

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions and interpretations commencing on page 6 of this Circular apply throughout this Circular, including to this front cover.

ACTION REQUIRED

1. This entire Circular is important and should be read with particular attention to the section entitled "*Action required by Shareholders*", which commences on page 3.
2. If you are in any doubt as to what action you should take, you should consult your CSDP, Broker, banker, legal adviser, accountant or other professional adviser immediately.
3. If you have disposed of all of your Shares, please forward this Circular together with the attached Form of Proxy (grey), to the purchaser to whom, or the CSDP, Broker or other agent, through whom, the disposal was effected.
4. Delta does not accept responsibility, and will not be held liable, for any action of, or omission by, any Broker, CSDP or other agent including, without limitation, any failure on the part of any Broker, CSDP or other agent of any beneficial owner of Shares to notify such beneficial owner of the details set out in this Circular or otherwise.



CIRCULAR TO SHAREHOLDERS

Relating to:

- the proposed disposal by Delta of its Leasehold Rights in respect of the Capital Towers Property, which disposal constitutes a Category 1 transaction in terms of the JSE Listings Requirements;

and incorporating:

- a Notice of General Meeting; and
- a Form of Proxy (grey) for purposes of the General Meeting (for use by Certificated Shareholders and Dematerialised Shareholders with Own-name Registration only).

Transaction Sponsor	Legal advisor	Independent reporting accountants	Independent property valuer
			

Date of issue: Wednesday, 1 March 2023

This Circular is available in English only. Copies of this Circular may be obtained during normal business hours from the registered office of Delta and from the offices of the Transaction Sponsor, whose addresses are set out in the "Corporate Information" section of this Circular from the date of issue of this Circular until the date of the General Meeting (both days inclusive). A copy of this Circular will also be available on Delta's website (www.deltafund.co.za).

FORWARD-LOOKING STATEMENTS

The definitions and interpretations commencing on page 6 of this Circular apply throughout this Circular, including to this forward-looking statements section.

FORWARD-LOOKING STATEMENTS

This Circular contains statements about Delta and/or the Delta Group that are or may be forward-looking statements. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. These forward-looking statements are not based on historical facts, but rather reflect current expectations concerning future results and events and generally may be identified by the use of forward-looking words or phrases such as “believe”, “aim”, “expect”, “anticipate”, “intend”, “foresee”, “forecast”, “likely”, “should”, “planned”, “may”, “estimated”, “potential” or similar words and phrases.

Examples of forward-looking statements include statements regarding future liquidity, future benefit, future financial position or future profits, expected profit or growth margins, cash flows, corporate strategy, estimates of capital expenditures, acquisition strategy, or future capital expenditure levels, and other economic, fiscal and political factors.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Delta cautions that forward-looking statements are not guarantees of future performance. Actual results, financial and operating conditions, liquidity and the developments within the industry in which Delta operates may differ materially from those made in, or suggested by, the forward-looking statements contained in this Circular.

All these forward-looking statements are based on estimates and assumptions made by Delta and although Delta believes them to be reasonable, they are inherently uncertain. Such estimates, assumptions or statements may not eventuate. Factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied in those statements or assumptions include other matters not yet known to Delta or not currently considered material by Delta.

Shareholders should keep in mind that any forward-looking statement made in this Circular or elsewhere are applicable only at the date on which such forward-looking statement is made. New factors that could cause the business of Delta not to develop as expected may emerge from time to time and it is not possible to predict all of them. Further, the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement are not known. Delta has no duty to, and does not intend to, update or revise the forward-looking statements contained in this Circular after the date of this Circular, except as may be required by law.

Any forward-looking statements have not been reviewed nor reported on by the external auditor of the Company or a reporting accountant of the Company.

DATE OF INFORMATION PROVIDED

Unless the context clearly indicates otherwise, all information provided in this Circular is provided as at the Last Practicable Date.

CORPORATE INFORMATION

The definitions and interpretations commencing on page 6 of this Circular apply throughout this Circular, including to this Corporate Information section.

Directors

P Langeni*# (*Chairman*)
S Masinga (*Interim Chief Executive Officer*)
M de Lange (*Chief Financial Officer*)
MJN Njeke*# (*Lead Independent Non-Executive*)
C Rampheri *
DN Motau*#
P Stock*#

* *Non-executive*

Independent

Date and place of incorporation of Delta

South Africa on 5 March 2002

Website

www.deltafund.co.za

Registered Address

Silver Stream Office Park
10 Muswell Road South
Bryanston
South Africa
2021
(Postnet Suite 210, Private Bag X21,
Bryanston 2021)

Company Secretary

T Moshakga
Silver Stream Office Park
10 Muswell Road South
Bryanston
South Africa
2021
(Postnet Suite 210, Private Bag X21,
Bryanston, 2021)

Independent Reporting Accountants

Moore Assurance Johannesburg ER Inc
(Registration number 2006/018138/21)
Moore House
18 Lakeview Crescent
Kleinfontein Lake Office Park
Johannesburg
1501
(PO Box 633, Benoni 1500)

Transaction Sponsor

Valeo Capital Proprietary Limited
(Registration number 2021/834806/07)
Unit 12 Paardevlei Specialist Medical Centre
Paardevelei
Somerset West
Western Cape
South Africa
7130
(Postnet Suite 272, Private Bag X29, Somerset West,
Western Cape, 7129)

Legal Advisor

Tshisevhe Gwina Ratshimbilani Inc.
Vdara, 6th Floor
41 Rivonia Road
Sandhurst
Sandton
South Africa
2196
(PO Box 782352, Sandton 2146)

Independent Property Valuers

Real Insight Proprietary Limited
(Registration Number 2012/101775/07)
8 Bauhinia Street
Highveld Techno Park
Centurion
South Africa
0157
(PO Box 414, Raslouw 0109)

Transfer Secretaries

Computershare Investor Services Proprietary Limited
(Registration number 2004/003647/07)
Rosebank Towers
15 Biermann Avenue
Rosebank
Johannesburg, 2196
(Private Bag X9000, Saxonwold, 2132)

Meeting Scrutineers

The Meeting Specialist Proprietary Limited
JSE Building
One Exchange Square
2 Gwen Lane
Sandown, 2196
South Africa
(PO Box 62043, Marshalltown, 2107, South Africa)

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ACTION REQUIRED BY SHAREHOLDERS

The definitions and interpretations commencing on page 6 of this Circular apply throughout this Circular, including to this Action required by Shareholders section.

Please take careful note of the following provisions regarding the action required by Shareholders. If you are in any doubt as to what action you should take, you should consult your CSDP, Broker, banker, legal adviser, accountant or other professional adviser immediately.

If you have disposed of all of your Shares, please forward this Circular together with the attached Form of Proxy (grey), to the purchaser of such Shares or to the CSDP, Broker or other agent through whom the disposal was effected.

The General Meeting will be held at 10:00 on Friday, 31 March 2023 physically at the Delta Boardroom, Silverstream Business Park, 10 Muswell Road South, Bryanston and by electronic communication, at which General Meeting Shareholders will be requested to consider and, if deemed fit, to pass, with or without modification, the resolutions set out in the Notice of General Meeting attached to this Circular.

The Company does not accept responsibility, and will not be held liable, for any action of, or omission by, any Broker, CSDP or other agent including, without limitation, any failure on the part of any Broker, CSDP or other agent of any beneficial owner of Shares to notify such beneficial owner of the details set out in this Circular or otherwise.

1. GENERAL MEETING

The General Meeting, convened in terms of the Notice of General Meeting, will be held physically and by electronic communication, as permitted by the JSE, the provisions of the Companies Act and the MOI at 10:00 on Friday, 31 March 2023.

The Meeting Specialist or TMS will also act as scrutineer for the General Meeting.

In terms of section 63(1) of the Companies Act, before any person may attend or participate in the General Meeting, that person must present reasonably satisfactory identification and the person presiding at the General Meeting must be reasonably satisfied that the right of the person to participate and vote at the General Meeting, either as a Shareholder, or as a proxy or a representative for a Shareholder, has been reasonably verified. Acceptable forms of identification include a valid green bar-coded or smart card identification document issued by the South African Department of Home Affairs, a South African driver's licence or a valid passport. Only those Shareholders or their proxies who are fully verified (as required in terms of section 63(1) of the Companies Act) and subsequently registered at the commencement of the General Meeting with TMS, will be allowed to participate in and/or vote physically or by electronic means.

Shareholders or their proxies that have any queries in relation to the participation and voting at the General Meeting should contact TMS on proxy@tmsmeetings.co.za or +27 81 711 4255/+27 84 433 4836.

2. ELECTRONIC PARTICIPATION

The Company has retained the services of The Meeting Specialist to host the General Meeting on an interactive electronic platform (in conjunction with the physical meeting), in order to facilitate remote participation and voting by Shareholders.

Shareholders or their proxies who wish to attend the General Meeting and/or who wish to vote at the General Meeting electronically are required to contact TMS on proxy@tmsmeetings.co.za or, alternatively, to contact their office on +27 81 711 4255/+27 84 433 4836 as soon as possible but, in any event, for administration purposes, by no later than 10:00 on Wednesday, 29 March 2023. Such Shareholders or their proxies will be required to submit documentation in order to *inter alia* confirm their identity and their authority to attend, speak and vote at the General Meeting including their letter of representation in the case of Dematerialised Shareholders who are not Own-Name Registration Dematerialised Shareholders.

This will not however in any way affect the rights of Shareholders to register for the General Meeting after this date, provided, however, that only those Shareholders or their proxies who are fully verified (as required in terms of section 63(1) of the Companies Act) and subsequently registered at the commencement of the General Meeting, will be allowed to participate in and/or to vote by electronic means.

TMS will assist Shareholders or their proxies with the requirements for electronic participation in, and/or voting at, the General Meeting. TMS is further obliged to validate (in correspondence with the Company and the Transfer Secretaries) each such Shareholder or their proxies entitlement to participate in and/or to vote at the General Meeting, before providing it with the necessary means to access the General Meeting and/or the associated voting platform. For further information in this regard, please see the details contained in the Notice of General Meeting.

While the Company will incur all costs for the hosting by TMS of the General Meeting both physically and by way of a remote interactive electronic platform, Shareholders or their proxies will be liable for their own network charges in relation to electronic

participation in and/or voting at the General Meeting. Any such charges will not be for the account of the Company and/or TMS. None of the Company or TMS will be held accountable in the case of loss of network connectivity or other network failure due to insufficient airtime, internet connectivity, internet bandwidth and/or power outages which prevents any such Shareholder or their proxies from participating in and/or voting at the General Meeting.

3. DEMATERIALIZED SHAREHOLDERS WHO ARE NOT OWN-NAME REGISTRATION DEMATERIALIZED SHAREHOLDERS

3.1. Voting at the General Meeting

- 3.1.1. Your Broker or CSDP should contact you to ascertain how you wish to cast your vote at the General Meeting and should thereafter cast your vote in accordance with your instructions.
- 3.1.2. If your Broker or CSDP has not contacted you, it is advisable for you to contact your Broker or CSDP and furnish it with your voting instructions.
- 3.1.3. If your Broker or CSDP does not obtain voting instructions from you, it will be obliged to vote in accordance with the instructions contained in the Custody Agreement concluded between you and your Broker or CSDP.
- 3.1.4. **You must not complete the attached Form of Proxy (grey).**

3.2. Attendance and representation at the General Meeting

- 3.2.1. In accordance with the Custody Agreement between you and your CSDP or Broker, you must advise your CSDP or Broker if you wish to –
 - 3.2.1.1. attend, speak and vote at the General Meeting; or
 - 3.2.1.2. send a proxy to represent you at the General Meeting.
- 3.2.2. Your CSDP or Broker should then issue the necessary letter of representation to you for you or your proxy to attend, speak and vote at the General Meeting. Any such letter of representation must be submitted to TMS in accordance with paragraph 1 above in respect of electronic participation or provided to TMS prior to the General Meeting in respect of physical participation.

4. CERTIFICATED SHAREHOLDERS AND DEMATERIALIZED SHAREHOLDERS WHO ARE OWN-NAME REGISTRATION DEMATERIALIZED SHAREHOLDERS

4.1. Voting and attendance at the General Meeting

- 4.1.1. You may physically or electronically attend the General Meeting in person and may vote at the General Meeting.
- 4.1.2. Alternatively, you may appoint a proxy to physically or electronically represent you and attend and vote at the General Meeting by completing the attached Form of Proxy (grey) in accordance with the instructions contained therein and lodging, posting or e-mailing it to TMS at the addresses set out below, to be received by them, for administrative purposes, by no later than 10:00 on Wednesday, 29 March 2023 or thereafter by handing such form to the Chairman of the General Meeting or TMS at the General Meeting, at any time before the proxy exercises any rights of the Shareholder at such General Meeting.

Hand deliveries to:
The Meeting Specialist
JSE Building
One Exchange Square
Gwen Lane
Sandown
2196
proxy@tmsmeetings.co.za

Postal deliveries to:
The Meeting Specialist
PO Box 62043, Marshalltown 2107

Email deliveries to:
The Meeting Specialist
proxy@tmsmeetings.co.za

SALIENT DATES AND TIMES

The definitions and interpretations commencing on page 6 of this Circular apply throughout this Circular, including to this Salient Dates and Times section.

2023

Record Date to Receive Notice being the record date to be eligible to receive this Circular and the Notice of General Meeting	Friday, 24 February
Announcement of distribution of Circular and Notice of General Meeting on SENS on	Wednesday, 1 March
Circular, incorporating Notice of General Meeting and Form of Proxy (grey), posted to Shareholders on	Wednesday, 1 March
Last day to trade Shares in order to be eligible to vote at the General Meeting	Monday, 20 March
Record Date to Vote being the record date to be eligible to attend, participate and vote at the General Meeting	Friday, 24 March
For administrative reasons, Forms of Proxy (grey) in respect of the General Meeting to be lodged at or received via hand, post or e-mail by TMS by no later than 10:00 on	Wednesday, 29 March
Form of Proxy (grey) in respect of the General Meeting to be handed to the Chairman of the General Meeting or TMS at the General Meeting, at any time before the proxy exercises any rights of the Shareholder at the General Meeting on	Friday, 31 March
General Meeting of Shareholders held at 10:00 on	Friday, 31 March
Results of the General Meeting released on SENS on	Friday, 31 March

Notes

1. The above dates and times are subject to change. Any changes will be announced on SENS.
2. All times quoted in this Circular are local times in South Africa.
3. Shareholders should note that, as transactions in Shares are settled in the electronic settlement system used by Strate, settlement of trades takes place three business days after such trade. Therefore, persons who acquire Shares after the last day to trade, namely, Monday, 20 March 2023, will not be eligible to attend, participate in and vote at the General Meeting in respect of those Share acquired after the last day to trade.
4. Forms of Proxy (grey) are to be lodged with TMS, for administrative purposes only, by no later than 10:00 on Wednesday, 29 March 2023. Alternatively, Forms of Proxy (grey) may be handed to the Chairman of the General Meeting or TMS at the General Meeting at any time before the appointed proxy exercises any Shareholder rights at the General Meeting.
5. If the General Meeting is adjourned or postponed, Forms of Proxy (grey) submitted for the initial General Meeting will remain valid in respect of any adjournment or postponement of the General Meeting unless the contrary is stated on such Forms of Proxy.

DEFINITIONS AND INTERPRETATIONS

In this Circular and annexures hereto, unless the context indicates a contrary intention, a word or an expression which denotes any gender includes the other genders, a natural person includes a juristic person and *vice versa*, the singular includes the plural and *vice versa* and the following words and expressions bear the meanings assigned to them below –

“Announcement”	the announcement released by Delta on SENS on 1 December 2022 related to the proposed Capital Towers Disposal;
“Board” or “Directors”	the Board of directors of Delta, whose names appear on page 1 of this Circular;
“Broker”	any person registered as a broking member (equities) in terms of the rules of the JSE and in accordance with the provisions of the Financial Markets Act;
“Business Day”	any day other than a Saturday, Sunday or any other public holiday in South Africa;
“Capital Towers Property”	Lease No. 2 over Erf 2426 Pietermaritzburg, Registration Division FT, Msunduzi Municipality, Province of KwaZulu-Natal, in extent 2,749 (two thousand seven hundred and forty nine) square metres situated at 121 Chief Albert Luthuli Street, Pietermaritzburg known as Capital Towers, including all the structures on the property;
“Capital Towers Disposal” or “Disposal”	the proposed disposal of the Leasehold Rights, including all the movable and immovable structures on the property, in respect of the Capital Towers Property by the Seller to the Purchaser in terms of the Sale of Leasehold Rights Agreement, the salient details which are set out in paragraph 3 of this Circular;
“Certificated Shareholders”	all registered holders of Certificated Shares;
“Certificated Shares”	Shares represented by share certificates or other written instruments, which have not been surrendered for dematerialisation in terms of the requirements of Strate;
“Circular”	this circular to Shareholders, dated Wednesday, 1 March 2023, including the Notice of General Meeting, the Form of Proxy (grey) and the annexures hereto;
“Companies Act”	the Companies Act, No. 71 of 2008, as amended;
“Companies Regulations”	the Companies Regulations, 2011, as amended;
“Company Secretary”	the company secretary of Delta, as appointed from time to time;
“Condition Precedent”	the condition precedent that must be fulfilled or waived in order for the Disposal to be implemented, as set out in paragraph 3.3 of this Circular;
“CSDP”	a “participant” as defined in the Financial Markets Act, being a person that holds in custody and administers securities or an interest in securities and that has been accepted by a central securities depository as a participant in terms of section 31 of the Financial Markets Act;
“Custody Agreement”	a custody agreement between a Shareholder and a CSDP or broker, regulating their relationship in respect Dematerialised Shares held on the sub-register of Dematerialised Shareholders maintained by a CSDP or broker on behalf of that person;
“Delta” or “the Company”	Delta Property Fund Limited (registration number 2002/005129/06), a limited liability public company duly incorporated in South Africa, the ordinary Shares of which are listed on the main board of the JSE;
“Delta Group” or “Group”	Delta and its Subsidiaries;
“Dematerialise” or “Dematerialised” or “Dematerialisation”	the process by which Certificated Shares are converted into an electronic format as Dematerialised Shares and recorded in Delta’s sub-register of Dematerialised Shareholders maintained by a CSDP or broker on behalf of that person;
“Dematerialised Shareholders”	all registered holders of Dematerialised Shares;

“Dematerialised Shares”	Shares that have been dematerialised through a Broker or CSDP in terms of the requirements of Strate and which are recorded in the sub-register of Dematerialised Shareholders maintained by the relevant CSDP's;
“Documents of Title”	share certificates, certified transfer deeds, balance receipts or any other documents of title to shares acceptable to the Board;
“Form of Proxy”	the form of proxy (grey) for use by Certificated Shareholders and Own-Name Registration Dematerialised Shareholders only, for purposes of appointing a proxy to represent such Shareholders at the General Meeting;
“Fort Drury and Katleho Disposal”	the disposal by the Company of the following properties to the Purchaser for the Fort Drury and Katleho Consideration: 1. the property situated at the corner of Markgraaff and St Andrews Streets, Bloemfontein, together with all the buildings and improvements thereon, known as Fort Drury; and 2. the property situated at the corner of Selborne and Markgraaff Streets, together with all the buildings and improvements thereon, known as Kathelo; as announced on SENS on 5 August 2022.
“Fort Drury and Katleho Consideration”	the consideration of R64,000,00.00 paid to the Company by the Purchaser in respect of the Fort Drury and Katleho Disposal;
“General Meeting”	the general meeting of Shareholders to be held at 10:00 on Friday, 31 March 2023 physically at the Delta Boardroom, Silverstream Business Park, 10 Muswell Road South, Bryanston and by electronic communication, convened in terms of the Notice of General Meeting enclosed and forming part of this Circular, together with any reconvened general meeting held as a result of any adjournment or postponement of that general meeting, for purposes of considering and, if deemed fit, passing, with or without modification, the Resolutions set out in the Notice of General Meeting and forming part of this Circular;
“GLA”	gross lettable area, being the total area of a property that can be rented to a tenant, measured in m ² ;
“IFRS”	International Financial Reporting Standards, as issued by the International Accounting Standards Board;
“Independent Property Valuer” or “Real Insight”	Real Insight Proprietary Limited (registration number 2012/101775/07), a limited liability private company incorporated in South Africa and which has been appointed to prepare an independent property valuation in terms of section 13(20)(c) of the JSE Listings Requirements on the Capital Towers Property;
“Independent Reporting Accountants” or “Moore”	Moore Assurance Johannesburg ER Inc (registration number 2006/018138/21), a personal liability company duly incorporated in South Africa, and the Company's reporting accountants for the purposes of the Circular;
“Insolvency Act”	the Insolvency Act 24 of 1936, as amended;
“JSE”	the exchange, licensed under the Financial Markets Act, operated by JSE Limited (registration number 2005/022939/06), a public company duly incorporated in South Africa;
“JSE Listings Requirements”	the Listings Requirements of the JSE in force as at the Last Practicable Date;
“Last Practicable Date”	the last practicable date prior to the finalisation of this Circular, being Wednesday, 22 February 2023;
“Leasehold Rights”	collectively all the Seller's rights, title, and interest as lessee under the Notarial Deed of Cession and Assignment of Lease Number K606/2014L registered at the Pietermaritzburg Deeds Office in respect of the Capital Towers Property;
“LTV”	loan to value ratio calculated as interest-bearing debt net of cash divided by the fair value of all property assets owned by the Company;
“MOI”	the Memorandum of Incorporation of Delta;

“Notarial Deed of Cession and Assignment of Lease”	the Notarial Deed of Cession and Assignment of Lease to be registered at the Pietermaritzburg Deeds Registry in respect of the Capital Towers Property ;
“Notice of General Meeting”	the notice convening the General Meeting, which is attached to and forms part of this Circular;
“Own-name Registration”	Dematerialised Shareholders who have instructed their CSDP to hold their Shares in such Shareholders’ own name on the sub-register of Dematerialised Shareholders maintained by the CSDP;
“Purchaser” or “DMFT”	DMFT Property Developers Proprietary Limited (registration number 2017/217609/07), a private company with limited liability duly incorporated in South Africa, the ultimate beneficial shareholder of which is Mr David Mabilu and his family;
“Purchase Consideration”	the purchase price of R57,000,000.00 (fifty seven million Rand) plus VAT in the amount of R8,550,000.00 (eight million five hundred and fifty thousand Rand) payable by the Purchaser to the Seller in terms of the Capital Towers Disposal;
“Record Date to Receive Notice”	the date on which a Shareholder must be registered in the Register in order to be eligible to receive the Circular and Notice of General Meeting, which date was Friday, 24 February 2023;
“Record Date to Vote”	the date on which a Shareholder must be registered in the Register in order to be eligible to attend, participate and vote at the General Meeting, which date is Friday, 24 March 2023;
“Rand” or “R”	South African Rand, the official currency of South Africa;
“Register”	Delta’s securities register, including the register of Certificated Shareholders maintained by the Transfer Secretaries and the sub-register of Dematerialised Shareholders maintained by the relevant CSDP’s;
“REIT”	Real Estate Investment Trust;
“Resolutions”	the resolutions required to implement the Capital Towers Disposal as set out in the Notice of General Meeting;
“Sale of Leasehold Rights Agreement”	the sale of leasehold rights agreement entered into between the Seller and the Purchaser in terms of which the Seller will sell the Leasehold Rights in respect of the Capital Towers Property to the Purchaser, the salient details of which are set out in paragraph 3 of the Circular;
“Seller”	K2014000273 (South Africa) Proprietary Limited (registration number 2014/000273/07), a private company duly incorporated in South Africa and a wholly- owned Subsidiary of Delta;
“SENS”	the Stock Exchange News Service of the JSE;
“Shareholders”	registered holders of Shares, including all Certificated Shareholders and Dematerialised Shareholders;
“Shares”	ordinary shares of no-par value in Delta’s share capital;
“Signature Date”	the date of signature of the Sale of Leasehold Rights Agreement, being Wednesday, 30 November 2022;
“South Africa”	the Republic of South Africa;
“Sovereign”	the government of South Africa including its various national, provincial and municipal agencies;
“Strate”	Strate Proprietary Limited (registration number 1998/022242/07), a private company duly incorporated in South Africa, a central securities depository licensed in terms of the Financial Markets Act responsible for the electronic clearing and settlement system provided to the JSE;
“Subsidiary”	a subsidiary as defined in the Companies Act;

“The Meeting Specialist” or “TMS”	The Meeting Specialist Proprietary Limited (registration number 2017/287419/07), a limited liability private company duly incorporated in South Africa, being the host and scrutineer of the General Meeting physically and on an interactive electronic platform;
“Transfer Secretaries”	Computershare Investor Services Proprietary Limited (registration number 2004/003647/07), a limited liability private company duly incorporated in South Africa;
“Valeo Capital” or “Transaction Sponsor”	Valeo Capital Proprietary Limited (registration number 2021/834806/07), a limited liability private company duly incorporated in South Africa and the transaction sponsor to Delta; and
“VAT”	Value Added Taxation, levied in terms of the Value Added Tax Act (No. 89 of 1991), as amended.



DELTA PROPERTY FUND LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 2002/005129/06)

Share code: DLT

ISIN Number: ZAE000194049

(Approved as a REIT by the JSE)

("Delta" or "the Company")

Directors

P Langeni** (Chairman)

S Masinga (Interim Chief Executive Officer)

M de Lange (Chief Financial Officer)

MJN Njeke** (Lead Independent Non-Executive)

C Rampheri *

DN Motau**

P Stock**

* Non-executive

Independent

CIRCULAR TO SHAREHOLDERS

PART A: CAPITAL TOWERS DISPOSAL

1. INTRODUCTION AND PURPOSE OF THE CIRCULAR

- 1.1. Shareholders are referred to the Announcement released by the Company on SENS on Thursday, 1 December 2022, relating to the Capital Towers Disposal, wherein Shareholders were advised that the Company, through the Seller, had entered into the Sale of Leasehold Rights Agreement, in terms of which the Seller proposes to sell the Leasehold Rights in respect of the Capital Towers Property to DMFT for the Purchase Consideration.
- 1.2. The Capital Towers Disposal constitutes a category 1 transaction in terms of paragraph 9.11 of the JSE Listings Requirements, given that the Company transacted with DMFT during the 12 months preceding the conclusion of the Sale of Leasehold Rights Agreement, when it concluded the Fort Drury and Katleho Disposal and accordingly the Purchase Consideration must be aggregated with the Fort Drury and Katleho Consideration in order to determine the categorisation. The result of such aggregation is that the Capital Towers Disposal constitutes a category 1 transaction.
- 1.3. The purpose of this Circular is to –
 - 1.3.1. provide Shareholders with the relevant information relating to the Capital Towers Disposal, so as to enable Shareholders to make informed decisions in respect of the Resolutions set out in the Notice of the General Meeting enclosed with this Circular; and
 - 1.3.2. convene the General Meeting of Shareholders in order to consider and, if deemed fit, approve the Resolutions.

2. RATIONALE FOR THE DISPOSAL AND USE OF PROCEEDS

- 2.1. The 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. The Capital Towers Property is one such asset.

- 2.2. The proceeds of Capital Towers Disposal will be utilised to reduce the Company's existing debt and will reduce its LTV ratio (as at 31 August 2022) by 0.3% from 57.9% to 57.6%. The Capital Towers Disposal will, in addition, reduce vacancy levels (as at 31 August 2022) by 0.8% from 33.9% to 33.1%.

3. TERMS OF THE DISPOSAL

3.1. Overview

In terms of the Disposal and subject to the fulfilment and waiver of the Condition Precedent, the Company, acting through the Seller, will dispose of its Leasehold Rights in respect of the Capital Towers Property to the Purchaser for the Purchase Consideration.

3.2. Purchase Consideration

3.2.1. The Purchase Consideration was/is payable by the Purchaser to the Seller in cash as follows:

- 3.2.1.1. a refundable deposit of R1 000 000.00 (one million Rand) within seven days of Signature Date (this requirement was met timeously);
- 3.2.1.2. a further refundable deposit of R1 850 000.00 (one million eight hundred and fifty thousand Rand) on approval of the Disposal by the Shareholders; and
- 3.2.1.3. the balance of R62 700 000.00 (sixty two million seven hundred thousand Rand) against the registration of the Notarial Deed of Cession and Assignment of Lease into the name of the Purchaser.

3.3. Condition Precedent

The Capital Towers Disposal is subject to the fulfilment or waiver (if applicable), as the case may be, of the remaining Condition Precedent that the Company obtain the written consent of the lessor of the Capital Towers Property, namely the Msunduzi Municipality, to conclude the Disposal on the terms and conditions set out in the Sale of Leasehold Rights Agreement by no later than 90 calendar days following the Signature Date.

3.4. Effective date

The Capital Towers Disposal will become effective on the date of registration of the Notarial Deed of Cession and Assignment of Lease at the relevant deeds registry into the name of the Purchaser, which date is anticipated to be 31 May 2023.

3.5. Other salient terms

- 3.5.1. The Sale of Leasehold Rights Agreement contains general representations and warranties by the Company and the Purchaser in favour of one another which are standard for transactions of this nature.
- 3.5.2. The Seller has provided the Purchaser with an indemnity in relation to any claim against the Purchaser by any creditor of the Seller pursuant to section 34 of the Insolvency Act.

PART B: CAPITAL TOWERS PROPERTY

4. CAPITAL TOWERS PROPERTY

4.1. Overview of Capital Towers Property

The Capital Towers Property comprises a single office building, the details of which are set out in the table below:

Property name	Location	Sector	GLA (m ²)	Weighted average rental (R per m ²) ¹	Purchase price ²	Valuation (R) ³
Capital Towers	121 Chief Albert Luthuli Road, Pietermaritzburg	Office	11 102	R0	R124 000 000	R47 600 000

Notes:

1. The Capital Towers Property is vacant and made a net operating loss of R0.9 million for the interim period ended 31 August 2022. Included in this loss is non-GLA income of R78 440 in respect of a rooftop lease with a cellular operator.
2. The effective date of the acquisition of the Leasehold Rights in respect of the Capital Towers Property was 28 February 2014. Expenditure incurred by the Seller in the acquisition thereof was a total of R1 563 410 in respect of transfer costs.
3. The effective date of the valuation on the Capital Towers Property was 1 January 2023. The Independent Property Valuer was Real Insight, an external valuer who is registered as a professional associate valuer in terms of the Property Valuers Profession Act, No. 47 of 2000.
4. The Purchase Consideration of R57 000 000 is greater than the valuation determined by the Independent Property Valuer. The difference between the valuation and the Purchase Consideration is due to the fact that the value attributed to the Property by the Independent Property Valuer is an open market value, while the Purchase Consideration is a negotiated value.

4.2. Analysis of the Capital Towers Property

4.2.1. Geographical profile

	Based on GLA (%)	Based on rental revenue (%)
KwaZulu-Natal	100	N/A

Note: The Capital Towers Property is vacant.

4.2.2. Sectoral profile

	Based on GLA (%)	Based on rental revenue (%)
Office	100	N/A

Note: The Capital Towers Property is vacant.

4.2.3. Tenant profile

	Based on GLA (%)	Based on rental revenue (%)
A	N/A	N/A
B	N/A	N/A
C	N/A	N/A

For the table above, the following key is applicable:

- A. Large national tenants, large listed tenants, government and major franchisees;
- B. National tenants, listed tenants, franchisees, medium to large professional firms;
- C. Other tenants.

4.2.4. Vacancy profile

Sector	Based on GLA (%)
Office	100

Note: The Capital Towers Property is vacant.

4.2.5. Lease expiry profile based on existing lease

4.2.5.1. Capital Towers Property

	Based on GLA (%)	Based on rental revenue (%)
Vacant	100	100
Total	100	100

Note: The Capital Towers Property is vacant from a GLA perspective. Notwithstanding the aforementioned, the Capital Towers Property has a lease agreement in place in terms of which it leases roof space to a cellular operator which expires on 31 July 2028.

4.2.6. Monthly weighted average rental per square metre by rentable area per sector

	Weighted average rental per m ²
Office	R0

Note: The Capital Towers Property is vacant from a GLA perspective.

4.2.7. Weighted average rental escalation profile

	Based on GLA (%)	Based on rental revenue (%)
Office	N/A	N/A

Note: The Capital Towers Property is vacant from a GLA perspective.

4.2.8. The Capital Towers Property is vacant from a GLA perspective and accordingly does not have an annualised property yield.

5. VALUATION REPORT

- 5.1. The Capital Towers Property was valued by Real Insight, who is an independent external registered professional valuer as defined in terms of the Property Valuers Professions Act, No 47 of 2000.
- 5.2. A detailed valuation report has been prepared in respect of Capital Towers Property and is available for inspection as further detailed in paragraph 20 of this Circular. A summary of the detailed valuation report has been included as **Annexure 1** of the Circular.

6. APPROVALS REQUIRED

- 6.1. The following resolutions will be put to Shareholders at the General Meeting in order to approve the Capital Towers Disposal:
 - 6.1.1. an ordinary resolution of Shareholders to approve the Capital Towers Disposal in terms of the JSE Listings Requirements; and
 - 6.1.2. an ordinary resolution authorising the Directors of the Company and/or the Company Secretary to do all such things and sign all such documents as may be necessary to implement the resolution above.

7. OPINIONS AND RECOMMENDATIONS

- 7.1. The Board, having considered the terms and conditions of the Capital Towers Disposal believes that it is in the best interest of the Company to proceed with the Capital Towers Disposal and accordingly unanimously recommends that Shareholders vote in favour of the Resolutions at the General Meeting.
- 7.2. The Directors, in their personal capacities, intend to vote the Shares beneficially owned by them in favour of the Capital Towers Disposal at the General Meeting.

8. GENERAL MEETING

- 8.1. The General Meeting will be held at 10:00 on Friday, 31 March 2023 physically at the Delta Boardroom, Silverstream Business Park, 10 Muswell Road South, Bryanston and by electronic communication, in order to consider and, if deemed fit, pass, with or without modification, the Resolutions set out in the Notice of General Meeting and forming part of this Circular.
- 8.2. The Notice of General Meeting is attached hereto and forms part of this Circular and contains the Resolutions to be considered at the General Meeting. Full details of the action required by Shareholders are set out on page 3.

PART C: FINANCIAL INFORMATION

9. CONSOLIDATED *PRO FORMA* FINANCIAL INFORMATION

- 9.1. The consolidated *pro forma* statement of financial position and the consolidated *pro forma* statement of profit or loss and other comprehensive income of the Delta Group reflecting the *pro forma* effects of the Capital Towers Disposal (collectively referred to as the “**Consolidated Pro Forma Financial Information**”) is based on the Delta Group’s unaudited condensed consolidated interim results for the six months ended 31 August 2022 and is set out in **Annexure 2** of the Circular.
- 9.2. The Consolidated *Pro Forma* Financial Information has been provided for illustrative purposes only, to provide information on how the Capital Towers Disposal may have affected the results and financial position of the Delta Group, assuming it was implemented on 31 August 2022 for statement of financial position purposes and implemented on 1 March 2022 for statement of comprehensive income purposes. Due to its nature, the Consolidated *Pro Forma* Financial Information may not fairly present the Delta Group’s financial position, changes in equity, comprehensive income or results of cash flows post the implementation of the Capital Tower Disposal.
- 9.3. The Consolidated *Pro Forma* Financial Information, including the assumptions on which it is based and the financial information from which it has been prepared, as set out below, is the responsibility of the Board. The Consolidated *Pro Forma* Financial Information has been prepared in accordance with the JSE Listings Requirements, the Guide on *Pro Forma* Financial Information issued by SAICA and the Delta Group’s accounting policies, which are compliant with IFRS.
- 9.4. The Consolidated *Pro Forma* Financial Information should be read in conjunction with the Independent Reporting Accountant’s assurance report, as contained in **Annexure 3** of this Circular.

10. CARVE-OUT HISTORICAL FINANCIAL INFORMATION OF THE CAPITAL TOWERS PROPERTY

- 10.1. The carve-out historical financial information of the Capital Towers Property which was extracted from the audited financial statements on the Delta Group for the financial years ended 29 February 2020, 28 February 2021 and 28 February 2022, as well as the unaudited condensed consolidated interim results of the Delta Group for the six months ended 31 August 2022, have been set out in **Annexure 4** of this Circular.
- 10.2. The carve-out historical financial information of the Capital Towers Property is the responsibility of the Board.
- 10.3. The Independent Reporting Accountant’s report on the carve-out historical financial information of the Capital Towers Property is contained in **Annexure 5** of this Circular.

11. MATERIAL BORROWINGS

Annexure 6 contains details of the material borrowings of the Delta Group.

PART D: GENERAL INFORMATION IN RELATION TO THE COMPANY

12. PROSPECTS OF THE COMPANY

The focus of Delta remains on managing the sustainability of the business through portfolio optimisation by both disposal and repurposing of assets, tenant retention and the execution of contractual capex commitments, within the context of a constrained economy.

13. INFORMATION RELATING TO THE COMPANY

13.1. Share Capital

The authorised and issued stated capital of Delta as at the Last Practicable Date is set out below.

	R'000
Authorised	
3 000 000 000 ordinary shares of no-par value	–
Issued	
714 229 718 ordinary shares of no-par value	4 868 461
Less: Treasury Shares	–
Stated capital	4 868 461

13.2. Major and Controlling Shareholders

13.2.1. As far as Delta is aware, as at the Last Practicable Date the following persons are beneficially interested, directly or indirectly, in 5% or more of the Shares in issue:

Shareholder	Total number of shares held	Percentage of total issued share capital
Cornwall Crescent (Pty) Ltd	162 043 079	22.69
Nedbank Group	66 156 106	9.26
Government Employees Pension Fund	63 951 415	8.95
Saxo Bank	37 816 345	5.29
Total	329 966 945	46.19

13.2.2. Delta has not had a controlling shareholder during the five years preceding the Last Practicable Date.

13.2.3. The transaction will not result in a change in the major shareholders of the Delta as set out in 13.2.1 above.

13.3. Material changes

There have been no material changes in the financial or trading position of the Delta Group since the publication of the unaudited condensed consolidated interim results for the six months ended 31 August 2022, until the Last Practicable Date.

13.4. Material contracts

13.4.1. The salient features of the Sale of Leasehold Rights Agreement in respect of the Capital Towers Disposal are set out in paragraph 3 of this Circular.

13.4.2. In addition to the Sale of Leasehold Rights Agreement, the Company and Delta Property Asset Management Proprietary Limited ("DPAM"), the sole shareholder of which is the Delta Manco Employee Benefit Trust (a trust established for the benefit of DPAM black employees), entered into an asset management agreement on or about 1 September 2015, in terms of which DPAM renders *inter alia* asset management services to the Company and procures that certain property managers provide property administration services to the Company. The asset management agreement expires on 31 August 2023, unless renewed in terms of the agreement. In terms of the asset management agreement, the Company shall pay to DPAM an asset management fee equal to 1/12th of 0.35% of the aggregate of the market capitalisation and the borrowings of the Company.

13.4.3. Save for the material contracts disclosed above, Delta or its Subsidiaries have not entered into any other material contracts, either verbally or in writing, being a contract entered into otherwise than in the ordinary course of business, within the two years prior to the Last Practicable Date or at any time containing an obligation or settlement that is material to Delta or its Subsidiaries as at the Last Practicable Date.

14. INFORMATION RELATING TO THE DIRECTORS

14.1. Existing and former directors' interests in Shares

14.1.1. As at the Last Practicable Date, the direct and indirect beneficial interests of Directors and their associates (as well as directors that have resigned in the 18 months preceding the Last Practicable Date) in the issued share capital of Delta, were as follows:

Director	Direct beneficial interest in shares	Indirect beneficial interest in shares	Total number of shares held	Percentage of total issued share capital
P Langeni	500 000	11 065 158	11 565 158	1.62
S Masinga	–	11 065 158	11 065 158	1.55
M de Lange	–	–	–	–
MJN Njeke	–	–	–	–
C Rampheri	322 580	–	322 580	0.05
DN Motau	1 860	–	1 860	0.00
P Stock	–	–	–	–
S Mbanjwa ¹	100 000	–	100 000	0.01
N Khan ²	550 000	32 408 616	32 958 616	4.61
Total	1 474 440	54 538 932	56 013 372	7.84

Notes:

1. Mr Siyabonga Mbanjwa resigned as chief executive officer and from the Board of the Company with effect from 2 December 2022.
2. Ms Nooraya Khan retired as a non-executive director of the Board of the Company with effect from 30 November 2022.

14.1.2. The following changes in directors interests occurred between the end of the preceding financial year and the Last Practicable Date:

- 14.1.2.1. Mr Siyabonga Mbanjwa acquired 100 000 Shares on 11 November 2022; and
- 14.1.2.2. Mr Caswell Rampheri acquired 322 580 Shares on 22 December 2022.

14.2. Directors' interests in transactions

None of the Directors (or directors who have resigned in the 18 months preceding the Last Practicable Date), have any material beneficial interests, whether direct or indirect, in the Capital Towers Disposal or in any transactions effected in the current or immediately preceding financial year or during an earlier financial year and remain in any respect outstanding or unperformed.

14.3. Directors' service contracts

Each of the executive Directors have previously concluded service contracts with the Company, with terms and conditions that are appropriate for such appointments, which are available for inspection in terms of paragraph 20 below.

14.4. Directors' remuneration

14.4.1. The table below sets out directors' remuneration for the financial year ended 28 February 2022.

Director	Fees (director services) R 000's	Basic salary R 000's	Other R 000's	Total R 000's
Executive				
S Masinga ³	–	4 130	–	4 130
S Mbanjwa ¹	–	272	28	300
M de Lange	–	3 135	165	3 300
Non-executive				
P Langeni	991	–	–	–
MJN Njeke	684	–	–	–
C Rampheri	553	–	–	–
DN Motau	520	–	–	–
P Stock ⁵	244	–	–	–
N Afolayan ⁴	166	–	–	–
N Khan ²	622	–	–	–

Notes:

1. Mr Siyabonga Mbanjwa resigned as chief executive officer and from the Board of the Company with effect from 2 December 2022; and
2. Ms Nooraya Khan retired as a non- executive director of the Board of the Company with effect from 30 November 2022.
3. The directors fees paid to Ms Bongi Masinga have been paid in terms of a secondment agreement between Delta and Afropulse Group.
4. Ms Nombuso Afolayan resigned as independent non-executive director from the Board of the Company with effect from 5 July 2021.
5. Ms Patricia Stock was appointed as independent non-executive director of the Board of the Company with effect from 7 July 2021.

14.4.2. There will be no variation to directors' remuneration as a result of this transaction.

15. WORKING CAPITAL STATEMENT

15.1. The Board is of the opinion that the working capital available to the Delta Group after implementation thereof will be sufficient for the Delta Group's present requirements, i.e. for at least the 12 months from the date of issue of this Circular, and that:

- 15.1.1. the Delta Group will be able, in the ordinary course of business, to pay its debts as they fall due;
- 15.1.2. the assets of the Delta Group, fairly valued, will be in excess of the liabilities of the Delta Group. For this purpose, the assets and liabilities have been recognised and measured in accordance with the accounting policies used in the latest audited annual financial statements which comply with the Companies Act;
- 15.1.3. the share capital and reserves of the Company and the Delta Group will be adequate for ordinary business purposes; and
- 15.1.4. the working capital of the Group will be adequate for ordinary business purposes.

16. LITIGATION

- 16.1. In December 2020, MPI Property Asset Management Proprietary Limited (“**MPI PAM**”) instituted two claims totalling R400 million against Delta. On 26 January 2022, during a pre-arbitration meeting, the original claims of R400 million were withdrawn and set aside. On the same date MPI PAM filed a new statement of claim against Delta for a revised amount of R147.4 million. The Board has appointed attorneys to oppose the claims and represent Delta in the dispute. Delta maintains that the claim has prescribed and is without legal merit. All necessary action will be taken to defend the matter, which matter is pending.
- 16.2. On or about 13 June 2022, Delta has issued summons against the liquidators of Somnipoint (Pty) Ltd (in liquidation) (“**Somnipoint**”) for payment of the sum of R27.1 million plus interest that Delta believes is owed to it. Somnipoint’s liquidators subsequently filed a counterclaim against Delta claiming the sum of R91.3 million. Delta raised an exception to the counterclaim. The matter is pending.
- 16.3. Orthotouch Proprietary Limited (in business rescue) (“**Orthotouch**”) has instituted a second action against Delta on or about 22 April 2021 in the High Court of South Africa, following the dismissal on 19 April 2021 of an initial action that was instituted by Orthotouch on 5 December 2019. The second action sought payment from Delta of R177.5 million arising from alleged penalties in relation to Delta’s purchase of Orthotouch’s Bloemfontein property portfolio. Delta entered into a plea to defend the action. On or about 13 February 2023 the High Court ordered Orthotouch’s claim to be struck out and to further pay costs of the application and reserved costs. The legal costs to defend the action at the time of release of the interim results were estimated between R2 million to R3 million. Delta’s legal counsel has advised that the recoverability of these costs are uncertain, as Orthotouch is in business rescue.
- 16.4. Save for as set out in paragraphs 16.1 to 16.3, the Company is not aware of any other legal or arbitration proceedings, including any proceedings that are pending or threatened, that may have or have had in the recent past, being the previous 12 months, a material effect on the financial position of the Delta Group.

17. PRELIMINARY AND ESTIMATED EXPENSES

- 17.1. The preliminary and estimated expenses relating to Capital Towers Disposal (excluding VAT and disbursements) are set out below.

Description	Estimated fee	
	Payable to	R’000
Transaction Sponsor	Valeo Capital	350
Legal Advisor	TGR Inc	75
Independent Reporting Accountant	Moore	200
Independent Property Valuer	Real Insight	25
JSE documentation fee	JSE	61
Meeting facilitation	TMS	50
Printing and publication	Bastion	20
Contingency		75
Total		856

- 17.2. Other than as set out above, Delta has incurred no preliminary and estimated expenses in relation to the Capital Towers Disposal during the three years preceding this Circular.

18. CONSENTS

Each of the advisors whose names appear in the “*Corporate Information and advisors*” section of this Circular, have consented in writing to act in the capacities stated and to the inclusion of their names and, where applicable, to the inclusion of their reports in this Circular in the form and context in which they appear and have not withdrawn their consents prior to the Last Practicable Date.

19. DIRECTORS’ RESPONSIBILITY STATEMENT

The Directors, whose names appear in the “*Corporate Information and advisors*” section of this Circular, collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief, there are no other facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made, and that the Circular contains all information required by law and the JSE Listings Requirements.

20. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents, or copies thereof, will be available for inspection by Shareholders during normal business hours at the registered office of Delta, at the offices of Valeo Capital and on the Company's website at the following link <https://www.delta.co.za>, from date of issue of this Circular until the date of the General Meeting (both days inclusive):

- 20.1. the MOI of Delta;
- 20.2. the Sale of Leasehold Rights Agreement;
- 20.3. the summary valuation report, prepared by the Independent Property Valuer as set out in **Annexure 1** and the detailed valuation report;
- 20.4. the Directors' service contracts;
- 20.5. the asset management agreement referred to in paragraph 13.4.2;
- 20.6. the Independent Reporting Accountant's report on the Consolidated *Pro Forma* Financial Information, as set out in **Annexure 3**;
- 20.7. the carve-out historical financial information of the Capital Towers Property as set out in **Annexure 4**;
- 20.8. the Independent Reporting Accountant's report on the Carve-Out Historical Financial Information of the Capital Towers Property as set out in **Annexure 5**;
- 20.9. the audited financial statements of Delta for the years ended 29 February 2020, 28 February 2021 and 28 February 2022 and the unaudited condensed consolidated interim results for the six months ended 31 August 2022;
- 20.10. the written consents of the Company's professional advisors; and
- 20.11. this Circular.

SIGNED AT JOHANNESBURG ON 1 MARCH 2023 BY S MASINGA ON BEHALF OF ALL THE DIRECTORS OF DELTA, AS LISTED BELOW, IN TERMS OF POWERS OF ATTORNEY SIGNED BY SUCH DIRECTORS

S MASINGA

Interim Chief Executive Officer

P Langeni** (*Chairman*)

S Masinga (*Interim Chief Executive Officer*)

M de Lange (*Chief Financial Officer*)

MJN Njeke** (*Lead Independent Non- Executive*)

C Rampheri *

DN Motau**

P Stock**

* *Non-executive*

Independent

INDEPENDENT SUMMARY OF VALUATION REPORT IN RESPECT OF CAPITAL TOWERS PROPERTY

22 February 2023

The Directors
Delta Property Fund Limited
Building 3, Silver Stream Office Park
10 Muswell Road South,
Bryanston, Sandton Johannesburg, South Africa

Dear Directors

INDEPENDENT PROPERTY VALUERS' REPORT OF THE CAPITAL TOWERS PROPERTY FOR DELTA PROPERTY FUND LIMITED ("DELTA")

In accordance with your instruction of the 14th of December 2022 I confirm that we have visited and inspected the property listed in the attached schedule ("**the Property**") on 11th of January 2023 and have received all necessary details required to perform a valuation in order to provide you with our opinion of the Property's market value as at 1 January 2023.

1. INTRODUCTION

The valuation of the Property has been carried out by the valuer who has carefully considered all aspects of the Property. This Property has a detailed valuation report which has been given to the management of Delta. The detailed report include commentary on the current economy, nature of the Property, locality, tenancy, risk profile, forward rent and earning capability and exposure to future expenses and property risk. All these aspects have been considered in the valuation report of the Property. The detailed report has further addressed the projected tenancy income capability and expenditure for the Property and its future tenants. Historic expenditure profile as well as future expenditure increases have been considered. The value thus indicates the fair market value for the Property, which is detailed in the detailed report, and which has been summarised on a summary schedule attached hereto. The important aspects of the detailed valuation report, including the market value of the Property, has been summarised in the attached schedule.

2. BASIS OF VALUATION

The valuation is based on market value.

Market value means the best price, at which the sale of an interest in a property may reasonably be expected to have been completed, unconditionally for a cash consideration on the date of valuation, assuming:

- 2.1 a willing seller and a willing buyer in a market;
- 2.2 that, prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the property, for the agreement of price and terms and for the completion of the sale; and
- 2.3 that the state of the market, level of values and other circumstances are, on any earlier assumed date of exchange of contracts, the same as on the date of the valuation.

3. MARKET VALUE CALCULATION

The calculation of the market value of the Property has been based on income capitalisation. This is the fundamental basis on which commercial income producing properties are traded on the market in South Africa. This is also due to there being strong supporting evidence of open market rental rates and capitalisation rates which are evidenced by sales in the market.

Properties traded in the current market reflect a yield rate relationship between revenue and capital value. This rate is an accurate determinant of the capitalisation rate.

The considerations for the capitalised valuation of the Property are as follows:

- 3.1 calculating the forward cash flow of all contractual and other assumed market rental income from the Property;
- 3.2 calculating the forward contractual and other expenditure as well as provisions for various expenses in order to provide for void or future capital expenditure to which the Property may be exposed;

- 3.3 the area vacancy as at 1st of January 2023 as a percentage of the Property was 100% due to the previous government tenant having vacated (Delta earns non-GLA income in respect of a rooftop lease with a cellular operator). In order to apply a conservative approach, we have deducted R157,494.00 per month of the assumed gross income as a provision for rental that may not be collected as a consequence of vacancy, tenant failure or tenant refitting during the course of the coming year. The current vacancy is not market related, as SAPOA and RODE indicate office vacancies in the Pietermaritzburg CBD to range between 15% and 18%. The void provisions used in the valuations are therefore adequate.
- 3.4 there is no loss of rental due to renovations or refurbishments currently being carried out on the buildings. There is, however, ongoing external and internal maintenance work and repairs currently in progress. The Property is vacant at the moment, save for the rooftop lease, and there is currently no loss of rental as a result of these activities. Potential future loss of rental due to refurbishments carried out for new tenants has been taken into account in the valuation report.
- 3.5 generally the rentals as projected are market related. This has been determined by comparing similar buildings in comparable areas to the Property valued, in terms of rental per square metre and / or per unit. The projected market rental rates have also been checked against various published indices including the Rode Report for the 4th Quarter of 2022. Due to the current 100% vacancy, the Property is not over-rented. There is therefore minimal potential for rental flow reversion. The demand for office accommodation appears to be fair in the current market within this node but large corporate, government and quasi government tenants are scarce in the aftermath of the Covid-19 pandemic. Office vacancy rates will remain at elevated levels in the short to medium term as more tenants run into financial difficulties.
- 3.6 capitalising the net projected income derived from the Property for a period of one year in advance, calculated from the 1st of January 2023;
- 3.7 the valuation has considered published market statistics regarding rental rates and expenditure for the Property. It has also considered numerous other portfolios of similar properties in order to determine if the Property could be considered to be over-rented based on projected market rentals or have excessive expenditure.

4. BRIEF DESCRIPTION

The Property comprises of an office building that is approximately 40 years old, the details of which is set out below and are summarised in the summary schedule attached hereto:

Building Name	Address	Floor area	Property Description
Capital Towers	Sited at 121 Chief Albert Luthuli Street, Pietermaritzburg	11,102m ²	Leasehold property namely Lease 2 on the Remaining Extent of Erf 2426 Pietermaritzburg

The Property has been well constructed, generally has acceptable architectural merit, aesthetic appeal but has insufficient parking facilities and is currently 100% vacant. A market related escalation rate on the projected rental has been assumed to make sure a more than positive growth rate is ensured without creating an over rent potential in the medium term. The Property is generally highly visible and dominant in its environment.

In respect of the Property, the projected net annual rental, and the estimated future net annual rentals, at specified dates and for specified periods, are included in the detailed property valuation report.

5. VALUATION QUALIFICATIONS

Qualifications are usually detailed as a consequence of: leases under negotiation that have not yet been formalised; leases of a large nature where the premises are difficult to re-let; specialised properties; large exposure to a single tenant; potential tenant failure due to over-rent; expenses required for major repairs; maintenance or other exposure to maintain the lettability of the building; contingent expropriations or servitudes that may be enforced; poor lease records whereby the lease may be disputed or rendered invalid.

We have, to the best of our knowledge, considered all of these aspects in the valuation of the Property. There is no prejudiced in value by the influence of the above factors.

The valuer is, however, not responsible for the competent daily management of the Property that will ensure that this status is maintained, or for the change of any laws, services by local authority or economic circumstances that may adversely impact on the integrity of the buildings or the tenant profile.

6. OPTIONS OR BENEFIT/DETRIMENT OF CONTRACTUAL ARRANGEMENTS

To my knowledge there are no contractual arrangements on the Property.

To the best of my knowledge, there are no options in favour of any parties for any purchase of the Property.

7. INTRA-GROUP OR RELATED PARTY LEASES

Having inspected all the tenant schedules it is noted that there are no intra-group or related party leases.

8. CURRENT STATE OF DEVELOPMENT

Currently no portion of the Property is under construction.

9. PROJECTED RENTALS USED IN VALUATION

The current projected annual rental and future annual rentals have been determined based on currently achieved rentals within the node. It is noted that there are no material rental reversions projected and that the gross rentals have assumed to be increasing on average by approximately 4% compounded per annum.

10. EXTERNAL PROPERTY

The Property is not situated outside the Republic of South Africa.

11. OTHER GENERAL MATTERS AND VALUATION SUMMARY

A full valuation report is available on the property detailing tenancy, town planning, valuer's commentary, expenditure, and other details. This has been given to the directors of Delta.

12. ALTERNATIVE USE OF THE PROPERTY

The Property has been valued in accordance with its existing use which represents its market value. No alternative use for the Property has been considered in determining its value.

13. OTHER COMMENTS

Our valuation excludes any amounts of value-added tax, transfer duty, or securities transfer duty.

14. CAVEATS

14.1 Source of information and verification

Information on the Property regarding projected rental income, recoveries and other income detail has been provided to us by the current owners and their managing agents. These were considered but adjusted to market where deemed appropriate.

We have further compared certain expenditures given to us, to the market norms of similar properties. This has also been compared to historic expenditure levels of the Property itself. Historical contractual expenditures and municipal utility services were compared to the past performance of the Property in order to assess potential expenditure going forward.

14.2 Full disclosure

This valuation has been prepared on the basis that full disclosures of all information and factors that may affect the valuation have been made to me.

We have to the best of our ability researched the market.

14.3 Lessee's credibility

In arriving at our valuation, cognisance has not been taken of the lessee's security and rating as the Property is currently 100% vacant. In some cases this has influenced the capitalisation rate by way of a risk consideration.

14.4 Mortgage bonds, loans, etc.

The Property has been valued as if wholly-owned with no account being taken of any outstanding monies due in respect of mortgage bonds, loans, and other charges. No deductions have been made in our valuation for costs of acquisition.

The valuation is detailed in a completed state and no deductions have been made for retention or any other set-off or deduction for any purposes which may be made at the discretion of the purchaser when purchasing the Property.

14.5 Calculation of areas

All areas quoted within the detailed valuation report are those stated in the information furnished and verified where plans were available. The reported square meterage is therefore considered as correct as possible without a full remeasurement exercise being undertaken.

14.6 Structural condition

The Property has been valued in its existing state. We have not carried out any structural surveys, nor inspected those areas that are unexposed or inaccessible, neither have we arranged for the testing of any electrical or other services.

14.7 Contamination

The valuation assumes that a formal environmental assessment is not required and further that the Property is not environmentally impaired or contaminated, unless otherwise stated in our report.

14.8 Town planning

Full town planning details and title deeds have been supplied in the detailed valuation report including conditions and restrictions and the Property has been checked against such conditions. This is to ensure that they comply with town planning regulations and title deeds. There do not appear to be any infringements of local authority regulations or the deeds by the Property.

The valuation has assumed that the improvements have been erected in accordance with the relevant building and town planning regulations and on inspection it would appear that the improvements are in accordance with the relevant town planning regulations for the Property.

15. MARKET VALUE

We are of the opinion that the aggregate market value of the Property as at 27 January 2023 is R47,600,000 (excluding VAT). A summary of the valuation and details the Property is attached.

To the best of our knowledge and belief there have been no material changes in circumstances between the date of the valuation and the date of the valuation report which would materially affect the valuation.

We have more than 30 years' experience in the valuation of all nature of property and we are qualified to express an opinion on the fair market value of the Property.

We trust that we have carried out all instructions to your satisfaction and thank you for the opportunity of undertaking this valuation on your behalf.

Yours faithfully,

for **Real Insight (Pty) Ltd**

Theunis Lodewyk Johannes Behrens

National Diploma Property Valuation

Registered Professional Valuer (No. 3206/5)

(Registered without restriction in terms of the Property Valuers Act, No 47 of 2000)

1st Floor, Building 11, Berkley Office Park

8 Bauhinia Street

Highveld Techno Park

Centurion

0157

SUMMARY SCHEDULE

No	Property Name	Physical Address	Registered legal description (Erf number)	Property Use	Valuers Inspection Date	Freehold/ Leasehold	Rentable area (GLA) (m²)	Approximate age of building	Building Grade	Zoning, town planning and statutory contravention (if any)	Assumed perpetual void/ vacancy and bad debt (%)	Net Income projection for the period 1 January 2023 to 31 December 2023 (R)	Valuation as at 1 January 2023 (R)
1	Capital Towers	121 Chief Albert Luthuli Street, Pietermaritzburg	Lease No 2 - Remaining Extent of Erf 2426 Pietermaritzburg	Offices	11 January 2023	Leasehold	11,102	>40 Years	B to C	Core Mixed Use 1	15.00%	R6 392 342	R47 600 000

CONSOLIDATED *PRO FORMA* FINANCIAL INFORMATION

The consolidated *pro forma* statement of financial position of Delta and the consolidated *pro forma* statement of profit or loss and other comprehensive income of Delta, reflecting the *pro forma* effects of the Capital Towers Disposal (the “**Consolidated Pro forma Financial Information**”) is based on Delta’s unaudited condensed consolidated interim results for the six months ended 31 August 2022 and is set out below.

The Consolidated *Pro Forma* Financial Information has been prepared for illustrative purposes only, to provide information on how the Capital Towers Disposal may have affected the results and the financial position of the Delta Group, assuming it was implemented on 31 August 2022 for statement of financial position purposes and implemented on 1 March 2022 for statement of profit or loss and other comprehensive income purposes. Due to its nature, the Consolidated *Pro Forma* Financial Information may not fairly represent Delta’s financial position, changes in equity, comprehensive income or cash flows post the implementation of the Capital Towers Disposal. The *pro forma* financial information presented below does not purport to be indicative of the financial results and effects of the Capital Towers Disposal if it had been implemented on a different date.

The Consolidated *Pro Forma* Financial Information, including the assumptions on which it is based and the financial information from which it has been prepared, as set out below, is the responsibility of the Board. The Consolidated *Pro Forma* Financial Information has been prepared in accordance with the JSE Listings Requirements, the Guide on *Pro Forma* Financial Information issued by SAICA and Delta’s accounting policies, which are compliant with IFRS.

The Consolidated *Pro Forma* Financial Information should be read in conjunction with the Independent Reporting Accountant’s assurance report, as contained in Annexure 3 of this Circular.

Consolidated *Pro Forma* Statements of Profit or Loss and Other Comprehensive Income for the six-month period ending 31 August 2022

	Unadjusted unaudited condensed consolidated interim results for the six months ended 31 August 2022 R000's	Adjustments as for the Disposal R000's	Costs of the Circular R000's	<i>Pro forma</i> after the Disposal R000's
	1	2 – 5	6	
Revenue				
Rental income	631 747	(78)	–	631 669
Straight line rental income accrual	(11 958)	(2)	–	(11 961)
	619 789	(81)	–	619 708
Property operating expenses	(251 276)	1 066		(250 209)
Net property rental and related income	368 513	985	–	369 499
Other income	470	–	–	470
(Loss)/gain on foreign exchange movements	7 415	–	–	7 415
Administration expenses	(49 933)	(435)	(856)	(50 452)
Net operating profit	326 465	1 421	(856)	327 030
Fair value adjustments	(368 145)	–	–	(368 145)
ECL Provisions	(10 777)	–	–	(10 777)
(Loss)/Profit before net finance costs	(52 457)	1 421	(856)	(51 892)
Finance costs	(207 767)	(2 655)	–	(205 112)
Interest income	5 380	–	–	5 380
(Loss)/Profit before taxation	(254 844)	4 075	(856)	(251 625)
Taxation	(50 803)	–	–	(50 803)
(Loss)/Profit for the period	(305 646)	4 075	(856)	(302 427)
Total comprehensive loss/profit for the period	(305 646)	4 075	(856)	(302 427)
(Loss)/Profit attributable to:				
Owners of the parent	(306 992)	4 075	(856)	(303 772)
Non-Controlling interest	1 345	–	–	1 345
	(305 646)	4 075	(856)	(302 427)
Total Shares in issue	714 229 718	714 229 718	714 229 718	714 229 718
Basic and Diluted (loss)/earnings per share	(42.98)	0.57	(0.12)	(42.53)
Basic and Diluted headline (loss)earnings per share	9.45	0.57	(0.12)	9.90
Headlines Earnings per share				
(Loss)/Earnings for the period	(306 992)	4 075	(856)	(303 772)
Fair value adjustment to investment property	374 468	–	–	374 468
Headline Earnings	67 476	4 075	(856)	70 696

Notes and Assumptions

1. The “Unadjusted unaudited condensed consolidated interim results for the six months ended 31 August 2022” column has been extracted from the unaudited condensed consolidated interim results of Delta for the six months ended 31 August 2022 as published on SENS on 7 November 2022.
2. The “Adjustments as for the Disposal” column represents the *pro forma* impact of the intended disposal of the leasehold rights to the Capital Towers Property (“**Disposal**”) as extracted from the carve-out historical financial information of the Capital Towers Property as set out in Annexure 4 to this Circular (“**Carve-Out Historical Financial Information**”) assuming a disposal date of 1 March 2022.
3. The adjustment to total comprehensive income includes rental income, property and admin expenses accrued over the six months ended 31 August 2022. In addition it includes the fair value adjustment to the asset to bring the asset in line with the independent valuation as at 31 August 2022 as well as the straight lining accrual adjustment. Adjustments to administration expenses reflects the costs of the Circular, which have been based of quotes received from the vendors. A contingency has been included to cater for any increased expenses. The finance cost reduction of R2.655m relates to the notional interest that would have been saved had the proceeds been settled on the 1 March 2022 and not been incurred.
4. The fair value of the asset is adjusted to the purchase price of R57 000 000 (Ex VAT) immediately preceding the sale.
5. The fair value movement in the *Pro Forma* Statements of Profit or Loss and Other comprehensive Income reflects as nil. This is a function of the reversal of the fair value negative adjustment of R13 000 000 as processed in 31 August 2022 and the fair value reduction to bring the value of the property to the purchase price.
6. The costs of the Circular have been recognised as an adjustment in the *Pro Forma* Statements of Profit or Loss and Other comprehensive Income. These costs are based of quotes received from the vendors. A contingency has been included to cater for any increased expenses.
7. The assumed disposal date for the Capital Towers Property is 1 March 2022.
8. The total number of shares in issue over the period is 714 229 718. There are no other class of share or any treasury shares in issue.
9. The (loss)/earnings per share and headline (loss)/earnings per share have been calculated based on the weighted average number of shares in issue over the reporting period.
10. Delta has not issued any rights or options that may result in the issue of shares and therefore there are no dilutionary instruments in issue.
11. The income tax rate is assumed to be 28%.

Consolidated *Pro Forma* Statement of Financial Position as at 31 August 2022

STATEMENT OF FINANCIAL POSITION

	Unadjusted unaudited condensed consolidated interim results for the six months ended as at 31 August 2022 R000's	Adjustments as for the Disposal R000's	Costs of the Circular R000's	<i>Pro forma</i> after the Disposal R000's
	1	2 – 6	7	
Assets				
Non Current Assets				
Investment property	6 572 830	–	–	6 572 830
Fair value of investment property	6 486 803	–	–	6 486 803
Straight line rental income accrual	86 027	–	–	86 027
Property, plant and equipment	8 643	–	–	8 643
Investment in listed security	76 279	–	–	76 279
	6 657 752	–	–	6 657 752
Current Assets				
Loans receivable	12 563	–	–	12 563
Current tax receivable	8 236	–	–	8 236
Trade and other receivables	278 132	–	–	278 132
	298 931	–	–	298 931
Non current assets held for sale	887 820	(57 000)	–	830 820
Total Assets	7 844 503	(57 000)	–	7 787 503
Equity				
Share capital	4 868 461	–	–	4 868 461
Reserves	–	–	–	–
NCI	(9 486)	–	–	(9 486)
Retained income	(1 816 386)	(4 075)	(856)	(1 813 167)
Total Equity	3 042 589	(4 075)	(856)	3 045 808
Liabilities				
Non Current Liabilities				
Derivative financial instruments	1 003	–	–	1 003
Interest bearing borrowings	1 037 341	(17 100)	–	1 020 241
Lease liabilities	31 664	–	–	31 664
Other financial liabilities	3 818	–	–	3 818
	1 073 826	(17 100)	–	1 056 726
Current Liabilities				
Interest bearing borrowings	3 323 928	(39 900)	–	3 284 028
Lease liabilities	4 339	(434)	–	3 906
Trade and other payables	276 011	–	856	276 867
Current tax payable	118 580	–	–	118 580
Bank overdraft	5 230	–	–	5 230
	3 728 088	(40 334)	856	3 688 611
Total Liabilities	4 801 914	(57 434)	856	4 745 337
Total Equity and Liabilities	7 844 503	(53 358)	–	7 791 145

Notes and Assumptions

1. The “Unadjusted unaudited condensed consolidated interim results for the six months ended 31 August 2022” column has been extracted from the unaudited condensed consolidated interim results of Delta for the six months ended 31 August 2022 as published on SENS on 7 November 2022.
2. The “Adjustments as for the Disposal” column represents the *pro forma* impact of the intended Disposal as extracted from the carve-out historical information assuming a disposal date of 31 August 2022.
3. The assumed disposal date for the property is 31 August 2022.
4. Interest bearing borrowing constitute of a pool of funds. The portion of debt attributable to the asset has been calculated by applying the Groups LTV to asset's fair value as at 28 February 2022.
5. The total number of shares in issue is 714 229 718. There are no other class of share or any treasury shares.
6. Proceeds from the disposal of R57 000 000 will be applied to reduce the Standard Bank facility.
7. The costs of the Circular have been recognised as an adjustment in retained earnings and an increase of trade payables. These costs are based of quotes received from the vendors. A contingency has been included to cater for any increased expenses.

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE CONSOLIDATED *PRO FORMA* FINANCIAL INFORMATION

22 February 2022

The Directors
Delta Property Fund Limited
Silver Stream Office Park
10 Muswell Road
Bryanston
Johannesburg
2074

Dear Sir/Madam

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF *PRO FORMA* FINANCIAL INFORMATION INCLUDED IN A CIRCULAR

Introduction

We have completed our assurance engagement to report on the compilation of the consolidated *pro forma* financial information of Delta Property Fund Limited ("**Delta**" or the "**Company**") by the directors of Delta ("**Directors**"). The consolidated *pro forma* financial information, as set out in Annexure 2 of the circular, consists of the *pro forma* consolidated statement of financial position as at 31 August 2022, the consolidated statements of profit or loss and other comprehensive income for the period ended 31 August 2022, and the related notes ("**Pro Forma Financial Information**"). The applicable criteria on the basis of which the Directors have compiled the *Pro Forma* Financial Information is specified in the JSE Listings Requirements and described in Annexure 2 of the circular to be issued on 1 March 2023 ("**Circular**") and to which the report forms Annexure 3.

The *Pro Forma* Financial Information has been compiled by the Directors to illustrate the impact of the disposal of the leasehold rights to the Capital Towers property, described in paragraph 3 of the Circular, assuming it was implemented on 31 August 2022 for statement of financial purposes and on 1 March 2022 for statement of statements of profit or loss and other comprehensive income purposes. As part of this process, information about the Company's financial position and financial performance has been extracted by the Directors from the unaudited condensed consolidated interim results of Delta for the six months ended 31 August 2022.

The Directors Responsibility for the *Pro Forma* Financial Information

The Directors are responsible for compiling the *Pro Forma* Financial information on the basis of the applicable criteria specified in the JSE Listings Requirements and described in Annexure 2

Independence and quality control

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B).

The firm applies the International Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibility

Our responsibility is to express an opinion about whether the *Pro Forma* Financial Information has been compiled, in all material respects, by the Directors on the basis specified in the JSE Listings Requirements based on our procedures performed.

We conducted our engagement in accordance with the International Standard on Assurance Engagements ("**ISAE**") 3420, Assurance Engagements to Report on the Compilation of *Pro Forma* Financial Information Included in a Circular, issued by the International Auditing and Assurance Standards Board. This standard requires that the practitioner comply with ethical requirements and plan and perform our procedures to obtain reasonable assurance about whether the *Pro Forma* Financial Information has been compiled, in all material respects, on the basis specified in the JSE Listings Requirements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the *pro forma* financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the *pro forma* financial information.

The purpose of *Pro Forma* Financial Information included in the Circular is solely to illustrate the impact of a significant corporate action or event on unadjusted financial information of the entity as if the corporate action or event had occurred or had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction on 31 August 2022 for statement of financial purposes or on 1 March 2022 for statement of statements of profit or loss and other comprehensive income purposes, would have been as presented.

A reasonable assurance engagement to report on whether the *Pro Forma* Financial Information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the *Pro Forma* Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the corporate action or event, and to obtain sufficient appropriate evidence about whether:

- the related *pro forma* adjustments give appropriate effect to those criteria; and
- the *Pro Forma* Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

Our procedures selected depend on our judgment, having regard to our understanding of the nature of the company, the corporate action or event in respect of which the *Pro Forma* Financial Information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the *Pro Forma* Financial Information. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the *Pro Forma* Financial Information has been compiled, in all material respects, on the basis of the applicable criteria specified by the JSE Listings Requirements and described in Annexure 2.

Yours faithfully

Moore Assurance Johannesburg ER Incorporated

Chartered Accountants (SA)

Registered Auditors

Per: Ettiene Rossouw

Director

Moore House, 18 Lakeview Crescent, Kleinfontein Lake, Benoni, 1501
(PO Box 663, Benoni, 1500)

CARVE-OUT HISTORICAL FINANCIAL INFORMATION OF CAPITAL TOWERS PROPERTY

The historical financial information of the Capital Towers Property has been extracted from the audited financial statements of Delta for the years ended 29 February 2020, 28 February 2021 and 28 February 2022, as well as the unaudited interim financial statements of Delta for the six months ended 31 August 2022.

The net asset statement of the Capital Towers Property as at 31 August 2022, 29 February 2020, 28 February 2021 and 28 February 2022 and the statement of direct income and expenses for the six months ended 31 August 2022 and for the years ended 29 February 2020, 28 February 2021 and 28 February 2022 and the related accounting policies and notes have been compiled, in accordance with the special purpose framework set out below.

The carve-out historical financial information has been prepared on a carve-out basis from the accounting records of Delta and using historical results of operations, assets and liabilities attributable to the Capital Towers Property.

The accounting policies are consistent with those applied in the interim financial period statements for the six months ended 31 August 2022.

In terms of the disposal, the leasehold rights to the Capital Towers Property will be disposed of to the purchaser ("**Disposal**") and not a legal entity. Therefore, the directors have decided not to include equity movements in the form of a statement of changes in equity, as well as a cash flow statement in the presentation of carve-out financial statements. Similarly, the directors have not allocated a portion of the other operating expenses which are not directly linked to the Capital Towers Property.

The directors are responsible for the preparation and presentation of the carve-out financial information, comprising the net asset statement as at 31 August 2022, 29 February 2020, 28 February 2021 and 28 February 2022 and the statements of direct income and expenses for the period ended and the years then ended, the related notes and accounting policies ("**Financial Information**"), in accordance with the basis of accounting described in note 1.3 to the Financial Information.

The Financial Information has been prepared for the purposes of providing financial information to satisfy the requirements of section 8 of the JSE Listings Requirements and for no other purpose. In addition, the directors are responsible for preparing the directors' commentary included in the Financial Information. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of the Financial Information that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

Carve-Out Historical Financial Information

Net Asset statement

	Notes	Reviewed for the six months ended 31 August 2022	Audited year ended 28 February 2022	Audited year ended 28 February 2021	Audited year ended 29 February 2020
Assets					
Non-current assets		–	–	55 500 000	54 249 683
Fair value of investment property	2.1	–	–	55 456 285	54 208 277
Straight line rental income accrual		–	–	43 715	41 405
Current Assets		2 399 416	1 523 663	1 470 826	296 332
Current tax receivable		2 229 416	1 353 663	990 488	296 332
Trade and other receivables		170 000	170 000	480 338	–
Non-current assets held for sale	2.2	57 000 000	70 000 000	–	–
Total Assets		59 399 416	71 523 663	1 470 826	296 332
Liabilities					
Non Current Liabilities		8 342 751	12 613 215	6 278 223	7 513 625
Interest-bearing borrowings	3	7 909 227	12 032 342	5 312 562	6 207 253
Lease liabilities		433 523	580 873	965 661	1 306 372
Current Liabilities		31 788 178	33 389 448	27 842 732	8 300 532
Interest-bearing borrowings	3	25 344 898	28 427 658	26 155 938	24 443 818
Trade and other payables	4	4 451 360	5 234 722	5 396 430	3 241 842
Bank overdraft		1 991 920	(272 932)	(3 709 635)	(19 385 128)
Total Liabilities		40 130 928	46 002 662	34 120 955	15 814 157
Total Net Assets		19 268 488	25 521 000	(32 650 129)	(15 517 825)

	Reviewed for the six months ended 31 August 2022	Audited year ended 28 February 2022	Audited year ended 28 February 2021	Audited year ended 29 February 2020
Statement of direct income and expenses				
Rental Income	78 440	334 170	147 255	3 044 690
Straight line rental income accrual	2 321	2 307	2 310	(273 154)
Revenue	80 761	336 477	149 565	2 771 536
Property operating expenses	(1 067 286)	(2 531 580)	(3 654 766)	(4 406 101)
Net property and related income	(986 525)	(2 195 103)	(3 505 201)	(1 634 565)
Administration expenses	(1 566)	(1 700)	(39 753)	(84 279)
Net operating profit	(988 091)	(2 196 803)	(3 544 954)	(1 718 844)
Fair Value Adjustments	(13 000 000)	14 205 789	(8 626 173)	(18 995 359)
Net operating profit	(12 011 909)	12 008 986	(12 171 127)	(20 714 203)
Finance Costs	–	–	–	–
Interest income	–	(465 038)	–	72 372
Profit before tax	(12 011 909)	11 543 948	(12 171 127)	(20 641 830)
Tax	–	–	–	–
Profit for the year	(12 011 909)	11 543 948	(12 171 127)	(20 641 830)

1. Significant Accounting Policies

1.1. Reporting Entity

The Financial Information is obtained from Delta which is domiciled in the Republic of South Africa. The Financial Information is prepared on the going-concern basis and the accounting policies set out below have been applied consistently to all periods presented.

1.2. Nature of the business

Delta is a REIT listed on the JSE with a portfolio of properties valued at R7.5Bn as at 31 August 2022.

1.3. Basis of preparation

1.3.1. Statement of compliance

Basis of accounting for the reviewed net asset statement as at 31 August 2022 and the audited net asset statements for the years ended 28 February 2022, 28 February 2021 and 29 February 2020; and the reviewed statement of direct income and expenses for the period ended 31 August 2022 and audited statements of direct income and expenses for the years ended 28 February 2022, 28 February 2021 and 29 February 2020.

The Financial Information has been prepared in accordance with International Financial Reporting Standards, SAICA Financial Reporting Guidelines as issued by the Accounting Practices Committee and the Financial Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listings Requirements, and the requirements of the South African Companies Act, and incorporate the principal accounting policies and valuation principles set out below.

This reviewed and audited Financial Information is intended for the sole use of providing financial information to meet the requirements of section 8 of the JSE Listings Requirements. The Financial Information relates to the Capital Towers Property. Section 8 of the JSE Listings Requirements require that the Financial Information of the Disposal be presented in respect of the subject matter of that disposal, namely, the leasehold rights to the Capital Towers. The Financial Information includes net asset statements and statements of profit or loss and other comprehensive income which contain financial information relating only to the leasehold rights to the Capital Towers Property. This Financial Information is therefore referred to as “carve-out” Financial Information.

1.3.2. Functional and presentation currency

The Financial Information is presented in South African Rand (“**Rand**”), which is the Company’s functional currency.

1.4. Investment properties

Investment properties are valued at the end of the financial year and adjusted to fair value as at the statement of financial position date. Valuations are done on the open market value basis and the valuers use either the discounted cash flow method or the capitalisation of net income method or a combination of the methods. The discounted cash flow model generates a net present value for each property by discounting forecast future cash flows and a residual value at the end of the cash flow projection period by the discount rate of each property. The residual value is calculated by capitalising the net income forecast for the 12-month period immediately following the final year of the cash flow at the exit capitalisation rate. The discount rate applied by each valuator is determined by adding a growth rate per property, based on forecast market-related rental increases, to the determined capitalisation rate per property. The discount rate is then tested for reasonableness by benchmarking the rate against recent comparable sales and surveys prepared by the Morgan Stanley Capital International Index (“**MSCI**”) and the South African Property Owners Association (“**SAPOA**”). The capitalisation rate is dependent on a number of factors such as location, the condition of the property, current market conditions, the lease covenants and the risk inherent in the property and is also tested for reasonableness by benchmarking against comparable recent sales and surveys prepared by MSCI/SAPOA. The capitalisation approach determines the net normalised annual income of the property, assuming the property is fully let at market-related rentals and market escalations, with an allowance made for vacancies (where applicable). Market-related operating expenses are subtracted resulting in a net annual income, which is then capitalised into perpetuity at a market-related rate. The capitalisation rate is best determined, where possible, by referring to market transactions of comparable properties as it is based on information derived from market analysis. The capitalisation rate must consider the prevailing interest rate. The higher the interest rate, the better return an investor will require. Similarly, risk is another factor that will influence the capitalisation rate. The higher the risk factor, the better the return an investor will require. The risk inherent to income-producing properties is the degree of certainty that the income stream will be realised despite the uncertainty of the future. Any gain or loss arising from a change in fair value is included in profit or loss for the period in which the fair value adjustments arises. Gains and losses on the disposal of investment properties are recognised in profit or loss as fair value adjustments and are calculated as the difference between the proceeds received and the carrying value of the property.

1.5. Revenue recognition

1.5.1. Property portfolio revenue

Revenue recognition IFRS 15 sets out the requirements for recognising revenue that applies to all contracts with customers, except for contracts that are within the scope of the standards on leases, insurance contracts or financial instruments. Therefore, IFRS 15 is not applicable to revenue from lease contracts with customers and only applicable to municipal recoveries.

Revenue comprises gross rental income and recoveries from the letting of investment property as lessor, net of value added tax. Rental income is recognised in profit or loss on a straight-line basis over the term of the lease. When the Group provides incentives to its tenants, the cost of the incentives is recognised over the lease term, on a straight-line basis, as a reduction of rental income

Recoveries are recognised over the period for which the services are rendered. The Group acts as a principal on its own account when recovering operating costs, such as utilities, from tenants

1.5.2. Finance income

Interest earned on cash invested with financial institutions is recognised as it accrues using the effective interest method.

1.5.3. Dividend income

Dividends are recognised, in profit or loss, when the Group's right to receive payment has been established.

1.6. Borrowing costs

Borrowing costs that are directly attributable to the acquisition and construction of a qualifying asset are capitalised as part of the cost of that asset. All other borrowing costs are expensed in the period during which these costs are incurred. A qualifying asset is an asset that takes a substantial period of time to prepare for its intended use. Any costs that are incurred on raising interest-bearing borrowings are offset against the debt balance and recognised as additional interest using the effective interest rate method over the term of the loan.

1.7. Taxation

1.7.1. Current taxation

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the year. The charge for current taxation includes expected tax payable or receivable on the taxable income or loss for the year and any adjustment for taxation payable or receivable for previous years. Current taxation liabilities/(assets) for the current and prior periods are measured at the amount expected to be paid to/(recovered from) the taxation authorities, using the taxation rates and taxation laws that have been enacted or substantively enacted by the reporting date

1.7.2. Deferred taxation

Deferred taxation is recognised for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred taxation is not recognised for the following temporary differences:

1.7.2.1. The initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit.

1.7.2.2. Differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.

1.7.3. A deferred tax asset on tax losses has not been recognised due to the fact that the Group distributes a qualifying distribution, which is estimated to offset any future taxable income.

1.8. Key estimations and uncertainties

Estimates and assumptions are an integral part of financial reporting and as such have an impact on the amounts reported for the Group's income, expenses, assets and liabilities. Judgements are opinions and decisions about substance, facts and circumstances relating to a transaction and event. Estimates in these areas are based on historical experience and reasonable expectations relating to future events. Information on the key estimations and uncertainties that have the most significant effect on amounts recognised are set out below.

1.8.1. Estimation uncertainties

1.8.1.1. Investment property valuations

The valuation of investment properties requires judgement in determination of the future cash flows and appropriate discount rates.

1.8.1.2. Impairment of trade and other receivables and loans due from related parties

Management assesses impairments of trade and other receivables and loans due from related parties on an ongoing basis. Judgement in determination of the recoverability of the trade receivables and the current economic situation due to COVID-19 are required. Especially the following indicators are assessed:

1.8.1.2.1. Actual or expected significant adverse changes in business, financial or economic conditions due to COVID-19 restrictions that are expected to cause a significant change to the tenants' ability to meet its rental obligations.

1.8.1.3. Fair value of derivative financial instruments

The Group uses derivative financial instruments to hedge its exposure to interest rate risk arising from its financing activities. The Group held interest rate swap and cross-currency swap instruments. The fair value of interest rate swaps is the estimated amount that the entity would receive or pay to terminate the swap at the reporting date, considering current interest rate yield curve and the current creditworthiness of the swap counterparties. The fair value of cross-currency swaps are based on the projected present value of net future cash payments and receipts, which fluctuate based on changes in market interest rates and the dollar/rand exchange rate.

2. Investment Properties and Non-current assets held for sale

2.1. Investment Properties

	Reviewed for the six months ended 31 August 2022	Audited year ended 28 February 2022	Audited year ended 28 February 2021	Audited year ended 29 February 2020
Cost	–	–	136 990 417	9 874 180
Fair value adjustment	–	–	(81 534 131)	(8 626 173)
Balance at the end of the period	–	–	55 456 285	1 248 008
Movement for the year				
Balance at the beginning of the year	–	55 456 285	54 208 277	73 185 541
Fair Value adjustments	–	(44 029 278)	(8 626 173)	(19 946 193)
Capital expenditure	–	(11 427 007)	9 874 180	968 930
Balance at the end of the year	–	–	55 456 285	54 208 277
Fair value of investment property	–	–	55 456 285	54 208 277
Straight line rental income accrual	–	–	43 715	41 405
Valuation at the end of the year	–	–	55 500 000	54 249 683

2.2. Non-current assets held for sale

	Reviewed for the six months ended 31 August 2022	Audited year ended 28 February 2022	Audited year ended 28 February 2021	Audited year ended 29 February 2020
Cost	137 539 961	137 282 321	–	–
Fair value adjustment	(80 450 631)	(67 328 343)	–	–
Balance at the end of the period	57 089 330	69 953 979	–	–
Movement for the year				
Balance at the beginning of the year	69 953 979	–	–	–
Transfer to non-current assets held for sale	–	–	–	–
Cost		125 425 738		
Fair Value adjustments	(13 259 961)	(67 328 343)	–	–
Capital expenditure	257 640	11 856 583	–	–
Balance at the end of the year	56 951 658	69 953 979	–	–
Fair value of investment property	56 951 658	69 953 979	–	–
Straight line rental income accrual	48 342	46 021	–	–
Valuation at the end of the year	57 000 000	70 000 000	–	–

Valuation process

All investment properties and non-current assets held for sale were independently valued at the interim reporting date 28 August 2022 and for the years-end 28 February 2022, 28 February 2021 and 29 February 2020. Real Insight, led by Theuns Behrens, was responsible for the valuation of the Capital Towers Property. The valuer is a registered valuer in terms of Section 19 of the Property Valuers Professional Act (Act No 47 of 2000).

All the significant inputs and assumptions in respect of the valuation process are developed in close consultation with management. The valuation process and fair value changes are reviewed by the audit committee and the board of directors at each reporting date. The directors confirm that there have been no material changes to the assumptions applied by the registered valuers.

The most significant inputs to the valuation process, all of which are unobservable, are the estimated rentals at the end of the lease, assumptions regarding vacancy levels (based on current and expected future market conditions), the discount rate, the capitalisation rate and terminal value taking into account rental and maintenance projections. The estimated fair value increases if: the estimated rental increases, vacancy levels decline or if discount rates (market yields) and reversionary capitalisation rates decline.

The valuations were based on the discounted cash flow methodology applying appropriate capitalisation rates of between:

31 August 2022	10.00% and 12.00%
28 February 2022	10.00% and 11.50%
28 February 2021	10.00% and 11.50%
29 February 2020	9.75% and 11.00%

Fair value hierarchy

The fair value measurement for investment property and non-current assets held for sale as indicated in the net asset statement as at 28 August 2022 and for the years-end 28 February 2022, 28 February 2021 and 29 February 2020 have been categorised as a level 3 fair value based on the inputs to the valuation technique used. A reconciliation of the opening balances to the closing balances for level 3 valuations is disclosed above.

3. Borrowings

	Reviewed for the six months ended 31 August 2022	Audited year ended 28 February 2022	Audited year ended 28 February 2021	Audited year ended 29 February 2020
Portion of the borrowings allocated to the property				
Non-Current	7 909 227	12 032 342	5 312 562	6 207 253
Current	25 344 898	28 427 658	26 155 938	24 443 818
	33 254 125	40 460 000	31 468 500	30 651 071

The property forms part of a pool of funds. The portion of the borrowing allocated to the property is based on the Groups LTV.

4. Trade and other payables

	Reviewed for the six months ended 31 August 2022 R000s	Audited year ended 28 February 2022 R000s	Audited year ended 28 February 2021 R000s	Audited year ended 29 February 2020 R000s
Trade Payable	24 411	40 602	21 989	57 178
Income received in advance	110 721	77 053	40 668	52 197
Accrued expenses	116 565	104 704	104 747	94 733
Accrual for audit fees	469	709	1 404	1 349
Tenant deposits	23 844	23 110	23 695	22 439
Value added taxation	–	–	11 927	10 138
	276 011	246 178	204 430	238 034

5. Risk Management

The directors have overall responsibility for the establishment and oversight of the company's risk management framework. The company's exposure to credit, liquidity and market risk relating to the Capital Towers Property is included in the integrated annual reports for the respective years

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE CARVE-OUT HISTORICAL FINANCIAL INFORMATION OF THE CAPITAL TOWERS PROPERTY

22 February 2022

The Directors
Delta Property Fund Limited
Silver Stream Office Park
10 Muswell Road
Bryanston
Johannesburg
2074

Dear Sir/ Madam

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE SPECIAL PURPOSE CARVE-OUT HISTORICAL FINANCIAL INFORMATION OF THE CAPITAL TOWERS PROPERTY FOR THE SIX MONTHS ENDED 31 AUGUST 2022 AND THE THREE YEARS ENDED 28 FEBRUARY 2022, 28 FEBRUARY 2021 AND 29 FEBRUARY 2020

Introduction

At your request, and for the purposes of the circular to be issued on or about 1 March 2023 (**"the Circular"**), we have audited the special purpose carve-out historical financial information of the Capital Towers Property (**"Property"**) for the year ended 28 February 2022 and reviewed the carve-out historical financial information of the Property for the six months ended 31 August 2022 and the years ended 28 February 2021 and 29 February 2020 presented in **Annexure 4** to the Circular. (**"Carve-out Historical Financial Information"**).

The Carve-Out Historical Financial Information includes the historical statements of net assets as at 31 August 2022, 29 February 2020, 28 February 2021 and 28 February 2022, and the historical statements of direct income and expenses for the six months ended 31 August 2022 and the years ended 29 February 2020, 28 February 2021 and 28 February 2022, and notes to the historical statements of net assets and statements of direct income and expenses of the Property, including a summary of significant accounting policies which is prepared in accordance with the basis of preparation paragraph set out in the Carve-out Historical Financial Information and the JSE Listings Requirements.

The directors of Delta Property Fund Limited (**"Delta"** or the **"Company"**) (**"Directors"**) are responsible for the preparation of the Carve-Out Historical Financial Information. The Directors are responsible for the compilation, contents and preparation of the Circular, which includes the Carve-Out Historical Financial Information in accordance with the JSE Listings Requirements.

Part A – Reviewed Carve-Out Historical Financial Information for the six months ended 31 August 2022 and years ended 28 February 2021 and 29 February 2020

Independent Reporting Accountant's Report on the Reviewed Carve-Out Historical Financial information

We have reviewed the historical statement of net assets as at 31 August 2022, 28 February 2021, 29 February 2020 and the historical statement of direct income and expenses for the six-month period ended 31 August 2022 and years ended 28 February 2021, and 29 February 2020 of the Property (**"Reviewed Carve-Out Historical Financial information"**), the notes to the historical statements of direct income and expenses and net assets, including a summary of significant accounting policies as presented in and set out in the Carve-out Historical Financial Information.

Responsibilities of the Directors of Delta Property Fund for the Carve-Out Historical Financial Information

The Directors are responsible for the preparation of the Reviewed Carve-Out Historical Financial Information in accordance with the basis of preparation paragraph included in the Carve-out Historical Financial Information and the JSE Listings Requirements and for determining that the basis of preparation that is acceptable in the circumstances and for such internal control as the Directors determine is necessary to enable the preparation of the Reviewed Carve-Out Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Independent Reporting Accountant's Responsibility for the Reviewed Carve-Out Historical Financial Information

Our responsibility is to express a conclusion on the Reviewed Carve-Out Historical Financial Information. We conducted our review in accordance with International Standard on Review Engagements (**"ISRE"**) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the Reviewed Carve-Out Historical Financial Information is not prepared in all material respects in accordance with the applicable financial reporting framework. This Standard also requires us to comply with relevant ethical requirements.

A review of the Reviewed Carve-Out Historical Financial Information in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making enquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluating the evidence obtained.

The procedures performed in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on the Reviewed Carve-Out Historical Financial Information.

Conclusion on the Reviewed Carve-Out Historical Financial Information

Based on our review, nothing has come to our attention that causes us to believe that the Reviewed Carve-Out Historical Financial Information of the Property is not prepared, in all material respects, in accordance with the basis of preparation paragraph included in the Carve-out Historical Financial Information and the JSE Listings Requirements.

Emphasis of Matter – Basis of Preparation

We draw attention to the basis of preparation paragraph to the Carve-Out Historical Financial Information of the Property, which describes the basis of preparation, including the approach to and the purpose for preparing the financial information. Our opinion is not modified in respect of this matter.

Part B – Audited Carve-Out Historical Financial Information for the year ended 28 February 2022

Independent Reporting Accountant's Audit Report on the Audited Carve-out Historical Financial Information Opinion

We have audited the historical statement of net assets as at 28 February 2022 and the historical statement of direct income and expenses for the year ended 28 February 2022 of the Property ("**Audited Carve-Out Historical Financial information**"), and notes to the historical statements of direct income and expenses and financial position, including a summary of significant accounting policies, as presented in the Carve-out Historical Financial Information.

In our opinion, the Audited Carve-Out Historical Financial Information of the Property for the year 28 February 2022, has been prepared, in all material respects, in accordance with the basis of preparation paragraph included in the Carve-out Historical Financial Information and the JSE Listings Requirements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("**ISAs**"). Our responsibilities under those standards are further described in the Independent Reporting Accountant's Responsibilities for the Carve-Out Historical Financial Information section of this report. We are independent of the Delta group in accordance with sections 290 and 291 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised January 2018), parts 1 and 3 of the of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised November 2018) (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Preparation

We draw attention to the basis of preparation paragraph to the Audited Carve-out Historical Financial Information of the Property included in the Carve-out Historical Financial Information, which describes the basis of preparation, including the approach to and the purpose for preparing the financial information. Our opinion is not modified in respect of this matter.

Responsibilities of the Directors of Delta Property Fund for the Audited Carve-Out Historical Financial Information

The Directors are responsible for the preparation of the Audited Carve-Out Historical Financial Information in accordance with the basis of preparation paragraph included in the Carve-out Historical Financial Information and the JSE Listings Requirements, for determining that the basis of preparation is acceptable in the circumstances and for such internal control as the Directors determine is necessary to enable the preparation of the Audited Carve-Out Historical Financial Information that is free from material misstatement, whether due to fraud or error.

In preparing the Audited Carve-Out Historical Financial Information the Directors are responsible for assessing the ability of the Property to continue as a going concern as if the assets had operated as an independent entity, disclosing, as applicable, matters related to going concern and using the going-concern basis of accounting unless the Directors either intend to liquidate the Property or to cease operations, or have no realistic alternative but to do so.

Our objectives are to obtain reasonable assurance about whether the Carve-Out Historical Financial Information as a whole is free from material misstatement, whether due to fraud or error, and to issue an independent reporting accountant's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate they could reasonably be expected to influence the economic decisions of users taken on the basis of the Audited Carve-Out Historical Financial Information for the year ended 28 February 2022.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Audited Carve-Out Historical Financial Information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Delta's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going-concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Property to continue as a going concern as if the assets had operated as an independent entity. If we conclude that a material uncertainty exists, we are required to draw attention in our independent reporting accountant's report to the related disclosures in the Audited Carve-Out Historical Financial Information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent reporting accountant's report. However, future events or conditions may cause the Property to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Audited Carve-Out Historical Financial Information, including the disclosures, and whether Audited Carve-Out Historical Financial Information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Yours faithfully

Moore Assurance Johannesburg ER Incorporated

Chartered Accountants (SA)
Registered Auditors

Per: Ettiene Rossouw
Director

Moore House, 18 Lakeview Crescent, Kleinfontein Lake, Benoni, 1501
(PO Box 663, Benoni, 1500)

MATERIAL BORROWINGS

The material borrowings of the Delta Group as at 31 August 2022 is as set out below. The table below sets out details of the type of facility, origination, loan amount, interest rate, maturity date, terms and conditions of repayment or renewal and details of security provided for the material loans.

No.	Type of facility	Origination	Loan amount (R)	Interest rate	Maturity date	Terms and conditions of repayment and renewal	Details of security provided
1	Term Facility (Bank Of China)	Funding property acquisitions	136 821 720	3mth Jibar + 2.5%	03-Dec-26	Amortisation and interest are paid monthly. The remaining balance repaid on the maturity date	Secured by mortgage bonds over investment properties
2	Term Facility (Nedbank) ³	Funding property acquisitions	96 666 667	3mth Jibar + 3.75%	07-Dec-22	Amortisation and interest are paid quarterly. The remaining balance repaid on the maturity date	Secured by mortgage bonds over investment properties
3	Term Facility (Standard Bank)	Funding property acquisitions	524 993 968	3mth Jibar + 2.65%	30-Nov-24	Interest is paid quarterly. The remaining balance repaid on the maturity date	Secured by mortgage bonds over investment properties
4	Term Facility (Standard Bank)	Funding property acquisitions	193 987 243	3mth Jibar + 0.3%	30-Nov-24	Amortisation and interest are paid monthly. The remaining balance repaid on the maturity date	Secured by mortgage bonds over investment properties
5	Term Facility (Investec) ⁴	Funding property acquisitions	293 866 128	Prime - 0.25%	07-Jun-23	Interest is paid monthly. The remaining balance repaid on the maturity date	Secured by mortgage bonds over investment properties
6	Term Facility (Investec) ⁴	Funding property acquisitions	280 565 363	Prime	30-Sep-22	Amortisation and interest are paid monthly. The remaining balance repaid on the maturity date	Secured by mortgage bonds over investment properties
7	Term Facility (Investec) ⁴	Funding Purchase of GRIT Shares	135 165 140	Prime - 0.25%	30-Sep-22	Interest is paid monthly. The remaining balance repaid on the maturity date. Distributions are applied directly to the facility.	Secured by GRIT shares held
8	Term Facility (Nedbank) ⁵	Funding property acquisitions	124 991 010	3mth Jibar +3.50%	07-Dec-22	Interest is paid monthly. The remaining balance repaid on the maturity date	Secured by mortgage bonds over investment properties
9	Term Facility (Nedbank) ⁵	Funding property acquisitions	124 292 798	3mth Jibar +3.50%	07-Dec-22	Interest is paid monthly. The remaining balance repaid on the maturity date	Secured by mortgage bonds over investment properties

No.	Type of facility	Origination	Loan amount (R)	Interest rate	Maturity date	Terms and conditions of repayment and renewal	Details of security provided
10	Term Facility (Nedbank) ⁵	Funding property acquisitions	350 032 350	3mth Jibar +3.50%	07-Dec-22	Interest is paid quarterly. The remaining balance repaid on the maturity date	Secured by mortgage bonds over investment properties
11	Term Facility (Nedbank) ⁵	Funding property acquisitions	152 088 760	3mth Jibar +3.50%	07-Dec-22	Interest is paid monthly. The remaining balance repaid on the maturity date	Secured by mortgage bonds over investment properties
12	Term Facility (Nedbank) ⁵	Funding property acquisitions	150 834 134	3mth Jibar +3.50%	07-Dec-22	Interest is paid monthly. The remaining balance repaid on the maturity date	Secured by mortgage bonds over investment properties
13	Term Facility (Nedbank) ⁵	Funding property acquisitions and Capital expenditure	54 119 353	3mth Jibar +3.50%	07-Dec-22	Interest is paid monthly. The remaining balance repaid on the maturity date	Secured by mortgage bonds over investment properties
14	Term Facility (Nedbank) ⁵	Funding property acquisitions	473 500 600	3mth Jibar +3.50%	07-Dec-22	Amortisation and interest are paid monthly. The remaining balance repaid on the maturity date	Secured by mortgage bonds over investment properties
15	Term Facility (Nedbank) ⁵	Funding property acquisitions	1 104 625 782	3mth Jibar +3.50%	07-Dec-22	Interest is paid monthly. The remaining balance repaid on the maturity date	Secured by mortgage bonds over investment properties
16	Term Facility (Nedbank) ⁵	Funding property acquisitions	173 296 157	3mth Jibar + 3.75%	07-Dec-22	Interest is paid monthly. The remaining balance repaid on the maturity date	Secured by mortgage bonds over investment properties

Notes:

1. The table represents the Group interest bearing debt as at 31 August 2022.
2. None of the material borrowings set out above have any conversion or redemption rights attaching to them.
3. Item 2 is a syndicated loan between Nedbank and Bank of China. The facility is currently under negotiation for extension.
4. The Investec facilities are currently under negotiation and have, as at the Last Practicable Date, been extended to 28 February 2023 to allow time to finalise the terms of the extension.
5. The Nedbank facilities are currently under negotiation and have, as at the Last Practicable Date, been extended to 7 April 2023.
6. The facilities contain financial covenants typical for facilities of this nature. Financial covenants relate to maintaining ratios such as loan to value and interest cover ratios.



DELTA PROPERTY FUND LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 2002/005129/06)

Share code: DLT

ISIN Number: ZAE000194049

(Approved as a REIT by the JSE)

("Delta" or "the Company")

NOTICE OF GENERAL MEETING

The definitions and interpretations commencing on page 10 of this Circular apply throughout this Circular, including this Notice of General Meeting.

NOTICE IS HEREBY GIVEN that a general meeting of Shareholders will be held at 10:00 on Friday, 31 March 2023 physically at the Delta Boardroom, Silverstream Business Park, 10 Muswell Road South, Bryanston and by electronic communication, for purposes of considering and, if deemed fit, passing, with or without modification, the resolutions set out hereunder.

Note:

For an ordinary resolution to be approved by Shareholders, it must be supported by more than 50% of the voting rights exercised on such resolution.

ORDINARY RESOLUTION NUMBER 1 – APPROVAL OF CAPITAL TOWERS DISPOSAL IN TERMS OF JSE LISTINGS REQUIREMENTS

"RESOLVED AS AN ORDINARY RESOLUTION, in accordance with paragraph 9.20 of the JSE Listings Requirements, that the Capital Towers Disposal be and is hereby approved by Shareholders and that the Company be and is hereby authorised to implement the Capital Towers Disposal on the terms more fully set out in the Sale of Leasehold Rights Agreement, the salient details of which are set out in the Circular to which this Notice of General Meeting is attached and a copy of which have been made available for inspection by Shareholders."

Reason and effect of Ordinary Resolution Number 1

The reason for Ordinary Resolution Number 1 is to obtain the approval of the Shareholders to implement the Capital Towers Disposal in accordance with the JSE Listings Requirements. The effect of Ordinary Resolution Number 1 is that the Company will be authorised to implement the Capital Towers Disposal in accordance with the JSE Listings Requirements.

ORDINARY RESOLUTION NUMBER 2 – AUTHORITY OF DIRECTORS AND/OR COMPANY SECRETARY

"RESOLVED AS AN ORDINARY RESOLUTION, that any Director of the Company and/or the Company Secretary be and is hereby authorised to do all such things and sign all such documents required to give effect to Ordinary Resolution Number 1, hereby ratifying and confirming all such things already done and documentation already signed."

Reason and effect of Ordinary Resolution Number 2

The reason for Ordinary Resolution Number 2 is to obtain the authority of the Shareholders for the Directors of the Company and/or the Company Secretary to do all such things and to sign all such documents to give effect to Ordinary Resolution Number 1. The effect of Ordinary Resolution Number 2 is that Directors of the Company and/or Company Secretary will be authorised to do all such things and sign all such documents to give effect to Ordinary Resolution Number 1.

RECORD DATES

The date on which Shareholders must have been recorded as such in the Register for purposes of being entitled to receive the Circular and the Notice of General Meeting, was Friday, 24 February 2023.

The date on which Shareholders must be recorded in the Register for purposes of being entitled to physically or electronically attend, participate and vote at the General Meeting is Friday, 24 March 2023, with the last day to trade being Monday, 20 March 2023.

IDENTIFICATION, VOTING AND PROXIES

In terms of section 63(1) of the Companies Act, before any person may attend or participate in the General Meeting, that person must present reasonably satisfactory identification and the person presiding at the General Meeting must be reasonably satisfied that the right of the person to participate and vote at the General Meeting, either as a Shareholder, or as a proxy or a representative for a Shareholder, has been reasonably verified. Acceptable forms of identification include a valid green bar-coded or smart card identification document issued by the South African Department of Home Affairs, a South African driver's licence or a valid passport. Only those Shareholders or their proxies who are fully verified (as required in terms of section 63(1) of the Companies Act) and subsequently registered at the commencement of the General Meeting with TMS in accordance with what is set out above, will be allowed to participate in and/or vote physically or by electronic means.

Shareholders present in person, by proxy or by authorised representative shall, on a show of hands, have one vote each and, on a poll, will have one vote in respect of each Share held. As the meeting will cater for electronic participation, it will not be desirable nor practical for voting to take place by way of show of hands. Accordingly, the Chairman has already determined that all voting will be by way of poll.

Dematerialised Shareholders who are not Own-name Registration Dematerialised Shareholders

Dematerialised Shareholders, other than Own-name Registration Dematerialised Shareholders, who wish to physically or electronically attend the General Meeting in person or for their proxy to represent them at the General Meeting, will need to request their CSDP or Broker to provide them with the necessary letter of representation in terms of the Custody Agreement entered into between such Shareholders and their CSDP or Broker.

Dematerialised Shareholders, other than Own-name Registration Dematerialised Shareholders, who are unable to physically or electronically attend the General Meeting and who wish to be represented thereat, must provide their CSDP or Broker with their voting instructions in terms of the Custody Agreement entered into between themselves and their CSDP or Broker in the manner and time stipulated therein.

Certificated Shareholders and Dematerialised Shareholders who are Own-name Registration Dematerialised Shareholders

Certificated Shareholders and Own-name Registration Dematerialised Shareholders are entitled to physically or electronically attend, speak and vote at the General Meeting and may appoint one or more proxies to physically or electronically attend, speak and vote thereat in their stead. A proxy need not be a Shareholder. A Form of Proxy (grey), which sets out the relevant instructions for its completion, is enclosed for use by Certificated Shareholders and Own-name Registration Dematerialised Shareholders who wish to be physically or electronically represented at the General Meeting. Completion of a Form of Proxy (grey) will not preclude such Shareholder from physically or electronically attending and voting (in preference to that Shareholder's proxy) at the General Meeting.

The Form of Proxy (grey) and the authority (if any) under which it is signed must be lodged, posted or e-mailed to TMS at the addresses set out below, to be received by them, for administrative purposes, by no later than 10:00 on Wednesday, 29 March 2023 or thereafter handed to the Chairman of the General Meeting or TMS at the General Meeting, at any time before the proxy exercises any rights of the Shareholder at such General Meeting.

Hand deliveries to:

The Meeting Specialist

JSE Building
One Exchange Square
Gwen Lane
Sandown
2196
proxy@tmsmeetings.co.za

Postal deliveries to:

The Meeting Specialist

PO Box 62043, Marshalltown 2107

Email deliveries to:

The Meeting Specialist

proxy@tmsmeetings.co.za

Electronic Participation

The Company has made provision for Shareholders or their proxies to participate electronically in the General Meeting by way of an electronic platform hosted by TMS. Should you wish to participate in the General Meeting by electronic communication as aforesaid, you, or your proxy, are required to contact TMS on proxy@tmsmeetings.co.za or, alternatively, to contact their office on +27 81 711 4255/ +27 84 433 4836 as soon as possible but, in any event, for administration purposes, by no later than 10:00 on Wednesday, 29 March 2023. Such Shareholders will be required to submit documentation in order to *inter alia* confirm their identity and their authority to attend, speak and vote at the General Meeting including your letter of representation in the case of Dematerialised Shareholders who are not Own-Name Registration Dematerialised Shareholders.

Upon receipt of the required information, the Shareholder or proxy concerned will be provided with a secure code and instructions to access the electronic communication during the General Meeting. Shareholders or proxies must note that access to the electronic communication will be at the expense of the Shareholders who wish to utilise the facility. Shareholders wishing to vote their Shares at the General Meeting will need to be presented or represented at the meeting either in person, electronically, by proxy, by representative or by letter of representation, as provided for in the Notice of General Meeting.

By order of the Board

T MOSHAKGA

Company Secretary

Wednesday, 1 March 2023



DELTA

PROPERTY FUND

DELTA PROPERTY FUND LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 2002/005129/06)

Share code: DLT

ISIN Number: ZAE000194049

(Approved as a REIT by the JSE)

("Delta" or "the Company")

FORM OF PROXY

The definitions and interpretations commencing on page 10 of this Circular apply throughout this Circular, including to this Form of Proxy.

This Form of Proxy (grey) is for use at the General Meeting be held at 10:00 on Friday, 31 March 2023 physically at the Delta Boardroom, Silverstream Business Park, 10 Muswell Road South, Bryanston and by electronic communication.

This Form of Proxy (grey) is for use by Certificated Shareholders and Own-name Registration Dematerialised Shareholders only who are unable to attend the General Meeting physically or electronically.

Dematerialised Shareholders who are not Own-name Registration Dematerialised Shareholders must not complete this Form of Proxy and must provide their CSDP or Broker with their voting instructions. Dematerialised Shareholders who are not Own-name Registration Dematerialised Shareholders wishing to electronically attend the General Meeting in person or for their proxy to represent them at the General Meeting, must inform their CSDP or Broker of such intention and request their CSDP or Broker to issue them with the necessary letter of representation to attend.

I/We (Full name in print)

of (address)

Telephone: (work) area code ()

Telephone: (home) area code ()

Cell phone number:

E-mail address:

being the holder of

Shares in Delta, hereby appoint:

1. or failing him/her
2. or failing him/her
3. the Chairman of the General Meeting,

as my/our proxy to attend, speak and vote for me/us at the General Meeting for purposes of considering and, if deemed fit, passing, with or without modification, the Resolutions to be proposed thereat and at any adjournment thereof and to vote for and/or against the Resolutions and/or abstain from voting in respect of the Shares registered in my/our name(s), in accordance with the following instruction (see notes):

	Number of Shares		
	In favour of	Against	Abstain
Ordinary Resolution Number 1 – Approval of Capital Towers Disposal in terms of JSE Listings Requirements			
Ordinary Resolution Number 2 – Authority of Directors and/or Company Secretary			

Please indicate your voting instruction by way of inserting the number of Shares or by a cross in the space provided should you wish all your Shares to be voted.

Signed at on this day of

Signature(s)

Assisted by (where applicable) (state capacity and full name)

Each Shareholder is entitled to appoint one or more proxy(ies) (who need not be Shareholder(s) of Delta to attend, speak and vote in his/her stead at the General Meeting.

Please read the notes on the reverse side hereof.

NOTES TO THE FORM OF PROXY

1. A Shareholder entitled to attend and vote at the General Meeting is entitled to appoint one or more proxies to attend, speak and vote in his/her stead. A proxy need not be a registered Shareholder of Delta.
2. Every Shareholder present in person or by proxy and entitled to vote at the General Meeting shall, on a show of hands, have one vote only, irrespective of the number of Shares such Shareholder holds. In the event of a poll, every Shareholder shall be entitled to one vote for each Share held and that is eligible to vote at the General Meeting.
3. A Shareholder may insert the name of a proxy or the names of two alternative proxies of the Shareholder's choice in the space/s provided, with or without deleting "the Chairman of the General Meeting", but any such deletion must be initialled by the Shareholder. Should this space/s be left blank, the proxy will be exercised by the Chairman of the General Meeting. The person whose name appears first on the Form of Proxy and who is present at the General Meeting will be entitled to act as proxy to the exclusion of those whose names follow.
4. A Shareholder's voting instructions to the proxy must be indicated by inserting the number of Shares that Shareholder wishes the proxy exercise or a cross should the Shareholder wish the proxy to exercise all exercisable votes, in the appropriate spaces provided overleaf. Failure to do so will be deemed to authorise the proxy to vote or to abstain from voting at the General Meeting as he/she thinks fit in respect of all the Shareholder's exercisable votes. A Shareholder or his/her proxy is not obliged to use all the votes exercisable by him/her or by his/her proxy, but the total number of votes cast, or those in respect of which abstention is recorded, may not exceed the total number of votes exercisable by the Shareholder or by his/her proxy.
5. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered with TMS, the Transfer Secretaries or Company Secretary.
6. To be valid, the completed Form of Proxy must be lodged with, posted to or e-mailed to TMS, at the addresses set out below, to be received by them, for administrative purposes, by no later than 10:00 on Wednesday, 29 March 2023 or thereafter by handing such form to the Chairman of the General Meeting or TMS at the General Meeting, at any time before the proxy exercises any rights of the Shareholder at such General Meeting.

**Hand deliveries to:
The Meeting Specialist**

One Exchange Square
Gwen Lane
Sandown
2196
proxy@tmsmeetings.co.za

**Postal deliveries to:
The Meeting Specialist**

PO Box 62043, Marshalltown 2107

**Email deliveries to:
The Meeting Specialist**

proxy@tmsmeetings.co.za

7. Documentary evidence establishing the authority of a person signing this Form of Proxy in a representative capacity must be attached to this Form of Proxy unless previously recorded by the Transfer Secretaries, TMS, the Company Secretary or waived by the Chairman of the General Meeting.
8. The completion and lodging of this Form of Proxy will not preclude the relevant Shareholder from attending the General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such Shareholder wish to do so.
9. The appointment of a proxy in terms of this Form of Proxy is revocable in terms of the provisions of section 58(4)(c) read with section 58(5) of the Companies Act, and accordingly a Shareholder may revoke the proxy appointment by cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and to Delta.
10. The completion of any blank spaces overleaf need not be initialled. Any alterations or corrections to this Form of Proxy must be initialled by the signatory/ies.
11. The Chairman of the General Meeting may accept any Form of Proxy which is completed other than in accordance with these instructions provided that he/she is satisfied as to the manner in which a Shareholder wishes to vote.

ADDITIONAL FORMS OF PROXY ARE AVAILABLE FROM TMS ON REQUEST.

