

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 SMARTXCHANGE

1. Introduction

Delta shareholders are advised that the Company ("**Seller**") has entered into a sale of letting enterprise agreement ("**Agreement**") with Goldview Africa Proprietary Limited (the "**Purchaser**"), to dispose of its property situated at 5 Walnut Road, Durban, Kwa-Zulu-Natal and as more commonly known as "Smartxchange" (the "**Property**") , including immovable assets, for a cash consideration of R46 million (the "**Disposal Consideration**") (the "**Disposal**").

Shareholders are referred to the announcement released on SENS on 30 May 2023 in which the Company advised that it had signed an offer to purchase ("**OTP**") with UBUD Development Proprietary Limited ("**UBUD**") to dispose of the Property for a cash consideration of R46 million. In this regard, shareholders are advised that the OTP has since lapsed due to failure by Delta and UBUD to reach agreement in respect of the salient terms of a sale agreement to be concluded in respect of the Property in order for that transaction to be completed.

2. Rationale and use of proceeds

As part of Delta's strategy, the disposals of "non-core" assets are being pursued in order to reduce debt. The Property is considered to be an asset classified as being "non4core".

The proceeds of R46 million will be utilised by the Company to reduce debt and the Loan to Value (LTV) by 0.2% from 60.0% to 59.8% and to reduce vacancy levels by 0.6% from 34.5% (as of 31 August 2023) to 33.9%.

3. Terms and conditions of the Disposal

3.1 Purchasers

The ultimate beneficial shareholder of the Purchaser is Tim Liu. The Purchaser is not a 'related party' in terms of the JSE Limited ("**JSE**") Listings Requirements.

3.2 The Disposal

The Seller has agreed to sell, and the Purchaser has agreed to purchase the Property, with effect from, and inclusive, of the date on which the registration of transfer of the Property into the name of the Purchaser is affected, which date the Company anticipates will be approximately 15 April 2024.

3.3 Disposal Consideration

The Disposal Consideration payable for the Property by the Purchaser is R46 million inclusive of VAT at 0%, payable in cash, as follows:

3.3.1 R4.6 million non-refundable deposit payable within 12 hours of joint signature of the Agreement (which has already been paid to Delta's conveyancers); and

3.3.2 R41.4 million secured by way of guarantees, acceptable to the Seller, which guarantees shall be payable on registration of the transfer of the Property to the Purchaser. The guarantees are to be delivered within forty-five days from the date of signature of the Agreement.

3.4 Conditions precedent

The Disposal is subject to the fulfilment of the following conditions precedent:

3.4.1 within 10 business days of the signature date of the Agreement ("**Signature Date**"), the Purchaser shall have provided the Seller with a copy of the resolution of the board of directors of the Purchaser authorising the Purchaser to conclude the transaction on the terms and conditions of the Agreement;

- 3.4.2 within 10 business days of the Signature Date, the board of directors of the Seller (“**Board**”) shall have passed a resolution authorising the Seller to conclude the Disposal on the terms and conditions of the Agreement;
- 3.4.3 within 60 days after the Signature Date (where applicable), the Seller has followed due process with regard to notification of the Disposal to those tenants under leases, which have the option, right of first refusal and/or right of pre-emption (“**Right of First Refusal**”) to acquire the Property and each such tenant has waived/or failed to exercise its Right of First Refusal within the time period provided for in the relevant lease;
- 3.4.4 within 120 days after the Signature Date, the Seller and Purchaser have complied with the JSE Listings Requirements (insofar as may be applicable to this Agreement or to any party), obtained such consents and approvals required and have taken such corporate actions required to approve and ratify the entering into and implementation of the Agreement; and
- 3.4.5 if the conditions precedent set out in paragraphs 3.4.3 and 3.4.4 above are not met or if the Seller commits a breach which results in the cancellation of the Agreement, the non-refundable deposit referred to in paragraph 3.3.1 above will be refunded with interest.

3.5 Representations and warranties

The Agreement contains 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 Property

Location:	5 Walnut Road, Durban, KwaZulu-Natal
Gross lettable area:	13 677m ²
Weighted average rental as at 31 August 2023 ² :	R82.20/m ²
Normalised net operating (loss) ¹ :	(R526 212.09)
Effective date of the Disposal:	On or about 15 March 2024, being the anticipated transfer date of the Property into the name of the Purchaser
Vacancy rate as at 31 August 2023: ²	54.0%
Value of the Property ³ :	R50 million
Sector:	Office - Government

Notes:

1. The net operating income as at 31 August 2023 is R10.9 million, however, if adjusted for a once off “arrear” rental revenue, it translates into a net operating loss of approximately R526 212.00. The normalised net operating income has been prepared for illustrative purposes and because of its nature, may not fairly present the Company’s financial position
2. The weighted average rental and vacancy rate in respect of the Property have been extracted from the Company’s interim results for the period ended 31 August 2023, which were prepared in terms of International Financial Reporting Standards.
3. The valuation was performed as at 28 February 2023 by Stanton Alberts (Realworx) who is independent from the Company and registered as a professional valuer 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 Disposal is classified as a Category 2 transaction in terms of the JSE Listings Requirements. Accordingly, the Disposal is not subject to shareholder approval.

Johannesburg
29 November 2023

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