



**Summarised Audited
Financial Statements**
for the year ended 28 February 2021

COMMENTARY

RESPONSIBILITY STATEMENT

The directors take full responsibility for the preparation of the abridged report which has been correctly extracted from the underlying audited annual financial statements.

BASIS OF PREPARATION AND ACCOUNTING POLICIES

The abridged audited consolidated annual financial statements for the year ended 28 February 2021 have been prepared in accordance with 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 have been consistently applied in the preparation of these annual financial results and are in terms of International Financial Reporting Standards ("IFRS").

AUDITORS' CONCLUSION REPORT

This abridged report is extracted from audited information, but is not itself audited.

The directors take full responsibility for the preparation of the abridged report, which has been correctly extracted from the underlying audited annual financial statements.

The consolidated and separate financial statements of Delta Property Fund Limited for the year ended 28 February 2021 have been audited by the independent external auditor BDO South Africa Incorporated, who expressed a qualified opinion.

Details relating to the nature of the qualified opinion relate to:

- As a result of a lack of shareholding information for the companies which the Group transacted with, we were unable to obtain sufficient audit evidence to substantiate the completeness of related parties and related party balances, as disclosed in the related party note 34 to the consolidated and separate financial statements. As a consequence, we were unable to determine whether any adjustments were required to the financial statements with respect to the related party disclosure.
- The report on the audit of the consolidated and separate financial statements is available for inspection at the company's registered office.

DIRECTORS' REPORT

CORPORATE OVERVIEW

Delta is a listed REIT. As a REIT, the Company derives rental income from investments in office and retail properties, and distributions from other listed property securities.

NATURE OF BUSINESS

Delta is 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. Delta is a majority black-owned and managed property fund.

GOVERNANCE

The Board remains aligned with the King IV recommendations and as previously reported continues its ongoing exploration of the six capitals (financial, manufactured, human, intellectual, natural, and social and relationship) and how to link them appropriately into the strategy.

REVIEW OF ACTIVITIES AND FINANCIAL RESULTS

The results of the Group and the Company are commented on in the Chairman's Statement and Leadership report are set out in the financial statements included in the integrated report.

IFRS

The financial statements are prepared in accordance with IFRS and the requirements of the Companies Act of South Africa.

DIVIDEND

No dividends were declared during the 2021 financial year.

SHARE CAPITAL

Delta's share capital is outlined in note 18 to the annual financial statements.

SHAREHOLDER ANALYSIS

Refer to pages 50 to 52 of this report for the shareholder analysis.

DIRECTORATE

Significant changes occurred in the Board composition.

On 14 June 2020, the Board advised shareholders of the untimely passing of Mr I Macleod, an independent non-executive director. Ms P Langeni was appointed as the non-executive Deputy Chairman of the Board and Ms S Masinga as a non-executive director with effect from 6 July 2020. Mr JB Magwaza elected not to make himself available for re-election to the Board and retired from the Board at the Annual General Meeting on 31 August 2020. Ms P Langeni was formally appointed by the Board following the Annual General Meeting as the Chairman of the Board on 31 August 2020.

On 24 August 2020, Mr S Nomvete (Chief Executive Officer) and Mr S Maharaj (Chief Financial Officer) resigned from the Company with immediate effect and Mr O Tshabalala (Chief Operating Officer) elected to not complete his notice period, following his resignation on 1 July 2020. On 24 August 2020 Ms S Masinga was appointed as the Interim Chief Executive Officer and Ms M de Lange as the Interim Chief Financial Officer.

With Ms M de Lange assuming an executive role, she stepped down as a member of the Audit, Risk and Compliance Committee and Mr MCR Rampheri was appointed as a member of the committee. Following the retirement of Mr JB Magwaza, Ms P Langeni was appointed as the chairman of the Nomination Committee. The Remuneration and Nomination Committee was split into two separate committees.

Ms M de Lange has since been appointed as permanent Chief Financial Officer with effect from 1 January 2021.

On 3 November 2020, Mr JJ Njeke tendered his resignation from the Board with effect from 31 December 2020. On 14 December 2020, Mr Njeke withdrew his resignation, which was accepted by the Board. Mr Njeke continues to serve on the Board as the lead independent director and chairman of the Audit, Risk and Compliance Committee.

As at the date of this report, the Board composition is as follows:

Executive directors

- ▶ S Masinga – Interim CEO
- ▶ M de Lange – CFO

Non-executive directors

- ▶ P Langeni – Chairman
- ▶ N Khan
- ▶ DN Motau*
- ▶ NN Afolayan*
- ▶ MJN Njeke* Lead independent director
- ▶ MCR Rampheri*

* Independent.

DIRECTORS' INTERESTS

The interest of the directors in the shares of the Company at the date of this report was as follows:

	Direct beneficial holding	Indirect beneficial holding	Total 2021	Direct beneficial holding	Indirect beneficial holding	Total 2020
Executive directors						
S Masinga ²	70 000	10 937 908	11 007 908	70 000	10 937 908	11 007 908
Non-executive directors						
P Langeni ²	570 000	10 937 908	11 507 908	570 000	10 937 908	11 507 908
N Khan ²	550 000	32 484 616	33 034 616	550 000	32 484 616	33 034 616
D Motau	1 860	-	1 860	1 860	-	1 860
	1 191 860	54 360 432	55 552 292	1 191 860	54 360 432	55 552 292

² As part of a B-BBEE transaction Cornwall Crescent Proprietary Limited ("Cornwall"), Cornwall purchased Delta shares from Redefine Properties Limited (off market) utilising a vendor loan.

Nature and term of obligation: loan debt finance over a five-year term. Transaction date 29 June 2017 for N Khan, S Masinga and P Langeni.

Amount of financial obligation: the total amount owing by Cornwall as at 28 February 2021 is R1 691 659 189. S Masinga holds 6.75% (10 937 908 shares) of Cornwall = R114 186 995 of the total owed.

P Langeni holds 6.75% (10 937 908 shares) of Cornwall = R114 186 995 of the total owed.

N Khan holds 20% (32 408 616 shares) of Cornwall = R338 331 838 of the total owed.

Number of securities offered as security/guarantee: 100 percent of the Delta shares owned by Cornwall are held under guarantee for the facility. The number of shares is per the share register being 162 043 079.

All changes in the directors' interests between financial year-end and the date of approval of the annual financial statements have been recorded above.

DIRECTORS' REPORT continued

DIRECTORS' EMOLUMENTS AND SERVICE CONTRACTS

The executive directors have service contracts with the Company which include a three-month notice period. The non-executive directors sign a formal letter of appointment on acceptance of their Board position. All the directors' emoluments are disclosed on pages 67 to 69 of this report.

DIRECTORS' INTERESTS IN CONTRACTS ASSET MANAGEMENT

With the changes to the Board and the resignation on 24 August 2020 of S Nomvete the former CEO, as at the date of this report none of the Board members have an interest in the Asset Management contract.

The fee payable by Delta to DPAM for all asset management and operational management services is a monthly fee equal to half of 0.35% of the aggregate of the market capitalisation and the borrowings of Delta ("enterprise value").

PROPERTY MANAGEMENT

From 1 September 2016, property management services have been provided by DPAM. A management fee is payable to DPAM by Delta equal to 1.85% of monthly collections from tenants.

INSURANCE

Delta has appropriate insurance cover against crime risks as well as professional indemnity.

PROMOTION OF ACCESS TO INFORMATION ACT

There were no requests for information lodged with the Company in terms of the Promotion of Access to Information Act, No 2 of 2000.

SUBSEQUENT EVENTS

Refer to note 3 of the annual financial statements for a list of material events which have occurred between the end of the reporting date and the date of this report.

GOING CONCERN

The Board has carried out a thorough review of the going concern assessment of the Group and Company, as disclosed in the going concern note in the financial statements, and having considered the solvency and liquidity, scenario analyses, the business plans and the key assumptions utilised have concluded that the Group is in a sound financial position to meet its foreseeable cash requirements and accordingly is able to continue trading as a going concern (refer note 4 of the annual financial statements).

The Board acknowledges the material uncertainty related to unforeseen events or conditions that may affect the orderly execution of the business plans of the Group, that may cast significant doubt on the Company and Group's ability to continue as a going concern and therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Notwithstanding the acknowledgement of the material uncertainties and having considered the validity of the principal assumptions set out above and the continued support from the Group's principal financiers the Board has concluded that the Company and Group are able to discharge its liabilities in the normal course of business and is therefore of the opinion that the going concern assumption is appropriate in the preparation of the financial statements

REBUILDING TRUST

The Board recognises that alleged irregularities perpetrated by the previous executive management resulted in significant concerns, raised by shareholders and stakeholders of the fund, that impacted the reputation and credibility of the fund.

Significant focus has and will continue to be placed on enhancing governance and internal control processes through the various Board committees with emphasis on conflict of interest, delegation of authority and financial reporting controls, in order to rebuild trust with key stakeholders.

Refer to the Audit, Risk and Compliance Committee report included in the integrated report for more details.

FINANCIAL REPORTING

Following the forensic investigations and internal process reviews conducted, the Board initiated, and Management oversaw a comprehensive internal accounting review process that revealed a number of accounting irregularities and misstatements that resulted in the withdrawal and reissue of the previous financial year's annual financial statements.

The internal accounting review identified areas that required improved and/or more formalised internal controls over financial reporting at both an entity and process level. The deficiencies identified have been reported to the Audit, Risk and Compliance Committee as well as the external auditors throughout the internal accounting review process. The Audit, Risk and Compliance Committee has in turn overseen the compensating controls and procedures that were put in place to ensure that adequate measures are taken, where appropriate, to provide reasonable assurance that the annual financial statements fairly present in all material respects the financial position, performance and cash flows of the Group

and the Company in accordance with International Financial Reporting Standards and the JSE Listings Requirements.

The Board and Management have embarked on a remediation plan to ensure that all required internal controls over financial reporting are appropriately designed and implemented at the appropriate level of precision and coverage as soon as practicably possible. The remediation plans have been elaborated on in the Audit, Risk and Compliance Committee report.

COMPANY SECRETARY AND REGISTERED OFFICE

Paula Nel, the Company Secretary, has resigned from the Group with her last day being 30 June 2021. Fluidrock Governance Group (Pty) Ltd has been appointed as the Company Secretary with effect from 1 July 2021. The address of the Company Secretary is that of the Company's registered office, which is Silver Stream Office Park, 10 Muswell Road South, Bryanston, Johannesburg, 2021.

SPECIAL RESOLUTIONS PASSED

No additional special resolutions were passed during FY2021 other than those passed at Delta's AGM held on 31 August 2020.

PREPARATION OF FINANCIAL STATEMENTS

The annual financial statements have been audited in compliance with section 30(ii)(a) of the Companies Act of South Africa and the Company's Memorandum of Incorporation and were prepared under the supervision of the CFO, Ms M de Lange CA(SA).

STATEMENT OF FINANCIAL POSITION

for the year ended 28 February 2021

	Notes	Group		Company	
		2021 R'000	2020 R'000	2021 R'000	2020 R'000
Assets					
Non-current assets					
Investment property		8 227 800	8 780 933	7 934 100	8 509 031
Fair value of investment property	3	8 123 987	8 639 496	7 830 715	8 372 436
Straight-line rental income accrual	3	103 813	141 437	103 385	136 595
Property, plant and equipment		11 228	13 566	903	1 120
Investment in subsidiaries		-	-	62 274	62 274
Investment in listed security	4	157 072	277 734	157 072	277 734
Loans due from subsidiaries		-	-	288 754	289 314
		8 396 100	9 072 233	8 443 103	9 139 473
Current assets					
Loan receivable		10 372	12 562	10 372	12 562
Current tax receivable		526	-	-	-
Trade and other receivables		330 171	274 052	321 623	264 236
Cash and cash equivalents		49 562	46 412	46 190	44 193
		390 631	333 026	378 185	320 991
Total assets		8 786 731	9 405 259	8 821 288	9 460 464
Equity					
Share capital		4 868 461	4 868 461	4 868 461	4 868 461
Non-controlling interest		(6 800)	(5 148)	-	-
Retained loss		(1 364 424)	(909 968)	(1 290 106)	(810 459)
Total equity		3 497 237	3 953 345	3 578 355	4 058 002
Liabilities					
Non-current liabilities					
Derivative financial instruments		114 442	58 427	114 442	58 427
Interest-bearing borrowings		802 879	1 019 509	802 879	1 019 509
Lease liabilities		32 853	37 156	1 639	2 626
Loans due to subsidiaries		-	-	4 190	4 190
Other financial liabilities		5 844	6 273	5 844	6 273
		956 018	1 121 365	928 994	1 091 025
Current liabilities					
Interest-bearing borrowings		3 952 703	4 014 568	3 952 703	4 014 568
Lease liabilities		7 219	9 400	1 262	1 209
Trade and other payables		204 430	238 034	191 068	222 844
Derivative financial instruments	5	-	3 805	-	3 805
Current tax payable		161 737	37 590	160 959	38 112
Bank overdraft		7 387	27 152	7 947	30 899
		4 333 476	4 330 549	4 313 939	4 311 437
Total liabilities		5 289 494	5 451 914	5 242 933	5 402 462
Total equity and liabilities		8 786 731	9 405 259	8 821 288	9 460 464

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 28 February 2021

	Notes	Group		Company	
		2021 R'000	2020 R'000	2021 R'000	2020 R'000
Revenue					
Rental Income	6	1 445 893	1 486 020	1 403 998	1 458 832
Straight-line rental income accrual		(37 624)	(30 383)	(33 210)	(27 987)
		1 408 269	1 455 637	1 370 788	1 430 845
Property operating expenses		(556 656)	(476 138)	(563 303)	(495 539)
Net property rental and related income		851 613	979 499	807 485	935 306
Other income		708	2 499	1 326	2 499
Dividend income	9	13 809	42 878	13 809	49 251
Loss on foreign exchange movements		(3 709)	(19 326)	(3 709)	(19 326)
Administration expenses		(116 433)	(93 514)	(98 344)	(65 017)
Net operating profit		745 988	912 036	720 567	902 713
Fair value adjustments	7	(636 895)	(1140 432)	(653 163)	(1 082 576)
ECL provisions		429	(67 754)	(24 871)	(101 056)
Profit/(loss) from operations		109 522	(296 150)	42 533	(280 919)
Finance costs	8	(435 308)	(571 530)	(431 516)	(567 451)
Interest income	9	21 696	20 463	58 063	56 316
Loss before taxation		(304 090)	(847 217)	(330 920)	(792 054)
Taxation		(152 016)	(93 071)	(148 727)	(93 071)
Loss for the year		(456 106)	(940 288)	(479 647)	(885 125)
Total comprehensive loss for the year		(456 106)	(940 288)	(479 647)	(885 125)
Loss for the year attributable to:					
Owners of the parent		(454 456)	(935 800)	(479 647)	(885 125)
Non-controlling interest		(1 652)	(4 488)	-	-
Total comprehensive loss attributable to:					
Owners of the parent		(454 456)	(935 800)	(479 647)	(885 125)
Non-controlling interest		(1 652)	(4 488)	-	-
Basic and diluted earnings					
Basic and diluted loss per share		(63.63)	(131.02)	-	-

STATEMENT OF CHANGES IN EQUITY

for the year ended 28 February 2021

Group (R'000)	Share capital	Retained income	Non-controlling interest	Total equity
Balance at 1 March 2019	4 868 461	227 002	(660)	5 094 803
Total comprehensive loss for the year	-	(935 800)	(4 488)	(940 288)
Loss for the year	-	(935 800)	(4 488)	(940 288)
Dividends paid	-	(201 170)	-	(201 170)
Balance at 28 February 2020	4 868 461	(909 968)	(5 148)	3 953 345
Total comprehensive loss for the year	-	(454 456)	(1 652)	(456 108)
Loss for the year	-	(454 456)	(1 652)	(456 108)
Balance at 28 February 2021	4 868 461	(1 364 424)	(6 800)	3 497 237

Company (R'000)

Balance at 1 March 2019	4 868 461	275 836	-	5 144 297
Loss for the year	-	(885 125)	-	(885 125)
Dividends paid	-	(201 170)	-	(201 170)
Balance at 1 March 2020	4 868 461	(810 459)	-	4 058 002
Total comprehensive loss for the year	-	(479 647)	-	(479 647)
Loss for the year	-	(479 647)	-	(479 647)
Balance at 28 February 2021	4 868 461	(1 290 106)	-	3 578 355

STATEMENT OF CASH FLOWS

for the year ended 28 February 2021

	Notes	Group		Company	
		2021 R'000	2020 R'000	2021 R'000	2020 R'000
Cash flows from operating activities					
Cash generated from operations	11	705 264	896 129	672 789	882 610
Interest received		21 696	14 428	44 907	50 281
Dividend received		13 809	42 878	13 809	49 251
Finance costs		(462 402)	(487 265)	(462 402)	(485 788)
Taxation paid		(42 680)	(57 354)	(42 680)	(57 328)
Net cash inflow from operating activities		235 687	408 816	226 423	439 026
Cash flows from investing activities					
Acquisition of property, plant and equipment		(452)	(102)	(452)	(102)
Proceeds on disposal of property, plant and equipment		112	-	112	-
Capital expenditure on investment property		(37 596)	(22 938)	(27 923)	(22 570)
Proceeds on disposal of investment property		14 966	49 106	14 966	49 106
Proceeds on disposal of investment in listed shares (Grit)		-	104 351	-	104 351
Repayment of loans with related parties		30	227	30	227
Repayment of loan receivable		-	5 000	-	5 000
Net cash inflow from investing activities		(22 940)	135 644	(13 267)	136 012
Cash flows from financing activities					
Dividends paid		-	(201 286)	-	(201 286)
Increase in interest-bearing borrowing		5 750	105 587	5 750	105 587
Repayment of lease liabilities		(6 484)	(728)	(1 141)	(728)
Repayment of interest-bearing borrowings		(189 098)	(319 803)	(189 099)	(319 803)
Repayment of loans from subsidiaries		-	-	(57 322)	(68 978)
Loan advances to subsidiaries		-	-	53 605	53 004
Repayment of other financial liabilities		-	(28 792)	-	(28 792)
Net cash outflow from financing activities		(189 832)	(445 022)	(188 207)	(460 996)
Net movement in cash and cash equivalents		22 915	99 438	24 949	114 042
Cash and cash equivalents at beginning of year		19 260	(80 178)	13 294	(100 748)
Cash and cash equivalents at end of year		42 175	19 260	38 243	13 294

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS

for the year ended 28 February 2021

ACCOUNTING POLICIES

1. EVENTS AFTER THE REPORTING PERIOD

The subsequent events below were carefully assessed to ensure that all material events have been disclosed.

Disposal of properties

At the date of this report, one sale agreement has been concluded for the sale of the Domus building, situated at 57 Kasteel Road, Lynnwood Glen, Pretoria, for R25 million as announced on SENS on 12 February 2021. Further interest has been shown in other assets of the Group, such as the Free State, Kimberley and Nelspruit assets. Once sale agreements have been concluded for specific assets, the details of the transactions will be disclosed.

Investment in Grit Real Estate Income Group Limited

The value of the Grit shares held by Delta decreased from R157 million to R145.8 million as at 31 May 2021. This relates to a decrease in the share price from USD0.70 per share to USD0.53 per share. The exchange rate also decreased from R15.09/\$1 to R13.72/\$1.

Governance changes

Refer to the Director's report for changes made to the Board of Delta.

Litigation and recovery of funds

The following litigation matters arose since 28 February 2021:

- ▶ Somnipoint litigation
 - During the 2015 financial year, Delta entered into an agreement with Somnipoint to acquire the asset held in Somnipoint. A R45 million refundable deposit was agreed to be paid to Somnipoint. The asset was presented to the Investment Committee, and was subsequently declined. The deposit was not refunded. The common directors in Somnipoint and Delta at the time were Messrs S Nomvete (former CEO) and JB Magwaza (former Chairman) of Delta Property Fund. In February 2020, the asset held in Somnipoint was disposed of and as a result the loan has been impaired.
 - The Board has instituted legal proceedings to recover the amounts due from the shareholders of Somnipoint. Mr JB Magwaza settled R5.0 million on 6 April 2021 of the portion of the loan relating to him.

2. GOING CONCERN

The preparation of financial statements in accordance with IFRS requires, based on the Conceptual Framework of IFRS, that the financial statements be prepared on the underlying assumption that the entity ("entity" being the Company and the Group) is a going concern. This assumption presumes that an entity will continue in operation in the foreseeable future or, if that presumption is not valid, disclosure and a different basis of reporting are required. The Board of directors ("Board") believes that as of the date of this report, this presumption is still appropriate and accordingly the financial statements have been prepared on the going concern basis. The Board has based this assumption on the considerations more fully explained throughout this note.

Ability of the Company and Group to continue as a going concern

IAS 1 Preparation of Financial Statements requires management to make an assessment of the Company and Group's ability to continue as a going concern. To this extent, IAS 1 states that when management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern, such uncertainties should be disclosed. In conducting this assessment, management has taken into consideration the following factors:

- ▶ The Group and Company reported a net loss of R456.1 million and R479.6 million for the 2021 reporting period, respectively. This loss is mainly attributed to the write down of investment property to its amended fair values. These challenges have, in part, been balanced by the performance of the investment property portfolio, which remains strong.
- ▶ The Group and Company's total assets of R8.8 billion and R8.8 billion exceed the total liabilities of R5.3 billion and R5.2 billion at 28 February 2021, respectively.
- ▶ The Group and Company had a loan to value ratio of 56.5% and 55.8% respectively in comparison to 55.7% and 54.9% in the prior reporting period. These ratios have exceeded the covenants set by the lenders of 50%. The Group and Company had an interest cover ratio of 1.90 and 2.03 times respectively in comparison to 1.75 and 1.86 times in the prior reporting period. This is below the lender requirement for the Group.
- ▶ The Group's and Company's current liabilities of R4.3 billion exceeded its current assets by R3.9 billion at 28 February 2021. This is mainly due to the structural tenure of the Group's funding facilities. Management has engaged with lenders in this regard and the following actions have been agreed:
 - The Group will reduce its debt exposure to acceptable levels by disposing of assets that are non-core to the business.
 - The funders remain supportive of the business.
 - The expedited filling of increased vacancies and the extension of expiring leases.
 - A strategic plan to support the above initiatives.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS continued

for the year ended 28 February 2021

2. GOING CONCERN (continued)

Solvency

At 28 February 2021, independent valuations of the investment property portfolio indicate that their fair values exceed the external debt of the Group. While the Group intends to hold these assets for their income-generating potential, the loan to value ratio of 56.5% indicates that should the Group need to dispose of properties to lower its external debt levels; the quantum of required disposals is considered achievable in the current market conditions.

Liquidity

In assessing the Group's liquidity, management prepared a cash flow forecast up until 28 February 2022, taking into consideration its turnaround plan and other initiatives which, if successfully implemented, indicate that the Group will have sufficient cash resources for the foreseeable future which is defined as 12 months from the date of publishing these financial statements.

Cash flows and liquidity are monitored on a daily basis by management with oversight from the Board. Management has considered a number of estimates, judgements and assumptions in performing the liquidity assessments, the most significant of which are listed and expanded upon below:

- ▶ Continued positive engagement and support from the Group's lenders including extension of facilities beyond scheduled maturity dates despite exceeding certain loan covenant ratios.
- ▶ The reduction in debt through the sale of properties.
- ▶ Continued performance of the property portfolio within expected vacancy not greater than 21%.

Conclusion

The Board is of the view that given the significant headroom in the fair value of the assets over the fair value of the liabilities, the Group and Company remain solvent as at 28 February 2021 and at the date of this report.

The ability of the Group to repay debt as it becomes due is dependent on the timing and quantum of cash flows from operations according to forecasts prepared by management, including scenario analyses, the ability to realise cash through the sale of properties identified as non-core to the business and the ability to extend loan facilities beyond scheduled maturity dates.

The Board has no intention to cease trading, curtail operations or liquidate properties in excess of those already earmarked for sale, other than the orderly disposals that may be necessary to reduce debt. The Board remains focused on and committed to the operations of the Group and the repayment of debt.

2. GOING CONCERN (continued)

Conclusion (continued)

The Board acknowledges the material uncertainty related to unforeseen events or conditions that may affect the execution of the business plans of the Group, that may cast significant doubt on the Company and Group's ability to continue as a going concern and therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Notwithstanding the acknowledgement of these material uncertainties and having considered the validity of the principal assumptions set out above including continued support from the Group's principal financiers, the Board has concluded that the Company and Group are able to discharge liabilities in the normal course of business and is therefore of the opinion that the going concern assumption is appropriate in the preparation of the financial statements.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS

continued
for the year ended 28 February 2021

3. INVESTMENT PROPERTY

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Carrying amount				
Cost	9 862 489	9 911 977	9 428 545	9 487 976
Fair value adjustments	(1 738 502)	(1 272 481)	(1 597 830)	(1 115 540)
Balance at end of year	8 123 987	8 639 496	7 830 715	8 372 436
Movement for the year:				
Balance at beginning of year	8 639 496	9 604 224	8 372 436	9 305 585
Leasehold land capitalised		31 305		4 563
Fair value adjustments	(493 785)	(1 017 357)	(510 054)	(959 500)
Capital expenditure	37 596	14 768	27 653	15 190
Commission capitalised	4 309	17 187	4 309	17 154
Commission amortised*	(8 529)	(10 631)	(8 529)	(10 556)
Disposals	(55 100)	-	(55 100)	-
Balance at end of year	8 123 987	8 639 496	7 830 715	8 372 436
Reconciliation to valuations:				
Fair value of investment property	8 123 987	8 639 496	7 830 715	8 372 436
Straight-line rental income accrual	103 813	141 437	103 385	136 595
Valuations at end of year	8 227 800	8 780 933	7 934 100	8 509 031

Investment properties have been encumbered as security for interest-bearing borrowings as follows:

- ▶ Investment properties with a market value of R1.5 billion (2020: R1.6 billion) are mortgaged to the Standard Bank of South Africa Limited to secure borrowing facilities amounting to R0.8 billion (2020: R0.9 billion).
- ▶ Investment properties with a market value of R4.6 billion (2020: R4.8 billion) are mortgaged to Nedbank Limited to secure borrowing facilities amounting to R3 billion (2020: R3.3 billion).
- ▶ Investment properties and shares in Grit with a market value of R1.5 billion (2020: R1.6 billion) and R0.2 billion (2020: R0.3 billion) respectively are mortgaged and ceded to Investec Limited to secure borrowing facilities amounting to R0.8 billion (2020: R0.9 billion).
- ▶ Investment property with a market value of R0.7 billion (2020: R0.6 billion) is ceded to the Bank of China for borrowing facilities in respect of a second and third continuous mortgage bond amounting to R0.2 billion (2020: R0.2 billion).

* Forensic investigation as referred to in the reissued financial statements for the year ended 29 February 2020 revealed various broker commissions paid to brokers without valid broker mandates. Some were paid to companies the directors of which were directly or indirectly acquaintances of the previous executive team. These commissions were not previously disclosed to the Board. These commissions have been written off.

3. INVESTMENT PROPERTY (continued)

Investment property valuation

A detailed register of investment property owned by the Group is available for inspection by shareholders at the registered office of the Company. Investment property is leased to tenants (mainly sovereign) on an operating lease basis for a fixed term period with fixed annual escalations and subject to fair value assessment on an annual basis.

A panel of independent external valuers are appointed to conduct the Group's year-end market valuations. The Group provided the valuers with property and other information required in the valuation of the properties. Among other inputs, the independent valuers applied current market-related assumptions to the risks in rental streams of properties. Once the valuations have been completed by the independent valuers, it was reviewed internally and presented at different forums within the Group. The Investment Committee, a sub-committee of the Board of directors, provides final approval of the valuations.

The valuers have recent experience valuing properties in both the relevant geographic location and the relevant property category.

All the valuers are registered valuers in terms of Section 19 of the Property Valuers Professional Act (Act No 47 of 2000). The independent valuers are as follows:

Company name	Lead valuer	Qualification of valuer
HDV Valuations	Heather Fouché	NDip Real Estate – Professional Valuer (MRICS) (without restrictions)
Valuation DNA	Hendrik JP Fouché	Professional Valuer (without restrictions), ND Real Estate (Property Valuation), NHD Construction (Quantity Surveying), Member of the South African Council for the Property Valuers Profession, Member of the South African Institute of Valuers
Realworx Property Valuations	Stanton Alberts	Professional Associate Valuer (without restrictions)
Real Insight	Theuns Behrens	NDip (Prop Val), Professional Associate Valuer (without restrictions)
CBRE Excellerate	Siddeeq Omar (Senior Valuer)	MSc Real Estate, Professional Associated Valuer, RICS Registered Valuer (without restrictions)
JLL	Shaun Crous	MRICS/RICS Registered Valuer (without restrictions)

The independent valuations were performed using the discounted cash flow and income capitalisation methodology. These methods are based on open market values with consideration given to the future earnings potential and applying an appropriate discount rate to the property.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS continued

for the year ended 28 February 2021

3. INVESTMENT PROPERTY (continued)

At the reporting date, the key assumptions and unobservable inputs used in determining fair value were in the following ranges for the Group's portfolio of properties:

	Group		Company	
	2021	2020	2021	2020
Expected market rental growth	1% - 5%	4% - 6%	4% - 5%	4% - 6%
Expected expense growth	6% - 7.5%	6% - 8%	6% - 7.5%	6% - 8%
Vacancy rate	0 - 12 months	0 - 12 months	0 - 12 months	0 - 12 months
Rent-free periods	0 - 6 months	0 - 12 months	0 - 12 months	0 - 12 months
Office - sovereign				
Number of buildings	80	81	77	81
Discount rate	12% - 18%	13.75% - 18.25%	12% - 18%	13.75% - 18.25%
Market capitalisation rate	9% - 13%	9.25% - 14%	10.5% - 11%	9.25% - 14%
Office - other				
Number of buildings	15	15	15	15
Discount rate	12% - 18%	14% - 16.5%	12% - 18%	14% - 16.5%
Market capitalisation rate	9% - 13%	9.75% - 12%	9% - 13%	9.75% - 12%
Retail				
Number of buildings	3	3	3	3
Discount rate	15% - 16.5%	14.50% - 15%	15% - 16.5%	14.50% - 15%
Market capitalisation rate	10% - 11.5%	10% - 11%	10% - 11.5%	10.00% - 11%
Industrial				
Number of buildings	2	3	2	3
Discount rate	13% - 16%	14.75% - 15.25%	13% - 16%	14.75% - 15.25%
Market capitalisation rate	10.5% - 11%	10.25% - 10.75%	10.5% - 11%	10.25% - 10.75%

The fair value adjustments on investment property, which are excluded from the calculation of SA REIT funds from operations (previously distributable earnings), are included in profit and loss and categorised as level 3 under the fair value hierarchy based on the inputs to the valuation technique used.

3. INVESTMENT PROPERTY (continued)

The valuations of the investment properties are sensitive to changes in the unobservable inputs used in such valuations. Changes to one of the unobservable inputs, while holding the other inputs constant, would have the following effects on the fair value of investment property and fair value adjustment in profit or loss:

	% Change	Group		Company	
		2021 R'000	2020 R'000	2021 R'000	2020 R'000
Increase in discount rate	0.25	(131.8)	(148.0)	(127.2)	(143.4)
Decrease in discount rate	0.25	136.2	153.2	131.4	148.4
Increase in capitalisation rate	0.25	(186.2)	(202.7)	(179.4)	(196.4)
Decrease in capitalisation rate	0.25	195.0	212.5	187.9	205.9

The Group's leasehold land obligations as lessee meets the definition of investment property per IAS 40 and is subsequently measured to fair value.

The fair value of investment property held by the Group as leasehold land reflects expected cash flows including variable lease payments that are expected to become payable.

IFRS 16 requires a lessor to disclose information about how it manages its risk associated with any rights that it retains in leased assets. Residual value risk is the possibility that investment property can only be resold or re-leased at a price below its residual value. The Group manages such risk by performing independent valuations annually, as disclosed above, which takes into account risks associated in the assessment of fair market value. Accordingly, the independent valuation exercise performed mitigates the residual risk associated with investment property.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS

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4. INVESTMENT IN LISTED SECURITY

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Grit Real Estate Income Group Limited	157 072	277 734	157 072	277 734
Reconciliation of investment in Grit				
Balance at beginning of year	277 734	461 822	277 734	461 822
Current year Forex adjustment of investment	(15 864)	-	(15 864)	-
Disposal of shares	(37 250)	(104 350)	(37 250)	(104 350)
Current year fair value adjustment of investment	(67 548)	(79 738)	(67 548)	(79 738)
Balance at end of year	157 072	277 734	157 072	277 734

Grit is an African focused property income fund previously listed on the JSE and currently listed on the Stock Exchange of Mauritius ("SEM") and London Stock Exchange ("LSE"). Delta holds 4.49% (2020: 5.7%) of Grit shares in issue, while 14.4% was disposed of during the year for R37.3 million. The proceeds were utilised to settle debt facilities geared against these shares. This investment was fair valued at year-end to R15.09 per share (2020: R15.99 per share), which resulted in a negative fair value adjustment at Group and Company of R67.6 million (2020: R79.8 million). The changes in fair value of this investment is recognised in profit and loss according to the requirements of IFRS 9. During the year Grit delisted from the JSE, moved to a premium listing on the LSE and retained their listing on the SEM.

This investment is categorised as level 1 under the fair value hierarchy.

5. DERIVATIVE FINANCIAL INSTRUMENTS

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Standard Bank of South Africa Limited				
Non-current liabilities				
Interest rate swap	(82 226)	(38 823)	(82 226)	(38 823)
Nedbank				
Non-current liabilities				
Interest rate swap	(32 216)	(19 604)	(32 216)	(19 604)
Current liabilities				
Interest rate swap		(3 805)		(3 805)
	(114 442)	(62 232)	(114 442)	(62 232)
Non-current liabilities	(114 442)	(58 427)	(114 442)	(58 427)
Current liabilities	-	(3 805)	-	(3 805)
	(114 442)	(62 232)	(114 442)	(62 232)

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS continued

for the year ended 28 February 2021

5. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Interest rate swap – future cash flows are discounted using the Johannesburg Interbank Agreed Rate (“JIBAR”) swap curve.

The Group uses a combination of interest rate swaps, and fixed bank facilities to hedge its exposure to interest rate risk. The Group pays the nominal interest rate and receives three-month JIBAR as the floating rate. The table below reflects the Group’s interest rate swaps at financial year-end:

Bank	Nominal interest		Group		Company	
	rate %	Maturity	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Standard Bank interest rate swap	7.64	Mar 24	350 000	350 000	350 000	350 000
Standard Bank interest rate swap	7.65	Jan 24	650 000	650 000	650 000	650 000
Nedbank interest rate swap*	8.025	Aug 20	-	160 000	-	160 000
Nedbank interest rate swap*	7.705	Dec 20	-	200 000	-	200 000
Nedbank interest rate swap*	8.075	Jun 21	-	200 000	-	200 000
Nedbank interest rate swap*	7.885	Feb 22	-	300 000	-	300 000
Nedbank interest rate swap*	7.885	Apr 22	-	160 000	-	160 000
Nedbank interest rate swap*	4.95	Aug 23	200 000	-	200 000	-
Nedbank interest rate swap*	5.84	Aug 23	200 000	-	200 000	-
Nedbank interest rate swap*	6.81	Aug 23	460 000	-	460 000	-
			1 860 000	2 020 000	1 860 000	2 020 000

* Swaps valued at R160 million from Nedbank have expired, while a remaining R860 million have been consolidated/restructured into similar terms than previous, with lower nominal rates.

6. RENTAL INCOME

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Contractual	1 090 092	1 114 840	1 064 020	1 086 537
Parking	97 219	101 272	95 104	99 096
Antennae	5 134	5 138	4 987	5 001
Storage	10 727	10 579	10 304	10 185
Signage	151	453	151	453
Recoveries	242 569	253 738	229 432	257 560
	1 445 893	1 486 020	1 403 998	1 458 832

Rental income comprises gross rental income and recoveries from tenants.

Lease maturity analysis

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Operating lease payments receivable as lessor				
- Year one	507 826	452 474	499 973	430 255
- Year two	383 134	268 710	381 918	266 260
- Year three	268 065	175 445	268 012	174 668
- Year four	94 061	121 987	94 003	121 740
- Year five	34 865	50 160	34 803	50 102
- Later than five years	102 409	124 111	102 237	123 876
	1 390 360	1 192 887	1 380 946	1 166 901

Minimum lease payments receivable comprise contractual rental income due in terms of signed lease agreements on investment property. This excludes the straight-line rental income accrual adjustments.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS

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for the year ended 28 February 2021

7. FAIR VALUE ADJUSTMENTS

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Investment property	(493 785)	(1 017 357)	(510 054)	(959 500)
Investment property disposed	(23 351)	(3 414)	(23 351)	(3 415)
Fair value adjustment to investment property	(517 137)	(1 020 771)	(533 405)	(962 915)
Investment in listed security	(67 548)	(79 738)	(67 548)	(79 738)
Derivative financial instruments	(52 210)	(39 923)	(52 210)	(39 923)
	(636 895)	(1 140 432)	(653 163)	(1 082 576)

8. FINANCE COSTS

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Interest-bearing borrowings	414 041	513 512	414 041	513 512
Debt structuring fees amortised	15 325	45 749	15 325	45 749
Interest on lease liabilities	4 236	4 237	346	432
Bank overdraft	-	6 272	-	6 272
Other	1 707	1 760	1 804	1 486
	435 308	571 530	431 516	567 451

9. INVESTMENT INCOME

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Dividend income from subsidiaries and listed investment				
Dividend income	13 809	42 878	13 809	49 251
Dividend income	13 809	42 878	13 809	49 251
Interest income				
Bank and cash guarantee	1 974	2 879	1 974	2 879
Loans to subsidiaries	-	-	36 556	33 442
Loans receivable	-	-	-	845
Trade receivable	19 445	12 280	19 256	13 846
Bank and cash deposits	277	5 304	277	5 304
Interest income	21 696	20 463	58 063	56 316

10. INTEREST IN JOINT OPERATION

Silverstream Office Park

The Company and Redefine Properties Limited entered into a co-ownership agreement (50:50) with joint control in respect of Building 3 located in Silver Stream Business Park in Bryanston. This co-ownership is classified as a joint operation in terms of IFRS 11 and the Group recognises its 50% proportionate share of the assets, liabilities, income and expenses of the entity.

Summarised financial information of the 50% portion of Delta.

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Rental income	6 941	12 835	6 941	12 835
Property expenses	(2 550)	(1 907)	(2 550)	(1 907)
Net property income	4 391	10 928	4 391	10 928
Investment property value	42 950	48 000	42 950	48 000

Delta Property Asset Management

As DPAM is consolidated following the assessment in terms of IFRS 10, 50% of the rental paid by DPAM to the joint operation is eliminated against the rental income received upon consolidation.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS continued

for the year ended 28 February 2021

11. CASH GENERATED FROM OPERATIONS

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Loss before taxation	(304 091)	(847 220)	(330 919)	(792 054)
Adjustments:				
Depreciation of property, plant and equipment	3 788	698	585	698
Tax penalty	15 529	-	15 529	-
Unrealised loss on foreign exchange movements	3 709	22 069	3 709	22 069
Dividend income from subsidiaries and listed interest income	(13 809)	(42 878)	(13 809)	(49 251)
Interest income	(21 696)	(20 463)	(58 063)	(56 316)
Finance costs	435 308	571 529	431 516	567 451
Fair value adjustments	636 895	1 140 431	653 163	1 082 576
ECL allowance	1 731	32 558	27 032	65 860
Impairment of loan receivable from Grit	-	1 266	-	1 266
Straight-line rental income accrual	37 624	30 383	33 210	27 987
Operating profit before working capital changes	794 988	888 373	761 953	870 286
Changes in working capital:	(89 724)	7 756	(89 164)	12 324
Trade and other receivables	(56 119)	67 542	(57 387)	(47 387)
Trade and other payables	(33 605)	(59 786)	(31 777)	59 711
Cash generated from operations	705 264	896 129	672 789	882 610

12. RELATED PARTIES

Parties are considered related if one party has the ability to exercise control or significant influence over the other party in making financial or operational decisions. All transactions with related parties are at arm's length.

Relationships

Subsidiaries	Atterbury Parkdev Consortium Proprietary Limited Choice Decisions 300 Proprietary Limited Hendisa Investments Proprietary Limited Hestitrix Proprietary Limited K2014000273 Proprietary Limited Phamog Properties Proprietary Limited 277 Vermeulen Street Properties Proprietary Limited Delta Property Asset Management Proprietary Limited
Members of key management	SH Nomvete - Chief Executive Officer (resigned) S Maharaj - Chief Financial Officer (resigned) ON Tshabalala - Chief Operating Officer (resigned) S Masinga - Interim Chief Executive Officer (appointed 24 August 2020) M de Lange - Chief Financial Officer (appointed 24 August 2020)
Common directors	Shameless Way Trading Proprietary Limited Somnipoint Proprietary Limited Afropulse

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS

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for the year ended 28 February 2021

12. RELATED PARTIES (continued)

Related party	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Atterbury Parkdev Consortium				
Loan payable	-	-	(1 917)	(1 917)
Choice Decisions 300				
Loan payable	-	-	(2 177)	(2 177)
Hendisa Investments				
Loan receivable	-	-	34	34
Hestitrix				
Loan receivable	-	-	235 391	241 430
Interest income	-	-	(17 843)	(18 460)
Dividend income	-	-	-	-
K2014000273				
Loan receivable	-	-	178 493	150 290
Interest income	-	-	(13 156)	(12 310)
Dividend income	-	-	-	-
Phamog Properties				
Loan payable	-	-	-	(96)
277 Vermeulen Street Properties				
Loan receivable	-	-	16 551	18 173
Interest income	-	-	(3 745)	(2 672)
Dividend income	-	-	-	(6 372)
Delta Property Asset Management				
Loan receivable	-	-	15 521	11 121
Trade and other receivables	-	-	55	62
Trade and other payables	-	-	(1 525)	(1 851)
Interest income	-	-	(1 811)	(2 557)
Asset management fees paid	-	-	17 971	21 947
Property management fees paid	-	-	20 896	19 475
Recoveries and reimbursement income	-	-	-	11 754
Shameless Way Trading				
Travel expenses	-	219	-	219
Somnipoint				
Loan receivable	-	26 018	-	26 018
Interest income	(2 634)	(2 634)	(2 634)	(2 634)
Afropulse				
Directors fee – Executive	2 181	-	2 181	-
Directors fee – Non-executive	40	-	40	-

13. FAIR VALUE HIERARCHY

Interest rate swaps

The fair value is calculated as the present value of the estimated future cash flows. Estimates of the future floating-rate cash flows are based on quoted swap rates, futures prices and interbank borrowing rates. Estimated cash flows are discounted using a yield curve constructed from similar sources, which reflects the relevant benchmark interbank rate used by market participants for this purpose when pricing interest rate swaps. The fair value estimate is subject to a credit risk adjustment that reflects the credit risk of the Group and of the counterparty. This is calculated based on credit spreads derived from current credit default swap or bond prices.

14. CONTINGENT LIABILITY

Orthotouch

Orthotouch (Pty) Limited has instituted legal proceedings against the Fund by way of summons, issued out of the High Court of South Africa in which it seeks payment from Delta of an amount of R210.3 million arising from alleged penalties calculated in relation to the purchase of the Bloemfontein property portfolio.

The Group strongly denies the alleged claim as formulated on various grounds and has defended the action. We have been advised by our attorneys ("Bowmans") that the Group has very good prospects of success having regard to the claim as formulated, together with the transaction and performance by the Group. It is difficult to estimate the legal costs which are calculated on time spent. However, current estimates range between R800 000 and upwards of R1.5 million depending on the time taken to conclude the matter. The Group will seek to recover the legal costs from Orthotouch should we succeed in defending the claim.

15. SEGMENTAL INFORMATION

The Group has five reportable segments based on the type of property, i.e. retail, office government, office other, industrial. Where a property has more than one tenant the segment is classified based on the majority tenant type. For each strategic business segment, the entity's Chief Financial Officer reviews internal management reports on a monthly basis. All operating segments are located in South Africa.

The accounting policies of the segments are the same as those applied in the Group. There were no inter-segment sales during the period.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS continued

for the year ended 28 February 2021

15. SEGMENTAL INFORMATION (continued)

The following summary describes the operations in each of the entity's reportable segments:

2021 (R'000)	Head Office	Industrial	Office Government	Office other	Retail	Total
Rental income	(2 825)	6 919	1 100 748	312 151	28 900	1 445 893
Straight-line rental income accrual	-	(103)	(38 179)	(1 478)	2 136	(37 624)
Property operating expenses	(43 478)	(2 361)	(329 105)	(166 940)	(14 772)	(556 656)
Net property rental and related income	(46 303)	4 455	733 464	143 733	16 264	851 613
Other income	(38)	-	391	343	12	708
Dividend income	13 809	-	-	-	-	13 809
Loss on foreign exchange movements	(3 709)	-	-	-	-	(3 709)
Administration expenses	(93 293)	(157)	(14 724)	(8 152)	(107)	(116 433)
Net operating profit/(loss)	(129 534)	4 298	719 131	135 924	16 169	745 988
Fair value adjustments	(143 110)	(27 347)	(314 442)	(147 740)	(4 256)	(636 895)
ECL provisions	429	-	-	-	-	429
Profit/(loss) from operations	(272 215)	(23 049)	404 689	(11 816)	11 913	109 522
Finance costs	(434 822)	(1)	(455)	(217)	187	(435 308)
Interest income	2 063	2	14 632	3 983	1 016	21 696
Loss/profit before taxation	(704 974)	(23 048)	418 866	(8 050)	13 116	(304 090)
Taxation	(152 016)	-	-	-	-	(152 016)
(Loss)/profit for the year	(856 990)	(23 048)	418 866	(8 050)	13 116	(456 106)
Reportable segment assets and liabilities						
Assets						
Fair value of investment property	-	70 850	5 782 700	2 021 451	248 986	8 123 987
Straight-line rental income accrual	-	-	64 100	20 999	18 714	103 813
Other assets	136 952	(1 271)	806 415	(419 216)	36 051	558 931
Total assets	136 952	69 579	6 653 215	1 623 234	303 751	8 786 731
Liabilities						
Total liabilities	1 110 227	16 812	3 038 616	988 147	135 692	5 289 494

15. SEGMENTAL INFORMATION (continued)

2020 (R'000)	Head Office	Industrial	Office Government	Office other	Retail	Total
Rental income	-	14 774	1 099 566	332 355	39 325	1 486 020
Straight-line rental income accrual	-	103	(32 429)	(632)	2 575	(30 383)
Property operating expenses	-	(3 345)	(312 118)	(143 736)	(16 939)	(476 138)
Net property rental and related income	-	11 532	755 019	187 987	24 961	979 499
Other income	701	-	1 107	423	268	2 499
Dividend income	42 878	-	-	-	-	42 878
Loss on foreign exchange movements	(19 326)	-	-	-	-	(19 326)
Administration expenses	(87 155)	(22)	(4 439)	(1 768)	(130)	(93 514)
Net operating profit/(loss)	(62 902)	11 510	751 687	186 642	25 099	912 036
Fair value adjustment to investment properties	(3 415)	(36 603)	(725 351)	(242 375)	(13 027)	(1 020 771)
Fair value adjustment to investment in Grit	(79 738)	-	-	-	-	(79 738)
Fair value adjustment to derivative financial instruments	(39 923)	-	-	-	-	(39 923)
ECL provisions	(67 754)	-	-	-	-	(67 754)
Profit/(loss) from operations	(253 732)	(25 093)	26 336	(55 733)	12 072	(296 150)
Finance costs	(570 231)	-	(404)	(819)	(76)	(571 530)
Interest income	6 238	-	11 058	3 062	105	20 463
Loss/profit before taxation	(817 725)	(25 093)	36 990	(53 490)	12 101	(847 217)
Taxation	(93 071)	-	-	-	-	(93 071)
(Loss)/profit for the year	(910 796)	(25 093)	36 990	(53 490)	12 101	(940 288)
Reportable segment assets and liabilities						
Assets						
Fair value of investment property	-	108 197	6 120 450	2 157 527	253 322	8 639 496
Straight-line rental income accrual	-	103	102 283	22 473	16 578	141 437
Other assets	314 556	(97)	500 252	(234 504)	44 119	624 326
	314 556	108 203	6 722 985	1 945 496	314 019	9 405 259
Liabilities						
Total liabilities	473 905	32 387	3 497 433	1 291 288	156 901	5 451 914

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for the year ended 28 February 2021

16. EARNINGS AND HEADLINE EARNINGS

	Group	
	2021 R'000	2020 R'000
Loss attributable to owners of the parent*	(454 456)	(935 800)
Change in fair values of investment properties	517 137	1 020 771
Headline earnings attributable to owners of the parent	62 681	84 971
Shares in issue at beginning of the year	714 229 718	714 229 718
Number of shares in issue	714 229 718	714 229 718
Weighted average number of shares in issue	714 229 718	714 229 718
Weighted average number of shares in issue	714 229 718	714 229 718
Actual number of shares in issue		
Number of shares in issue at interim	714 229 718	714 229 718
Number of shares in issue at year-end	714 229 718	714 229 718
Basic and diluted earnings and headline earnings per share (cents)		
Basic and diluted loss per share	(63.63)	(131.02)
Basic and diluted headline earnings per share	8.78	11.90

* Loss attributable to owners of the parent includes:

- Taxation of R152 million (2020: R93 million) and excludes:
- Non-controlling interest R1.7 million (2020: R4.5 million)

The Group has no dilutionary instruments in issue.

SUPPLEMENTARY INFORMATION

for the year ended 28 February 2021

SA REIT FUNDS FROM OPERATIONS (PREVIOUSLY DISTRIBUTABLE EARNINGS)

		Group	
		2021 R'000	2020 R'000
Profit or loss per IFRS Statement	A	(454 456)	(935 800)
Adjusted for:			
Accounting and specific adjustments:			
Fair value adjustment loss/(gain) to:			
Fair value adjustment loss/(gain) to:			
- Investment property		517 137	1 017 357
- Debt and equity instrument held at fair value		-	-
Straight-lining operating lease adjustments		37 624	30 383
Adjustment to dividends from equity interests held		-	(3 813)
	B	554 761	1 043 927
Adjustment arising from investing activities			
Gains or losses on disposal of:			
Investment property, plant and equipment		-	-
Debt and Equity Instruments-Grit		67 548	79 738
Foreign exchange and hedging activities	C	67 548	79 738
Fair value adjustments on derivative financial instruments employed solely for hedging purposes		52 210	39 923
Reclassification of currency translation reserve upon disposal of a foreign operation		-	-
Foreign exchange gains or losses relating to capital items - realised and unrealised		3 709	22 069
	D	55 919	61 992
Other adjustments:			
Tax impact of the above adjustments		-	-
Adjustment made from equity-accounting entities		-	-
Non-controlling interest in respect of the above adjustments		-	-
	E	-	-
SA REIT: A+B+C+D+E		223 773	249 857
Number of shares in issue ('000)		714 230	714 230
SA REIT funds from operations per share (cents)		31.33	34.98

CORPORATE INFORMATION

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Delta Property Fund Limited (“Delta”, “the Company”) and its subsidiaries (“the Group”), a Real Estate Investment Trust (“REIT”) company, is listed on the JSE under the financial - real estate sector. Delta's primary business is long-term investment in quality, rental generating properties.
Directors	Phumzile Langeni, Chairman Sibongile (“Bongi”) Masinga, Interim Chief Executive Officer Marelise de Lange, Chief Financial Officer Nooraya Khan Davina Nodumo (“Dumo”) Motau Nombuso Norah Afolayan Mfundiso Johnson Ntabankulu (“JJ”) Njeki, lead independent director Moshiko Caswell Ramokgadi Rampheri
Registered office	Silver Stream Business Park 10 Muswell Road South Bryanston Johannesburg 2021
Postal address	Postnet Suite 210 Private Bag X21 Bryanston 2021
Auditor	BDO South Africa Incorporated Chartered Accountants (SA), Registered Auditors
Company Secretary	Paula Nel (BCom ACIS), resignation effective 30 June 2021 FluidRock Governance Group Proprietary Limited, appointed effective 01 July 2021
Company registration number	2002/005129/06
Tax reference number	9464252148

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Integrated annual report published 30 June 2021



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