following their issue, approximately 42.2% of the Company's issued share capital, for a subscription amount of approximately R4.7 billion ("Subscription").

2.2. While the subscription price for the Issue Shares is yet to be finally agreed, it is currently anticipated that it will be the greater of the 30 day volume weighted average price (adjusted for distributions) or spot price (adjusted for distributions) of Delta shares up to the date of the formal terms announcement. However, the subscription price may decrease or increase, should changes to the volume weighted average price of Delta shares over the period prior to their issue exceed a specified threshold.

### 3. RATIONALE FOR THE PROPOSED TRANSACTION

3.1. If agreed and implemented, the Proposed Transaction will provide Delta with a significant capital injection of approximately R4.7 billion, bolstering the Company's balance sheet for future investments, positioning it for growth, reducing its loan-to-value and improving the Company's position in the relevant property indexes. Management has already identified several potential acquisitions and is in negotiations to deploy a large part of this capital injection into a yield-accretive portfolio.

3.2. The improved black empowered shareholding structure will also put Delta in a better position to qualify for long-term government leases in terms of the National Department of Public Works' proposed new leasing policy, thereby enhancing value for the Company and improving its weighted average lease expiry profile, as well as reducing the cost of funding.

3.3. In addition, an improved financial profile would allow Delta to diversify its asset and tenant portfolio.

### 4. FUNDING

4.1. The Consortium intends to finance the Subscription and related costs with loan funding from an institutional funder ("Lender").

4.2. It is envisaged that Delta will facilitate the loan funding by providing the Lender with a residual guarantee, the terms and relevant limitations of which are still being negotiated ("Guarantee") and any additional security which may be required by such Lender as part of its approval process.

## 5. TRANSACTION AGREEMENTS AND CONDITIONS PRECEDENT

- 5.1. As indicated above, the terms of the Proposed Transaction have not yet been finally agreed and no formal transaction agreements have been concluded. Accordingly, the anticipated high-level terms of the Proposed Transaction, as detailed in this announcement, may change in the final transaction agreements concluded between the parties.
- 5.2. In addition, should formal transaction agreements be concluded, the implementation of the Proposed Transaction will be subject to the fulfilment of various conditions precedent, which are expected to include, inter alia, the requisite board and shareholder approval in respect of Delta and the Consortium, as well as obtaining regulatory approval (to the extent required). In addition, as the Subscription will result in the Consortium holding more than 35% of the Company's issued share capital, the Proposed Transaction will be subject to Delta's shareholders, in terms of the Companies Regulations, 2011, waiving the need for the Consortium to make a mandatory offer to them to acquire all remaining shares in the Company ("Waiver of Mandatory Offer").
- 5.3. Should formal transaction agreements be concluded in respect of the Proposed Transaction, Delta will announce the final agreed terms to shareholders.

## 6. INDEPENDENT EXPERT

As indicated in the Initial Announcements, the Consortium is a related party for purposes of the JSE Listings Requirements. Accordingly, and in order to allow shareholders to consider and vote on the Waiver of Mandatory Offer, the Independent Board has appointed Mazars as independent expert ("Independent Expert") to provide it with external advice and to prepare a fair and reasonable opinion in respect of the Proposed Transaction, which includes the Subscription, and the Waiver of Mandatory Offer.

## 7. CIRCULAR

Should formal transaction agreements be concluded in respect of the Proposed Transaction, Delta will distribute a circular ("Circular") to shareholders providing detailed information on the Proposed Transaction, including its financial effects and

details of the Guarantee, and convening a general meeting at which shareholders will be requested to consider and, if deemed fit, to approve the Subscription, the provision of the Guarantee, the Waiver of Mandatory Offer and related aspects of the Proposed Transaction. The Circular will include the report of the Independent Expert, as well as the view of the Independent Board.

#### 8. RENEWAL OF CAUTIONARY ANNOUNCEMENT

Whereas the terms of the Proposed Transaction are still being negotiated and may have a material effect on the price of the Company's securities, Delta shareholders are advised to continue to exercise caution when dealing in the Company's securities until a full announcement is made.

3 July 2017  
Johannesburg

Sponsor  
Nedbank Corporate and Investment Banking

Transaction Advisors to the Consortium  
PSG Capital  
Kleoss Capital  
Keletso M Squared