

DELTA PROPERTY FUND LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 2002/005129/06)
JSE share code: DLT ISIN: ZAE000194049
(Approved as a REIT by the JSE)
("Delta" or the "Company")

- **UPDATE RELATING TO THE FORENSIC INVESTIGATION**
- **WITHDRAWAL OF THE FEBRUARY 2020 FINANCIAL STATEMENTS AND THE AUDIT OPINION THEREON**
- **FURTHER DELAY IN THE RELEASE OF THE AUGUST 2020 INTERIM RESULTS**
- **FURTHER CAUTIONARY ANNOUNCEMENT**

Delta shareholders are referred to the various announcements released by the Company on SENS, the latest being on 27 November 2020, relating to a forensic investigation by Mazars (the "**Forensic Investigation**") into alleged procurement irregularities and the misappropriation of funds by senior executives, and Delta's subsequent engagement with its auditor, BDO South Africa Incorporated (the "**Auditor**"), in respect of the Forensic Investigation and the circumstances surrounding the resignations of its former executive management.

Following the submission of a forensic report by Mazars (the "**Forensic Report**"), and the recommendations by Mazars to the board of directors of Delta (the "**Board**"), the Board has recently completed an internal assessment ("**Internal Assessment**") of the findings of the Forensic Investigation. While the Forensic Report is confidential and subject to legal privilege, and without waiving this legal privilege, the Board confirms that the Forensic Investigation has found evidence of past practices involving governance failings and wrongdoing at the Company, including unsubstantiated payments, procurement irregularities and other unethical business dealings. These past practices are of significant concern to the Board and the Auditor. The required reporting has been made by the Company to the South African Police Services and other relevant authorities for further investigation and the Board is taking legal advice based on the Forensic Report as to any civil claims that may arise.

Some of the key issues identified in the Forensic Report include:

- payment of commission by the Company totalling R43,9 million (for the three financial years ended February 2018, 2019, and 2020), resulting from invalid, lapsed or no broker mandates;
- fraud resulting from unethical dealings amounting to R2,1 million; and
- non-disclosure of related/connected party transactions to the Board.

As a result of the key issues identified in the Forensic Report, the Internal Assessment has revealed a failure to recognise commission and property management expenses in the property valuations, which will likely result in a decrease in the valuation of Investment Property (including Investment Property held-for-sale) from R10,6 billion to approximately R8,7 billion in the financial statements for the year ended February 2020 ("**2020 Financial Statements**").

In light of the circumstances described above, the Company has been advised by the Auditor, immediately prior to the release of this announcement, that the Auditor has withdrawn its Audit Opinion in respect of the 2020 Financial Statements. As a result of the aforementioned withdrawal, the Board has resolved to withdraw the 2020 Financial Statements and therefore continued reliance on the 2020 Financial Statements is no longer appropriate.

As the 2020 Financial Statements have a bearing on, and are used as a comparative basis for, the Company's interim results for the six months ended 31 August 2020 ("**Interim Results**"), the Company is not going to be in a position to release the Interim Results by 11 December 2020, as previously indicated.

Delta shareholders continue to be advised that the full impact of the Forensic Investigation and, in particular, the outcome of the further procedures by the Auditor are still being determined, and that these circumstances may have a material effect on the price of the Company's securities. Accordingly, Delta shareholders are advised to continue exercising caution when dealing in the Company's securities until a further announcement is made.

The information on which this announcement is based has not been reviewed or reported on by the Auditor.

9 December 2020

Johannesburg

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