

Delta Property Fund Limited
(Incorporated in the Republic of South Africa)
(Registration number 2002/005129/06)
Share code: DLT ISIN: ZAE000194049
("Delta" or "the Fund" or "the Group")
(REIT status approved)

Reviewed provisional condensed consolidated results for the year ended 28 February 2019

Company profile

Delta is a JSE listed Real Estate Investment Trust ("REIT") with a property portfolio of R11.4 billion as at 28 February 2019. The Fund is black managed and is one of the most empowered funds in the sector with a level 2 B-BBEE rating, maintaining its status as the dominant sovereign listed property fund in South Africa.

The primary focus of the Fund is long-term investment in quality, rental income-generating properties situated in strategic nodes attractive to sovereign entities and other tenants requiring empowered landlords.

Performance

- Full year distributable earnings of 73.84 cents per share
- Distribution of 55.39 cents per share declared for the year
- Capital expenditure of R115 million to attract and retain tenants
- Extended R2.1 billion in expiring debt facilities
- Renewed and concluded 151 018m2 expiring leases
- Concluded 12 537m2 new leases

Commentary

Financial results

Delta achieved full year distributable earnings of 73.84 cents per share (2018: 97.24 cents per share) in line with its revised guidance to the market. The Board has decided to retain 25% of distributable earnings to facilitate capital expenditure and working capital requirements in the business, resulting in a full year distribution of 55.39 cents per share (2018: 97.24 cents per share) being declared.

Net property income decreased by 9.7%, largely affected by provisions raised during the year which had a direct bearing on the gross cost to income ratio and net cost to income ratio increasing to 32.2% and 18.3% respectively. Net property income grew 1.8% on a like-for-like basis and declined 3.2% including the effect of the provisions.

Administrative expenses for the period increased by 49.5%, largely as a result of the reclassification of asset management fees from property operating expenses. On a normalised basis administrative expenses increased by 5.5%.

Fair value adjustment was negatively impacted by property valuations which decreased by R227 million and was affected by the slow pace of lease renewals by the Department of Public Works. Our investment in Grit Real Estate Income Group Limited ("Grit") increased by R80 million post its listing on the London Stock Exchange.

Finance costs increased by 11.4% due to new debt facilities, higher interest rates and debt structuring fees incurred on extended debt facilities. Interest income increased by 32.2% primarily due to interest levied on arrear trade receivables.

Dividend income from Grit increased by 9.9% benefiting from the foreign currency conversion due to the weakening of the rand, while other income decreased by 68.7% due to once-off reinstatement charges to the Department of Statistics in the prior year.

Property portfolio

Delta's property portfolio is valued at R11.4 billion and consists of 104 properties with a total gross lettable area

("GLA") of 950 442m2, including assets held-for-sale comprising 20 properties with a total GLA of 147 188m2 and a combined value of R1.4 billion.

An additional 10 buildings, comprising the Bloemfontein provincial portfolio with a total GLA of 59 427m2 and a book value of R483.4 million, have been added to the existing non-current assets held-for-sale. Management has constantly been receiving unsolicited offers on the assets from potential buyers and have considered disposing some of the properties due to the increasing vacancies and competition in the node. The provincial government of the Free State province has been actively supporting the empowerment of their local B-BBEE property companies which has proven a barrier for management to renew expired leases.

Acquisitions and disposals

Delta did not conclude any acquisitions during the current year. Significant effort was focused on renewing leases. Aligned with our sovereign and diversification strategy, we did, however, explore opportunities within the Southern African Development Community ("SADC") and will update the market upon further progression of these opportunities.

In terms of disposals, the sale of 12 New Street was concluded during the year for R15.8 million and Top Trailers site 1 transferred, post-year-end, for R45 million. Disposal proceeds were utilised to settle debt and support capital expenditure. The transfer of Block G, Broadcast House and Protea Coin Cape Town, totalling a GLA of 18 625m2 and with a fair value of R273 million, is expected to be concluded within the new financial year.

Major capital projects

Capital investment remains a high priority to ensure quality assets that meet the tenants' requirements.

The following major capital projects were either recently completed, are in progress or are close to completion:

- Embassy Building (Durban) - completed at a total cost of R28 million.
- Beacon Hill (King Williams Town) - investment of R40 million due to the conclusion of a five-year lease.
- Commission House (Pretoria) - completed at a total cost of R16 million.
- Poyntons Fire Project - fire compliance project of R32.5 million expected to be to be completed by June 2019.
- 17 Harrison Street - completed at a total cost of R4.5 million.

With the conclusion of the bulk lease renewals, further major capital projects on tenant installations and other building upgrades will be initiated in the new financial year.

Letting and vacancies

The lease expiry profile of the portfolio at 28 February 2019 was as follows:

Segment	Vacant	Month-to-month	29 February 2020	28 February 2021	28 February 2022	28 February 2023	29 February 2024	Beyond 29 February 2024
Office								
- government	10.9%	40.4%	15.1%	18.5%	8.0%	2.4%	3.9%	0.9%
- other	24.3%	15.4%	20.9%	20.4%	10.9%	3.5%	0.6%	4.0%
Retail	5.7%	11.2%	14.2%	3.6%	8.5%	0.0%	1.5%	55.2%
Industrial	33.1%	27.8%	0.0%	39.1%	0.0%	0.0%	0.0%	0.0%

Vacancies increased to 14.4% (GLA of 136 986m2). The weighted average rental achieved was R119.3/m2 across the portfolio. During the year under review, 50 leases representing 46 833m2 were renewed at an average rental of R107.9/m2. Totalling 12 537m2, 63 new leases were concluded at average rentals of R102.8/m2.

Vacancies in our dominant nodes of Pretoria CBD and Durban CBD are 8.5% (SAPOA 4.3%) and 16.9% (SAPOA 21.6%) respectively. The vacancy in the Durban CBD is lower than the SAPOA last quarter average for "B" grade office space.

Delta has seen an improvement in the renewal of leases by National Department of Public Works ("DPW") and the process is gaining momentum. We have signed 37 leases totalling 88 185m2 from the bulk renewal of 227 550m2 to date and have

agreed on rentals and tenure on the remaining 139 365m2 with DPW and the user departments. We anticipate concluding further lease renewals between June and July of this year.

Funding

Loan to value ("LTV") increased to 45.1% (2018: 41.3%), impacted by the negative fair value adjustment of investment properties and increased borrowings of R424.9 million. The conclusion of long-term leases and corresponding capital expenditure on the portfolio should increase the fair value of investment property thereby reducing LTV in the short to medium term.

Despite the challenging operating environment during the period, we successfully managed to extend expiring facilities of R2.1 billion and concluded new facilities of R0.2 billion. The weighted average cost of funding increased to 10.2% (2018: 9.2%) with the interest cover ratio at 2.1 (2018: 2.4). The average debt facility expiry period and average fixed debt ratio decreased to 0.8 years (2018: 1.5 years) and 59.8% (2018: 85.4%) respectively, impacted by the passage of time and short-term refinance of facilities.

Management intends to diversify its funding sources and negotiate pricing at more competitive rates, term out the debt facility expiry, increase the debt fix ratio and reduce LTV during the year post the conclusion of the bulk lease renewals.

Provision of financial assistance

Delta shareholders are referred to special resolution number 4 relating to the provision of direct or indirect financial assistance in terms of section 45 of the Companies Act, No 71 of 2008 ("the Companies Act") to related or inter-related companies, which was approved at the Annual General Meeting of Delta on 21 September 2017.

Further to the above, Delta shareholders are notified in terms of section 45(5)(a) of the Companies Act, that the Board of directors of the Company ("the Board") passed a resolution on 31 May 2019 ("the Board resolution") granting financial assistance to the following related companies:

- Somnipoint Proprietary Limited - R23.7 million in respect of a loan to a company with common directors.
- Delta Property Asset Management Proprietary Limited - R18.6 million in respect of a loan to a company with common directors.
- Hestitrix Proprietary Limited - R248.5 million in the ordinary course of business.
- K201400273 Proprietary Limited - R157.6 million in the ordinary course of business.
- 277 Vermeulen Street Properties Proprietary Limited - R32.9 million in the ordinary course of business.
- Hendisa Investments Proprietary Limited - R33 614 in the ordinary course of business.

The financial assistance provided, as detailed above, is greater than one-tenth of 1% of Delta's net worth as at the date of the Board resolution. The Board further confirms that immediately after providing the financial assistance, the Company continues to satisfy the solvency and liquidity test as contemplated in section 4 of the Companies Act and that the terms and conditions of the financial assistance are fair and reasonable to the Company.

Changes to directorate during the period

There have been no changes to the directorate during the period, however, Marelise de Lange was appointed as an independent non-executive director to the Delta Board post the reporting date. Marelise is also a member of the Audit, Risk and Compliance Committee and the Investment Committee of Delta.

Prospects

The conclusion of South Africa's sixth democratic election is expected to provide much needed political stability and improved business confidence within the economy. We expect this transition to materialise within the next twelve months, whereby we envisage positive capital inflow and further stability to interest rates.

The conclusion of the bulk lease renewal and longer-term refinancing of debt at market-related rates remain critical priorities at this stage. The current short-term refinance of debt due to the low weighted average lease expiry has resulted in higher finance costs thereby diluting earnings. Capital expenditure and reducing vacancies remain

a further strategic consideration, which is expected to benefit from a more aggressive disposal strategy of non-core assets. We have increased focus on marketing and broker discussions in an effort to conclude disposals, which is expected to also benefit the LTV.

While ongoing lease renewals provide much needed stability and certainty of income over a longer tenure, it does translate into short-term sacrifice in the form of negative reversions. The Board anticipates earnings to decrease by between 8% and 10% for the 2020 financial year. The Group's independent auditors have neither reviewed nor reported on this forecast.

Delta's Board and management remain committed to its sovereign strategy and intend to reduce its concentration risk within South Africa by responsibly exploring feasible and accretive opportunities in SADC.

Declaration of final dividend ("the cash dividend")

Shareholders are advised that dividend number 13 of 15.98900 cents per share for the year ended 28 February 2019 has been declared. The source of the cash dividend is from distributable income.

Salient dates of the cash dividend:

	2019
Declaration date of cash dividend	Friday, 31 May
Last day to trade in order to be eligible for the cash dividend	Tuesday, 18 June
Delta shares commence trading ex cash dividend	Wednesday, 19 June
Record date of cash dividend	Friday, 21 June
Cheques posted to certificated shareholders and accounts credited by CSDP or broker to dematerialised shareholders on	Monday, 24 June

Notes:

1. Delta shares may not be dematerialised or rematerialised between commencement of trade on Wednesday, 19 June 2019 and the close of trade on Friday, 21 June 2019, both dates included.

Tax implications

In accordance with Delta's REIT status, shareholders are advised that the cash dividend meets the requirements of a "qualifying distribution" for the purposes of section 25BB of the Income Tax Act, No 58 of 1962 ("Income Tax Act"). An announcement informing shareholders of the tax treatment of the distributions will be released separately on SENS.

Basis of preparation and accounting policies

The condensed consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS"), IAS 34 Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listings Requirements and the requirements of the Companies Act of South Africa. The accounting policies applied in the preparation of these provisional results are in terms of IFRS and are consistent with those applied in the previous annual financial statements.

The condensed consolidated financial statements have been prepared under the supervision of the Chief Financial Officer, Mr Shaneel Maharaj CA(SA)/HDipTax, and have been reviewed by BDO South Africa Incorporated, who expressed an unmodified review conclusion.

A copy of the auditor's review report is available for inspection at the Company's registered office together with the financial statements identified in the auditor's report. The auditor's report does not necessarily cover all the information contained in this announcement. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's work they should obtain a copy of that report together with the accompanying financial information from the registered office of the Company.

The directors take full responsibility for the preparation of the provisional report and the financial information

has been correctly extracted from the underlying financial statements. Delta has complied with IFRS and JSE Listings Requirements by disclosing earnings and headline earnings per share. Distribution per share has been disclosed additionally.

By order of the Board
 JB Magwaza SH Nomvete
 (Chairman) (Chief Executive Officer)

31 May 2019

Condensed consolidated statement of financial position
 as at 28 February 2019

R'000	2019	Group 2018	2019	Company 2018
Assets				
Non-current assets				
Investment property	9 913 811	10 535 000	9 664 809	10 268 200
Fair value of investment property	9 755 209	10 342 418	9 506 715	10 076 207
Straight-line rental income accrual	158 602	192 582	158 094	191 993
Property, plant and equipment	1 714	2 557	1 714	2 557
Investment in subsidiaries	-	-	62 273	62 273
Investment in associate	-	381 868	-	381 868
Investment in Grit	461 822	-	461 822	-
Loans due from subsidiaries	-	-	439 038	423 268
	10 377 347	10 919 425	10 629 656	11 138 166
Current assets				
Loans due from related parties	43 511	55 243	43 511	55 243
Loan receivable	20 906	48 465	20 906	48 465
Current tax receivable	-	526	-	-
Trade and other receivables	357 973	338 845	334 393	302 985
Cash and cash equivalents	25 339	100 177	26 870	96 864
	447 729	543 256	425 680	503 557
Non-current assets held-for-sale	1 436 520	972 600	1 206 520	744 600
Total assets	12 261 596	12 435 281	12 261 856	12 386 323
Equity				
Share capital	4 868 461	4 854 032	4 868 461	4 854 032
Reserves	-	144 230	-	139 425
Retained income	1 772 984	2 160 330	1 746 477	2 117 907
Total equity	6 641 445	7 158 592	6 614 938	7 111 364
Liabilities				
Non-current liabilities				
Derivative financial instruments	22 478	31 475	22 478	31 475
Interest-bearing borrowings	1 448 218	2 688 755	1 448 218	2 688 755
Loans due to subsidiaries	-	-	4 190	4 190
	1 470 696	2 720 230	1 474 886	2 724 420
Current liabilities				
Interest-bearing borrowings	3 810 253	2 263 935	3 810 253	2 263 935
Trade and other payables	172 003	183 983	161 391	177 453
Derivative financial instruments	28 625	11 426	28 623	11 426
Current tax payable	12 821	-	13 347	-
Bank overdraft	125 753	97 115	158 418	97 725
	4 149 455	2 556 459	4 172 032	2 550 539
Total liabilities	5 620 151	5 276 689	5 646 918	5 274 959

Total equity and liabilities	12 261 596	12 435 281	12 261 856	12 386 323
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Condensed consolidated statement of profit or loss and other comprehensive income
for the year ended 28 February 2019

R'000	Group		Company	
	2019	2018	2019	2018
Revenue				
Rental income	1 581 669	1 562 033	1 522 713	1 505 471
Straight-line rental income accrual	(34 304)	2 020	(32 970)	1 134
	1 547 365	1 564 053	1 489 743	1 506 605
Property operating expenses	(509 579)	(414 168)	(496 835)	(406 068)
Net property rental and related income	1 037 786	1 149 885	992 908	1 100 537
Other income	6 356	20 287	6 356	20 278
Foreign currency translation reserve recognised on derecognition of associate	4 805	-	-	-
Dividend income	21 769	-	36 660	50 812
(Loss)/gain on foreign exchange movements	(28 103)	16 881	(28 103)	16 881
Administration expenses	(79 727)	(53 329)	(76 361)	(52 838)
Net operating profit	962 886	1 133 724	931 460	1 135 670
Fair value adjustments	(168 152)	104 759	(151 437)	99 975
Profit from operations	794 734	1 238 483	780 023	1 235 645
Finance costs	(537 281)	(482 179)	(537 354)	(482 624)
Interest income	26 032	19 696	56 732	50 497
Share of profit in associate	-	43 970	-	-
Impairment of investment in associate	-	(21 900)	-	(47 719)
Profit before taxation	283 485	798 070	299 401	755 799
Taxation	(27 692)	-	(27 692)	-
Profit for the year	255 793	798 070	271 709	755 799
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss				
Share of foreign currency translation reserve of associate	-	4 451	-	-
Total comprehensive income for the year	255 793	802 521	271 709	755 799
Profit for the year attributable to:				
Owners of the parent	255 793	798 070	271 709	755 799
Total comprehensive income attributable to:				
Owners of the parent	255 793	802 521	271 709	755 799
Basic and diluted earnings per share (cents)	39.80	112.26	-	-

Condensed consolidated statement of cash flows
for the year ended 28 February 2019

R'000	Group		Company	
	2019	2018	2019	2018
Cash generated from operations	905 500	1 132 324	846 033	1 100 863
Interest received	24 544	12 158	55 244	42 504
Dividend received	38 849	18 587	53 741	33 733
Finance costs	(486 027)	(475 899)	(486 027)	(475 899)
Taxation (paid)/refund	(14 345)	627	(14 345)	-
Net cash from operating activities	468 521	687 797	454 646	701 201
Acquisition of property, plant and equipment	(164)	(498)	(164)	(498)
Capital expenditure on investment property				

and assets held-for-sale	(114 975)	(185 436)	(112 540)	(182 905)
Proceeds on disposal of assets held-for-sale	15 750	205 200	15 750	205 200
Gross movement in loans with related parties	17 216	26 223	17 216	26 223
Decrease/(increase) in loan receivable	33 034	(48 465)	33 034	(48 465)
Loans advanced to subsidiaries		-	(15 771)	(18 115)
Net cash from investing activities	(49 139)	(2 976)	(62 475)	(18 560)
Distribution reinvestment	14 429	8 784	14 429	8 784
Dividends paid	(643 139)	(694 329)	(643 139)	(694 329)
Deferred consideration settled in cash	(140 000)	-	(140 000)	-
Increase in interest-bearing borrowings	424 967	220 358	424 967	220 358
Repayment of interest-bearing borrowings	(179 115)	(360 385)	(179 115)	(360 385)
Repayment of other financial liabilities	-	(9 025)	-	(9 025)
Net cash from financing activities	(522 858)	(834 597)	(522 858)	(834 597)
Net movement in cash and cash equivalents	(103 476)	(149 776)	(130 687)	(151 956)
Cash at the beginning of the year	3 062	152 838	(861)	151 095
Total cash at the end of the year	(100 414)	3 062	(131 548)	(861)

Condensed consolidated statement of changes in equity
for the year ended 28 February 2019

R'000	Share capital	Foreign currency translation reserve ("FCTR")	Deferred consideration	Total reserves	Retained income	Total equity
Group						
Balance at 1 March 2017	4 845 248	354	139 425	139 779	2 056 589	7 041 616
Total comprehensive income for the year	-	4 451	-	4 451	798 070	802 521
Profit for the year	-	-	-	-	798 070	798 070
Other comprehensive income	-	4 451	-	4 451	-	4 451
Deferred consideration raised	8 784	-	-	-	-	8 784
Distributions paid	-	-	-	-	(694 329)	(694 329)
Balance at 1 March 2018	4 854 032	4 805	139 425	144 230	2 160 330	7 158 592
Total comprehensive income for the year	-	-	-	-	255 793	255 793
Profit for the year	-	-	-	-	255 793	255 793
Other comprehensive income	-	-	-	-	-	-
Deferred consideration settled in cash	-	-	(139 425)	(139 425)	-	(139 425)
FCTR recognised in profit or loss	-	(4 805)	-	(4 805)	-	(4 805)
Distribution reinvestment	14 590	-	-	-	-	14 590
Share issue expenses	(161)	-	-	-	-	(161)
Distributions paid	-	-	-	-	(643 139)	(643 139)
Balance at 28 February 2019	4 868 461	-	-	-	1 772 984	6 641 445

R'000	Share capital	Foreign currency translation reserve ("FCTR")	Deferred consideration	Total reserves	Retained income	Total equity
Company						
Balance at 1 March 2017	4 845 248	-	139 425	139 425	2 056 438	7 041 111

Total comprehensive income for the year	-	-	-	-	755 799	755 799
Profit for the year	-	-	-	-	755 799	755 799
Other comprehensive income	-	-	-	-	-	-
Deferred consideration raised	8 784	-	-	-	-	8 784
Distributions paid	-	-	-	-	(694 329)	(694 329)
Balance at 1 March 2018	4 854 032	-	139 425	139 425	2 117 907	7 111 364
Total comprehensive income for the year	-	-	-	-	271 709	271 709
Profit for the year	-	-	-	-	271 709	271 709
Other comprehensive income	-	-	-	-	-	-
Deferred consideration settled in cash	-	-	(139 425)	(139 425)	-	(139 425)
Distribution reinvestment	14 590	-	-	-	-	14 590
Share issue expenses	(161)	-	-	-	-	(161)
Distributions paid	-	-	-	-	(643 139)	(643 139)
Balance at 28 February 2019	4 868 461	-	-	-	1 746 477	6 614 938

Reconciliation of earnings, headline earnings and distributable earnings

R'000	Group	
	2019	2018
Earnings, headline earnings and distributable earnings		
Profit before taxation	283 485	798 070
Investment property	237 599	(148 562)
Fair value adjustment to investment property	237 599	(146 611)
Fair value adjustment to associate's investment property	-	(1 951)
Headline earnings	521 084	649 508
Derivative financial instruments (net of deferred taxation)	10 507	290
Fair value adjustment to derivative financial instrument	10 547	290
Deferred taxation	-	-
Investment in joint venture (net of deferred taxation)	-	41 562
Fair value adjustment to investment in joint venture	-	41 562
Deferred taxation	-	-
Investment in Grit (net of deferred taxation)	(79 954)	41 562
Fair value adjustment to investment in Grit	(79 954)	41 562
Deferred taxation	-	-
Straight-line rental income accrual (net of deferred taxation)	34 304	(2 020)
Straight-line rental income accrual	34 304	(2 020)
Deferred taxation	-	-
Foreign currency translation reserve recognised on derecognition of associate	(4 805)	-
Dividend income from Grit	17 418	35 666
Loss/(gain) on foreign exchange differences	28 103	(16 881)
Share of profit in associate	-	(43 970)
Change in fair value of associate's investment properties	-	1 951
Impairment of investment in associate	-	21 900
Antecedent distribution	569	257
Prior year retained earnings distributed	-	3 378
Distributable earnings attributable to owners of the parent	527 226	691 641
Less: Distribution declared	395 419	691 641
Interim	281 222	329 724
Final (declared after 28 February 2019)	114 197	361 917
Distributable earnings retained	131 807	-
Shares in issue at the beginning of the year	711 844 486	710 632 182

Distribution reinvestment	2 385 232	1 212 304
Number of shares in issue	714 229 718	711 844 486
Weighted average number of shares in issue at the beginning of the year	710 927 785	710 632 182
Distribution reinvestment	1 366 459	295 603
Weighted average number of shares in issue	712 294 244	710 927 785
Actual number of shares in issue		
Number of shares in issue at interim	713 793 466	710 632 182
Number of shares in issue at year-end	714 229 718	711 844 486
Basic and diluted earnings and headline earnings per share (cents)		
Basic and diluted earnings per share	39.80	112.26
Basic and diluted headline earnings per share	73.16	91.36
Distribution per share (cents)		
Interim	39.40	46.40
Final (declared after 28 February 2019)	15.99	50.84
Distribution per share declared for the full year	55.39	97.24
The Group has no dilutionary instruments in issue.		

Condensed consolidated segmental analysis

R'000	Administration and corporate costs	Industrial	Office government	Office other	Retail	Total
Group 2019						
Contractual rental income	-	27 968	1 161 461	354 027	38 213	1 581 669
Straight-line rental income accrual	-	(211)	(36 635)	(33)	2 575	(34 304)
Property operating expenses	-	(8 434)	(310 288)	(175 287)	(15 570)	(509 579)
Net property rental and related income	-	19 323	814 538	178 707	25 218	1 037 786
Other income	5 053	28	847	253	175	6 356
FCTR recognised in profit or loss	4 805	-	-	-	-	4 805
Dividend income	21 769	-	-	-	-	21 769
(Loss)/gain on foreign exchange movements	(28 103)	-	-	-	-	(28 103)
Administration expenses (excluding depreciation)	(67 576)	(63)	(8 614)	(1 591)	(915)	(78 759)
Depreciation	(968)	-	-	-	-	(968)
Net operating profit/(loss)	(65 020)	19 288	806 771	177 369	24 478	962 886
Fair value adjustment to investment properties	(10 599)	11 665	(167 745)	(57 762)	(13 158)	(237 599)
Fair value adjustment to investment in Grit	79 954	-	-	-	-	79 954
Fair value adjustment to derivative financial instruments	(10 507)	-	-	-	-	(10 507)
Profit/(loss) from operations	(6 171)	30 953	639 026	119 607	11 320	794 735
Finance costs	(542 356)	(1)	3 782	1 328	(34)	(537 281)
Interest income	12 510	2	10 950	2 490	80	26 032
Profit/(loss) before taxation	(536 017)	30 954	653 758	123 425	11 366	283 486
Taxation	(27 692)	-	-	-	-	(27 692)
Profit for the year	(563 709)	30 954	653 758	123 425	11 366	255 794
Reportable segment assets and liabilities						-
Assets						-
Fair value of investment property	-	-	6 863 695	2 586 017	305 497	9 755 209
Straight-line rental income accrual	-	(0)	121 616	22 983	14 003	158 602

Non-current assets held-for-sale	-	198 400	1 078 120	160 000	-	1 436 520
Other assets	596 827	3 335	235 372	46 109	29 621	911 264
	596 827	201 735	8 298 803	2 815 109	349 121	12 261 595
Liabilities						-
Total liabilities	(320 268)	85 247	3 985 492	1 705 114	164 566	5 620 151

R'000	Administration and corporate costs	Industrial	Office government	Office other	Retail	Total
Group 2018						
Contractual rental income	-	26 303	1 138 261	358 925	38 544	1 562 033
Straight-line rental income accrual	-	(1 228)	(4 463)	3 620	4 091	2 020
Property operating expenses	-	(6 677)	(254 560)	(139 131)	(13 800)	(414 168)
Net property rental and related income	-	18 398	879 238	223 414	28 835	1 149 885
Other income	1 360	127	14 488	4 201	111	20 287
Gain on foreign exchange differences	16 881	-	-	-	-	16 881
Administration expenses (excluding depreciation)	(52 113)	-	-	-	-	(52 113)
Depreciation	(1 216)	-	-	-	-	(1 216)
Net operating profit/(loss)	(35 088)	18 525	893 726	227 615	28 946	1 133 724
Fair value adjustment to investment properties	(117 915)	(30 379)	346 503	(87 379)	35 781	146 611
Fair value adjustment to investment in joint venture disposed	(41 562)	-	-	-	-	(41 562)
Fair value adjustment to derivative financial instruments	(290)	-	-	-	-	(290)
Profit/(loss) from operations	(194 855)	(11 854)	1 240 229	140 236	64 727	1 238 483
Finance costs	(482 179)	-	-	-	-	(482 179)
Interest income	19 696	-	-	-	-	19 696
Share of profit in associate	43 970	-	-	-	-	43 970
Impairment of investment in associate	(21 900)	-	-	-	-	(21 900)
Profit/(loss) before taxation	(635 268)	(11 854)	1 240 229	140 236	64 727	798 070
Taxation	-	-	-	-	-	-
Profit for the year	(635 268)	(11 854)	1 240 229	140 236	64 727	798 070
Reportable segment assets and liabilities						
Assets						
Fair value of investment property	-	-	7 431 687	2 592 159	318 572	10 342 418
Straight-line rental income accrual	-	-	158 613	22 541	11 428	192 582
Non-current assets held-for-sale	-	186 800	593 400	192 400	-	972 600
Other assets	598 926	3 856	174 895	119 752	30 252	927 681
	598 926	190 656	8 358 595	2 926 852	360 252	12 435 281
Liabilities						
Total liabilities	(1 659 486)	105 236	4 696 358	1 947 170	187 411	5 276 689

The segmental report has been populated based on a per building classification which is in accordance with the majority tenant.

Corporate information

Directors

JB Magwaza[^] (Chairman), SH Nomvete* (CEO), S Maharaj* (CFO), ON Tshabalala* (COO),
N Khan[~], DN Motau[^], ID Macleod[^], MJN Njeke^{^#}, NN Afolayan[^], MCR Rampheri[^], M de Lange[^]
*Executive, [^]Independent non-executive, [~]Non-executive, [#]Lead independent director

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Transfer secretaries
Computershare Investor Services Proprietary Limited

Sponsor
Nedbank Corporate and Investment Banking

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