

DELTA PROPERTY FUND LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 2002/005129/06)

JSE share code: DLT

ISIN: ZAE000194049

(Approved as a REIT by the JSE)

("Delta" or the "Company")

DISPOSAL OF FORT DRURY, KATLEHO, CNA BUILDING AND WB CENTRE PROPERTIES

1. Introduction

Delta shareholders are hereby advised that the Company ("Seller") has entered into separate agreements ("Agreements") with DMFT Property Developers (Pty) Ltd ("DMFT"), Mr Qianghua Huang and Red Caviar Holdings (Pty) Ltd ("Red Caviar") (collectively the "Purchasers"), to dispose of four of its properties ("Disposals") as detailed below:

- 1.1 the disposal to DMFT of the property situated at the corner of Markgraaff and St Andrews Streets, Bloemfontein, together with all buildings and improvements thereon, as more commonly known as "Fort Drury", for a cash consideration of R51.5 million;
- 1.2 the disposal to DMFT of the property situated at the corner of Selborne and Markgraaff Streets, Bloemfontein, together with all buildings and improvements thereon, as more commonly known as "Katleho" building, for a cash consideration of R12.5 million;
- 1.3 the disposal to Mr Qianghu Huang of the property situated at **62 Charlotte Maxeke Street**, Bloemfontein, together with all buildings and improvements thereon, as more commonly known as the "CNA building", for a cash consideration of R3.8 million; and
- 1.4 the disposal to Red Caviar of the property situated at 48-54 Chapel Street, Kimberley, together with all buildings and improvements thereon, as more commonly known as "WB Centre", for a cash consideration of R31 million,

collectively the "**Properties**" for a cumulative cash consideration of R98.8 million ("**Disposal Considerations**").

2. Rationale and use of proceeds

The Delta board of directors ("**Board**") continues to confirm the strategy for the Company as being underpinned by the Sovereign, with a more refined approach to the definition of Sovereign. As part of the strategy, and the optimisation of the portfolio, it was agreed that the disposal of assets which were no longer strategic to the Company would be undertaken. Fort Drury, Katleho, CNA building and WB Centre are considered as such assets.

The WB Centre is being sold at a discount to its book value due to the latest valuation undertaken, being a desktop valuation, that was based on substantially lower vacancies. In addition, subsequent to the valuation, there has been a further deterioration of the market. The current vacancy rate amounts to 47,2% following Woolworths' decision to vacate the WB Centre.

The CNA building is currently vacant and in need of refurbishment and an upgrade in order to bring it to a lettable state.

The Katleho building is currently completely vacant. The combined vacancy rate between the Fort Drury and Katleho buildings, which are being sold as a package as they are notarially tied, amounts to 67.9%.

The Disposal Considerations will be utilised by the Company to reduce debt (thereby reducing its Loan to Value (LTV) and interest payments). This will have the effect of reducing LTV by 0.5% and reducing vacancy levels by 0.6% from 31.3% (at 28 February 2022) to 30.7%.

3. Terms and conditions of the Disposals

3.1 Purchasers

The ultimate beneficial shareholders of:

- DMFT are Mr David Mabilu and his family; and
- Red Caviar are Ms Jade Jezhua and Anita Muller, Messrs Suleman and Yusuf Bemath, and Messrs Dawood, Suleman and Haroon Bemat.

None of these Purchasers are 'related parties' in terms of the JSE Limited Listings Requirements.

3.2 Sale

The Seller has agreed to sell, and the Purchasers have agreed to purchase the Properties, with effect from, and inclusive, of the date on which the registration of transfer of the Properties into the names of the Purchasers is effected. The Company anticipates the date of transfer of the Properties to be on or about 31 October 2022.

3.3 Disposal Considerations

The Disposal Considerations payable for the Properties by the Purchasers is R98.8 million (exclusive of VAT), payable in cash on the date of registration of the transfers.

3.4 Conditions precedent

The Disposals are conditional on the fulfilment of the conditions precedent that signed resolutions be provided by both the Seller's and Purchasers' boards and/or investment committees approving the Disposals.

3.5 Representations and warranties

The Agreements contain representations and warranties by the parties in favour of one another which are standard for transactions of this nature.

4. Financial and property-related information in respect of the Properties

| | Fort Drury and Katleho ¹ | CNA building | WB Centre | Total |
|---|---|---|---|----------------------|
| Location: | Corner Markgraaff and St Andrews Streets, Bloemfontein Corner Selborne and Markgraaff Streets, Bloemfontein | 62 Charlotte Maxeke Street, Bloemfontein | 48-54 Chapel Street, Kimberley | |
| Gross lettable area: | 16 386m ² | 2 489m ² | 7 639m ² | 26 514m ² |
| Weighted average rental as at 28 February 2022: | R72,5/m ² | R45,2/m ² | R109,6/m ² | R80.6/m ² |
| Net operating income/(loss) ² : | R7,4 million | (R0,9 million) | R0,9 million | R7.4 million |
| Effective date of the Disposal: | On or about 31 October 2022, being the anticipated transfer date of the Property into the name of the Purchaser | On or about 31 October 2022, being the anticipated transfer date of the Property into the name of the Purchaser | On or about 31 October 2022, being the anticipated transfer date of the Property into the name of the Purchaser | |
| Vacancy rate as at 28 February 2022: | 47.6% | 73,3% | 47,2% | 49.9% |
| Vacancy rate at date of this SENS announcement: | 67.9% | 100.0% | 47.2% | 64.9% |
| Value of the Property as at 28 February 2022: | R71.5 million | R5.7 million | R73.7 million | R150.9 million |
| Disposal Consideration (exclusive of VAT): | R64.05 million | R3.75 million | R31 million | R98.8 million |
| Discount to market value: | (10,0%) | (34,7%) | (58,0%) | (34.5%) |
| Sector: | Office | Office | Office | |

Notes:

1. Although Fort Drury and Katleho operate independently, the two buildings are notorally tied and therefore being sold as one.
2. The net operating income in respect of the Properties has been extracted from the Company's results for the year ended 28 February 2022, which were prepared in terms of International Financial Reporting Standards.
3. The valuations were performed as at 28 February 2022 by Real Insight, CBRE and Realworx Property Valuations who are independent from the Company and registered as a professional valuers in terms of the Property Valuers Profession Act, No. 47 of 2000.

4. The financial information in this announcement is the responsibility of the Board and has not been reported on or reviewed by Delta's auditors or a reporting accountant.

5. Categorisation

The Disposals for Fort Drury and Katleho, and the WB Centre are each classified as Category 2 transactions in terms of the JSE Listings Requirements. Accordingly, they are not subject to shareholder approval.

Johannesburg
05 August 2022

Sponsor
Nedbank Corporate and Investment Banking, a division of Nedbank Limited