

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")

PROPOSED DISPOSAL OF SEDIBA, FOUNTAIN & VLU BUILDING TOWERS AND UPDATE ON SUCCESSFUL TRANSFER OF NEDBANK BUILDING

A. PROPOSED DISPOSAL OF SEDIBA, FOUNTAIN & VLU BUILDINGS

1. Introduction

Delta shareholders are hereby advised that the Company has entered into sale agreements as follows:

- 1.1 a sale agreement with Coffee Shop At Tyres Close Corporation ("**Purchaser One**") ("**Sale Agreement One**") to dispose of its property situated at **Corner Markgraaff & Zastron Streets, Bloemfontein** made up of the **Remainder of Erf 15092 and Portion 2 of Erf 15092 Bloemfontein**, including immovable assets thereon known as "**Sediba & Fountain**" buildings ("**Property One**"), for a cash consideration of R19.1 million excluding VAT (the "**Property One Disposal Consideration**") ("**Property One Disposal**"); and
- 1.2 a sale agreement with Dimatone Proprietary Limited ("**Purchaser Two**") ("**Sale Agreement Two**"), to dispose of its property situated at **Corner Markgraaff & Zastron Streets, Bloemfontein** made up of Erf 9926, Bloemfontein, including immovable assets thereon known as the "**VLU**" building ("**Property Two**"), for a cash consideration of R7 million (the "**Property Two Disposal Consideration**") ("**Property Two Disposal**"),

collectively the "**Disposals**".

Property One and Property Two are located adjacent to each other and are currently operated, managed and accounted for as one entity by the Company.

2. Rationale and use of proceeds

As part of the Company's business and portfolio strategy of optimisation, it was agreed to dispose of assets which are no longer strategic to the Company. In keeping with this strategy, the Company has taken a decision to exit certain regions, including Bloemfontein. Property One and Property Two fall in the category of assets that are being disposed of by virtue of their location in Bloemfontein.

The combined proceeds from the Disposals of R26.1 million will be utilised by the Company to reduce debt and the Loan-to-Value ratio (LTV) by 0.15% from 61.36% to 61.22% and to reduce vacancy levels by 0.6% from 32.9% (as of 28 February 2023) to 32.3%.

3. Terms and conditions of the Disposals

3.1 Purchasers

- The ultimate beneficial shareholder of Purchaser One is Louise Janse Van Rensburg. Purchaser One is not a 'related party' in terms of the JSE Limited ("**JSE**") Listings Requirements.
- The ultimate beneficial shareholder of Purchaser Two is Theunis Hendrik Myburgh. Purchaser Two is not a 'related party' in terms of the JSE Listings Requirements.

3.2 The Disposals

- Delta has agreed to sell and Purchaser One has agreed to purchase Property One with effect from, and inclusive, of the date on which the registration of transfer of Property One into the name of Purchaser One is effected, which date the Company anticipates will be approximately 15 January 2024.

- Delta has agreed to sell, and Purchaser Two has agreed to purchase Property Two, with effect from, and inclusive, of the date on which the registration of transfer of Property Two into the name of Purchaser Two is effected, which date the Company anticipates will be approximately 15 January 2024.

3.3 Disposal considerations

The Property One Disposal Consideration is R19.1 million exclusive of VAT, payable in cash, as follows:

- R1.305 million non-refundable deposit (which has already been paid to Delta’s conveyancers); and
- R17.795 million secured by way of guarantees to Delta, which guarantees are to be delivered within forty-five days from the date of signature of Sale Agreement One.

The Property Two Disposal Consideration is R7.0 million exclusive of VAT, payable in cash, as follows:

- R1.305 million non-refundable deposit (which has already been paid to Delta’s conveyancers); and
- R5.695 million secured by way of guarantees to Delta, which guarantees are to be delivered within forty-five days from the date of signature of Sale Agreement Two.

3.4 Conditions precedent

The Disposals are subject to fulfilment (or waiver, as the case may be) of the following conditions precedent:

Disposal Property One

- within 10 business days of signature of Sale Agreement One (“**Signature Date One**”), Purchaser One shall have provided Delta with a copy of the resolutions of the board of directors of Purchaser One authorising Purchaser One to conclude the Property One Disposal on the terms and conditions of Sale Agreement One;
- within 10 business days of Signature Date One, the board of directors of Delta shall have passed a resolution authorising Delta to conclude the Transaction on terms and conditions of Sale Agreement One;
- within 60 calendar days of Signature Date One, Delta has followed due process with regard to the notification of the Property One Disposal to those tenants under leases which have the option, right of first refusal and/or right of pre-emption (hereinafter “**Right of First Refusal**”) to acquire Property One and each such tenant has waived and/or failed to exercise its Right of First Refusal within the time period provided for in the relevant lease;
- within 120 calendar days after Signature Date One, the parties have complied with the JSE Listings Requirements (insofar as this may be applicable to Sale Agreement One or to any party), obtained such consents and approvals required (including, if applicable, shareholder approval) and have taken such corporate actions required to approve and ratify the entering into and implementation of Sale Agreement One; and
- 120 calendar days after Signature Date One, to the extent necessary, any prior written approval required from the Competition Authorities has been obtained in respect of the implementation of the Property One Disposal, in terms of the Competition Act, No 89 of 1998 (“**Competition Act**”) evidenced by the issue of a merger clearance certificate.

Disposal Property Two

- within 10 business days of signature of Sale Agreement Two (“**Signature Date Two**”), Purchaser Two shall have provided Delta with a copy of the resolutions of the board of directors of Purchaser Two authorising Purchaser Two to conclude the Property Two Disposal on the terms and conditions of Sale Agreement Two;
- within 10 business days of Signature Date Two, the board of directors of Delta shall have passed a resolution authorising Delta to conclude Sale Agreement Two on the terms and conditions of Sale Agreement Two;

- within 60 calendar days of Signature Date Two, Delta has followed due process with regard to the notification of the Property Two Disposal to those tenants under leases which have the Right of First Refusal to acquire Property Two and each such tenant has waived and/or failed to exercise its Right of First Refusal within the time period provided for in the relevant lease;
- within 120 calendar days after Signature Date Two, the parties have complied with the JSE Listings Requirements (insofar as this may be applicable to Sale Agreement Two or to any party), obtained such consents and approvals required (including, if applicable, shareholder approval) and have taken such corporate actions required to approve and ratify the entering into and implementation of Sale Agreement Two; and
- 120 calendar days after Signature Date Two, to the extent necessary, any prior written approval required from the Competition Authorities has been obtained in respect of the implementation of the Property Two Disposal, in terms of the Competition Act evidenced by the issue of a merger clearance certificate.

4. Financial and property-related information in respect of Property One and Property Two

	Property One and Property Two Combined
Gross lettable area:	10 947m ²
Weighted average rental as at 28 February 2023 ¹ :	R86.10/m ²
Net operating (loss)/income ¹ :	(R2.3 million)
Vacancy rate at 28 February 2023 ¹ :	78.5%
Effective date of the Disposals:	On or about 15 January 2024, being the anticipated transfer date of Property One and Property Two into the name of Purchaser One and Purchaser Two
Sector:	Office – Government
Valuation ²	Property One – R20 100 000.00 Property Two – R3 500 000.00

Notes:

1. The weighted average rental, net operating income and vacancy rate in respect of Property One and Property Two have been extracted from the Company's annual financial statements for the period ended 28 February 2023, which were prepared in terms of International Financial Reporting Standards.
2. The valuation was performed as at 28 February 2023 by Theuns Behrens (Real Insight) who is independent from the Company and registered as a professional valuer in terms of the Property Valuers Profession Act, No. 47 of 2000.
3. The financial information in this announcement is the responsibility of the board of directors of Delta and has not been reported on or reviewed by Delta's auditors or a reporting accountant.

5. Categorisation

The Disposals are classified as a Category 2 transaction in terms of the JSE Listings Requirements. Accordingly, the Disposals are not subject to shareholder approval.

B. VOLUNTARY ANNOUNCEMENT REGARDING THE SALE AND SUCCESSFUL TRANSFER OF NEDBANK BUILDING

Delta shareholders are further advised that the Company has now successfully concluded a disposal of Erf 11258, Bloemfontein (the "**Nedbank Building**") including the immovable assets thereon, situated at 36 Charlotte Maxeke Street, Bloemfontein (the "**Nedbank Building Disposal**"). The erf size is 541m² in extent, with a building GLA of 2 746m² (of which 74.2% was vacant as at the date of transfer).

The sale agreement was concluded with Tariku Best Fashion (Pty) Ltd (the "**Purchaser**") on 27 September 2022 for a total disposal consideration of R6 250 000.00 (inclusive of VAT). The Nedbank Building Disposal has subsequently been registered and the Nedbank Building has transferred to the Purchaser on 11 September 2023.

The net proceeds of the Nedbank Building Disposal have been fully utilised to settle outstanding debt in respect of the Nedbank Building.

In keeping with the Company's portfolio optimisation strategy, Delta has taken the decision to exit certain regions, including Bloemfontein. The Nedbank Building falls into the category of assets that are being disposed of by virtue of its location in Bloemfontein.

At the time of concluding the Nedbank Building Disposal, the disposal consideration fell below the Category 2 threshold in terms of the JSE Listings Requirements and therefore, was not announced.

Johannesburg
29 September 2023

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