

Independent Auditor's Report To the Shareholders of Delta Property Fund Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Delta Property Fund Limited (the group and company) set out on pages 17 to 95, which comprise the consolidated and separate statements of financial position as at 28 February 2022, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Delta Property Fund Limited as at 28 February 2022, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

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 *Auditor's Responsibilities for the Audit of Consolidated and Separate Financial Statements* section of our report. We are independent of the group and company in accordance with the Independent Regulatory Board of Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related To Going Concern

We draw attention to Note 4 to the consolidated and separate financial statements, which indicates the uncertainty relating to the extension of the debt facilities. As stated in note 4, the group's and company's ability to repay debt as it becomes due is dependent *inter alia* on the ability to extend loan facilities beyond scheduled maturity dates. These conditions, along with other matters as set out in note 4 to the consolidated and separate financial statements, indicate the existence of a material uncertainty that may cast significant doubt on the group's and company'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. Our opinion is not modified in respect of this matter.

BDO South Africa Incorporated
Registration number: 1995/002310/21
Practice number: 905526
VAT number: 4910148685

Chief Executive Officer: B Mokoena

A full list of all company directors is available on www.bdo.co.za

The company's principal place of business is at The Wanderers Office Park, 52 Corlett Drive, Illovo, Johannesburg where a list of directors' names is available for inspection. BDO South Africa Incorporated, a South African personal liability company, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the “Material uncertainty related to going concern” section, we have determined the matter described below to be the Key audit matter to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<p>VALUATION OF INVESTMENT PROPERTIES (CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS) - NOTE 5.</p> <p>The group’s and company’s investment properties represent the majority of its assets and are accounted for using the fair value model.</p> <p>The group uses independent property valuers to determine the fair values of the properties on an annual basis. The valuation of the group’s and company’s investment property portfolio is inherently subjective due to the estimates and judgements used in determining the fair values.</p> <p>The inputs with the most significant impact on these valuations are disclosed in note 5 to the consolidated and separate financial statements.</p> <p>The significance of the balance, as well as the judgement and estimates applied by the independent valuers and management, together with the sensitivity of the valuations as a result of the key assumptions applied, results in the valuation of investment properties being a matter of most significance in our audit of the consolidated and separate financial statements of the current year.</p>	<p>Our audit procedures included, among others, the following:</p> <ul style="list-style-type: none">• We assessed the design, and tested the implementation of key controls over the valuation process;• We performed an assessment of management’s experts in order to evaluate their competence, capabilities and objectivity;• We engaged an independent and accredited property expert to assist us in evaluating the property valuations for the current period which included:<ul style="list-style-type: none">▪ Assessing the forecast revenue applied in the 1st year of the discounted cash flow (“DCF”) models, for reasonability. This was performed by agreeing the inputs used to generate the revenue forecast to underlying lease information or other available industry data for similar properties. The forecast revenue was also compared to the current year revenue for reasonability;▪ Assessing the projected property expenses applied in the 1st year of the DCF models, for reasonability. This was performed by comparison to actual expenses in the current financial period;▪ Assessing the reasonability of revenue and expense growth rates in the DCF models subsequent to the initial forecast year to underlying lease information, and to available industry data for similar investment properties;▪ Assessing the reasonability of the discount, exit and capitalisation rates applied by comparing these to available industry data in the Rode and SAPOA reports for similar investment properties and where larger than negligible differences noted, obtained further corroboration from the independent auditor’s expert;▪ Re-computing the mathematical accuracy of the DCF models;▪ Evaluating the valuations for the properties valued by management’s valuation experts in the current year and assessed whether the valuation approach was in accordance with International Financial Reporting Standards and suitable for use in determining the fair value of the investment properties for the purpose of the consolidated and separate financial

- statements. In addition, our expert has assessed whether the techniques used by the valuers were applied consistently;
- Engaging with management's property experts in order to discuss assumptions and differences where relevant.
- We evaluated the adequacy of the independent and accredited property expert's work, and specifically:
 - The relevance and reasonableness of the expert's findings and conclusions reached, and the consistency thereof with other audit evidence obtained;
 - The relevance and reasonableness of significant assumptions and methods used, by determining the discount and capitalisation rates applied and comparing these to available industry data for similar properties; and
 - The relevance, completeness, and accuracy of source data that was significant to the expert's work through assessing the forecasted revenue for the first year of the DCF for reasonability by comparing this against actual revenues at market related growth rates.
 - We evaluated whether the disclosures in the consolidated and separate financial statements in accordance with the requirements of International Accounting Standard 40 *Investment Properties*.
-

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Delta Property Fund Limited Consolidated and Separate Annual Financial Statements for the year ended 28 February 2022", which includes the Directors' Report, the Audit, Risk and Compliance Committee's Report and the Declaration by Group Company Secretary as required by the Companies Act of South Africa, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group and / or the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor'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 a 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 these consolidated and separate financial statements.

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 consolidated and separate financial statements, 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 the group's and the company'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 group's and the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements 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 auditor's report. However, future events or conditions may cause the group and /or the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

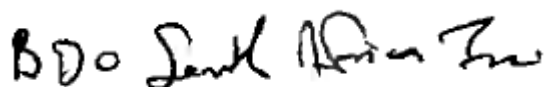
We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that BDO South Africa Incorporated has been the auditor of Delta Property Fund Limited for 12 years.



BDO South Africa Incorporated
Registered Auditors

Bradley Jackson
Director
Registered Auditor

24 May 2022

6th Floor
119-123 Hertzog Boulevard
Foreshore
Cape Town, 8001

