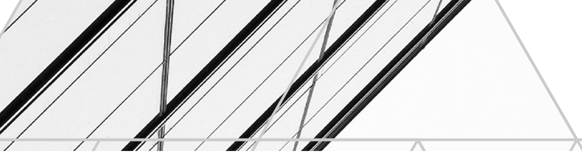
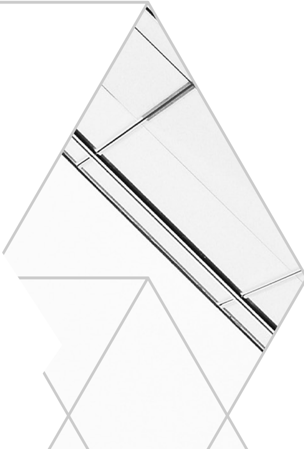
DELTA
PROPERTY FUND

Reissued Financial Statements

for the year ended 29 February 2020



WHO WE ARE



Delta is a JSE listed Real Estate Investment Trust (“REIT”) with a property portfolio of R8.8 billion. The Fund is black managed and continues to be the dominant sovereign listed property fund in South Africa.

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DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are responsible for the preparation and fair presentation of the consolidated and company annual financial statements of Delta Property Fund Limited, comprising the statement of financial position at 29 February 2020, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and the Directors' Report.

The directors are also responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe that the business will not be a going concern in the year ahead.

The auditor is responsible for reporting on whether the financial statements are fairly presented in accordance with the applicable financial reporting framework.

These reissued annual financial statements supersede the annual financial statements that were previously approved and issued on 8 July 2020 and were subsequently withdrawn on 9 December 2020 following the detection of irregularities that gave rise to material misstatements in the financial statements that have subsequently been addressed and corrected in these financial statements (refer to the Director' Report and the Audit Committee Report for further details).

These reissued annual financial statements were approved by the Board of directors on 22 April 2021 and are signed on their behalf by

S Masinga
Interim Chief Executive Officer
Authorised director

M de Lange
Chief Financial Officer
Authorised director

22 April 2021

DECLARATION BY GROUP COMPANY SECRETARY

Declaration by the Group Company Secretary in respect of section 88(2)(e) of the Companies Act.

In terms of section 88(2)(e) of the Companies Act of South Africa, as amended, I certify that the Group has lodged with the Commissioner all 2019 returns as are required of a public company in terms of the Companies Act and that all such returns are true, correct and up to date.

As a result of the withdrawal of the financial statements for the year ended 29 February 2020 and the reissue of the financial statements, the returns relating to this report will be submitted to the Commissioner following the release of this report.

P Nel
Company Secretary

22 April 2021

DIRECTORS' REPORT

Corporate overview

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

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 and other tenants requiring empowered landlords. Delta is a majority black-owned and managed property fund.

Governance

The Board remains aligned with the King IV recommendations and disclosures on the application of the King IV principles.

Irregularities investigated and withdrawal and reissue of annual financial statements

On 2 August 2019, the Chairman of the board and the Chairman of the Audit and Risk Committee received an anonymous tip-off from a whistleblower regarding irregularities being perpetrated by senior executives of Delta Property Fund. A preliminary investigation was conducted and completed by Deloitte on 12 November 2019. After the initial investigation, an in-depth investigation was conducted by Mazars Forensic Services ("the first forensic investigation") and a preliminary report was issued on 13 August 2020. Following the receipt of the preliminary findings of the first forensic investigation, the then Chief Executive Officer and Chief Financial Officer tendered their resignations with immediate effect: and the then Chief Operating Officer elected not to complete his notice period, as announced to the market through SENS on 24 August 2020. The Board subsequently engaged with the Company's auditor, BDO South Africa Incorporated, ("BDO") in respect of the preliminary findings and the circumstances surrounding the resignation of the relevant directors. The first forensic report was finalized on 23 September 2020.

Following the Board's disclosure of the preliminary findings of the first forensic investigation to BDO, BDO issued a letter to the Independent Regulatory Board of Auditors ("IRBA") in terms of section 45 of the Auditing Professions Act, regarding reportable irregularities, and subsequently advised the Board accordingly. BDO undertook additional audit procedures regarding the new information that came to their attention post sign-off of the 2020 audit opinion. A further reportable irregularity was reported by BDO to IRBA relating to the non-compliance with section 30 of the Companies Act in that, with the withdrawal of the financial statements by the Board and the audit opinion by BDO, Delta as a result of that did not prepare financial statements within six months from their financial year end and have consequently also not prepared an interim financial report within three months from its interim period close, thereby breaching paragraph 3.19 and 3.15 of the JSE Listings Requirements respectively.

Following the final report and findings issued by Mazars in the first forensic investigation, management concluded an investigation of internal processes covering the period 01 March 2017 to 31 August 2020, with further emphasis on the double payment of commission and improper procurement practices ("the second forensic investigation"). While the forensic reports are confidential and subject to legal privilege, and without waving this legal privilege, the Board confirms the investigations found evidence that the previous executive directors, in the execution of their duties, undermined the Board and Company's governance practices which resulted in non-compliance with internal controls in the Company, including unsubstantiated payments, procurement irregularities and other unethical business dealings. These past practices are of significant concern to both

DIRECTORS' REPORT (continued)

the Board and BDO. The required reporting of these instances of wrongdoing, 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 and internal investigation as to any civil claims that may arise.

Some of the key issues identified in these reports include:

- payment of commission by the Company totalling R42.8 million (for the three financial years ended February 2018, 2019, and 2020), on the basis of invalid, lapsed or no broker mandates;
- fraudulent payments amounting to R2,1 million; and
- non-disclosure of related/connected party transactions and apparent conflict of interest situations to the Board.

Commission payments of R41.8 million were spent with parties which the Board considered to be acquaintances due to the nature of the relationship between some of the former executive directors and the parties receiving the commission. There were five companies who received commissions ranging from R0.2 million to R20.1 million in total.

Despite various requests to such entities and searches of public information, management has been unable to obtain the shareholding information and thus establish whether such parties constitute related parties for IFRS disclosure purposes.

The Board initiated, and the Interim Management oversaw a comprehensive internal accounting review process that revealed a failure to recognise commission and other property-related expenses (such as insurance, valuation fees and property management fees) as well as off-market assumptions used in certain of the property valuations for the years ended February 2018, 2019 and 2020, the correction of which has now resulted in a decrease in the valuation of Investment Property (including investment property held-for-sale) from R10,6 billion (2019: R11.3 billion and 2018: R11.5 billion) to R8,8 billion (2019: R9.8 billion and 2018: R10.6 billion) in the financial statements for the year ended February 2020 ("2020 Financial Statements"). Of the total decrease of R1.8 billion (2019: R1.5 billion and 2018: R0.9 billion), R0.6 billion (2019: R0.8 billion) relates to a prior year error resulting from the exclusion of the property-related expenses from the valuations and R1.2 billion (2019: R0.7 billion and 2018: R0.9 billion) resulting from a difference in assumptions that were not aligned to property specific and market information available at the date of the fair value determination.

In light of the circumstances described above, in December 2020, the Board resolved to withdraw the 2020 Financial Statements and therefore continued reliance on the 2020 Financial Statements as previously issued was no longer appropriate. The Company was advised by BDO, that BDO has withdrawn its audit opinion in respect of the 2020 Financial Statements.

In addition, the accounting review revealed:

- Unsubstantiated rental revenue from contractors in vacant properties that was capitalised to the respective investment properties amounting to R36.6 million in 2019 and R27.5 million 2018.
- Properties classified as non-current assets held-for-sale that did not meet the required criteria and required to be reclassified to investment properties amounting to R1.4 billion in 2019 and R0.9 billion in 2018.
- Understatement of the impairment allowance on receivables from related parties of R19.5 million. There were no increases to the impairment allowance for 2018 and 2019.
- The requirement to recognise a guarantee liability in accordance with IFRS 9 Financial Instruments for the guarantee provided to Investec Bank in favour of Grit Real Estate Income Group of R6.3 million (2019: R3.9 million and 2018: R4.0 million).
- The requirement to consolidate DPAM in accordance with IFRS 10 resulting in a decrease in Group net asset value of R5.1 million (2019: R0.7 million and 2018: R5.5 million increase in NAV).

- The requirement to expense debt structuring fees on short-term facilities to finance costs in the amount of R11.9 million that were previously incorrectly amortised over a three-year period. There were no adjustments of debt structuring fee amortisation affecting prior periods.
- The need to recognise expected credit loss impairments on loans to subsidiaries following updated property valuations resulting in cumulative impairment allowances of R131.9 million (2019: R98.6 million, 2018: R74.4 million).

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

As a consequence of the withdrawal of the 2020 Financial Statements and the delay in issuing the Interim Results the JSE suspended trading in the shares of Delta Property Fund. The Board initiated, and the Interim Management oversaw a comprehensive internal accounting review that lead to the reissue of the previously withdrawn financial statements for the year ended 29 February 2020.

The correction of the accounting errors in the financial year ended 29 February 2020 has been summarised as follows in the interest of transparency and to illustrate the financial effects of the irregularities and accounting errors.

		Financial impact year ended 29 February 2020			
				Equity	
Categories of restatement	**Notes**	**Asset increase/ (decrease) R'000**	**Liability (increase)/ decrease R'000**	**Profit increase/ (decrease) R'000**	**Equity increase/ (decrease) R'000**
Commissions	3.1	(42 808)	-	(19 062)	(23 746)
Contractor rental	3.3	-	10 947	-	10 947
Property valuations	3.4	(1 800 268)	-	(271 005)	(1 529 263)
Write off related party receivable and interest revenue[A]		(19 513)	-	(19 513)	-
Recognition of guarantee liability	3.6	-	(6 273)	(2 353)	(3 921)
Consolidation of DPAM	3.7	14 223	(19 371)	(4 488)	(660)
Amortisation of debt structuring fees[B]		-	(11 960)	(11 960)	-
Taxation[C]		-	(17 599)	(17 599)	-
Property accrual correction[D]		-	(5 895)	(5 895)	-
Reclassifications[E]		(7 260)	7 260	-	-
Total		**(1 855 626)**	**(42 891)**	**(351 875)**	**(1 546 642)**

[A] *Relates to the write-down of the Somnipoint loan (refer note 13).*
[B] *Write-off of debt structuring fees incorrectly amortised over a three-year period.*
[C] *An adjustment to the tax computation was detected and corrected.*
[D] *Reversal of property accrual.*
[E] *Reclassifications relate to corrections between cash and cash equivalents, bank overdraft, trade and other receivables and trade and other payables.*

DIRECTORS' REPORT (continued)

The correction of the accounting errors and the effect on previously reported financial results for the year ended 28 February 2019 and the cumulative impact on the financial position of the Group at 28 February 2018 is reflected below. The reissued annual financial statements have been fully disclosed and explained in note 3 to the Group annual financial statements:

		Financial impact year ended 28 February 2019				Financial impact 28 February 2018	
				Equity			
Categories of restatement	Notes	Asset increase/ (decrease) R'000	Liability (increase)/ decrease R'000	Profit increase/ (decrease) R'000	Equity increase/ (decrease) R'000	Asset increase/ (decrease) R'000	Liability (increase)/ decrease R'000
Commissions	3.1	(23 746)	–	12 614	(36 359)	(36 359)	–
Contractor rental	3.3	–	10 947	10 947	–	–	–
Property valuations	3.4	(1 529 263)	–	(577 163)	(952 100)	(952 100)	–
Recognition of guarantee liability	3.6	–	(3 921)	39	(3 959)	–	(3 959)
Consolidation of DPAM	3.7	8 974	(9 634)	(6 202)	5 542	(5 847)	11 389
Error in classifications	3.9	(16 513)	16 513	–	–	–	–
Total		(1 560 548)	13 906	(559 765)	(986 877)	(994 306)	7 430

The Board will look to enhance the financial reporting, operating and compliance internal controls of the Group to avoid a re-occurrence of the irregularities and financial reporting misstatements that occurred. The Board will further endeavour to recover damages from the responsible parties, including recovery of receivables from related parties together with interest thereon. The Board is also looking to remedy all regulatory breaches caused by the irregular activities of previous executives and will co-operate with the relevant authorities in any criminal prosecution of individuals suspected of committing criminal acts.

IFRS

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

The following controls have been put in place to ensure that the errors identified are prevented from happening in future:

- Regular and more detailed review and scrutiny of monthly management accounts by the new CFO and senior management.
- Update of policies and procedures to safeguard against the breach of the internal control environment.
- Appointment of a compliance manager and regular testing of controls implemented for effectiveness.

Dividend

The following dividends were declared during the 2020 financial year:

- Dividend number 14 of 12.19 cents per share for the six months ended 31 August 2019.
- No dividend was declared for the six months ended 29 February 2020.

Share capital

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

Shareholder analysis

Refer to pages 140 to 141 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 B 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 B 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 C 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 and Risk Committee.

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

Executive directors

- B Masinga – Interim CEO
- M de Lange – CFO

Non-executive directors

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

* *Independent.*

DIRECTORS' REPORT (continued)

Directors' interests

The interest of the directors in the shares of the Company as at 29 February 2020 was as follows:

	Direct beneficial holding	Indirect beneficial holding	Total 2020	Direct beneficial holding	Indirect beneficial holding	Total 2019
Executive directors						
SH Nomvete[1]	**-**	**18 882 039**	**18 882 039**	–	18 882 039	18 882 039
S Maharaj[2]	**-**	**21 875 816**	**21 875 816**	–	21 875 816	21 875 816
ON Tshabalala[2]	**-**	**21 875 816**	**21 875 816**	–	21 875 816	21 875 816
Non-executive directors						
JB Magwaza[3]	**2 035 201**	**-**	**2 035 201**	2 035 201	–	2 035 201
N Khan[2]	**50 000**	**32 484 616**	**32 534 616**	50 000	32 484 616	32 534 616
	2 085 201	**95 118 287**	**97 203 488**	2 085 201	95 118 287	97 203 488

[1] ***Nature and term of obligation:*** *Loan facility renewed annually.*
Amount of financial obligation: *R71 706 968.*
Number of securities offered as security/guarantee: *18 882 039.*

[2] *As part of a B-BBEE transaction Cornwall Crescent Proprietary Limited ("Cornwall"), Cornwall purchased Delta shares from Redefine Properties Limited (off market) on a vendor loan.*
Nature and term of obligation: *Loan debt finance over a five-year term. Transaction date 29 June 2017 for N Khan and 31 August 2018 for ON Tshabalala and S Maharaj.*
Amount of financial obligation: *The total amount owing by Cornwall as at 29 February 2020 is R1 691 659 189.*
S Maharaj holds 13.5% (21 875 816 shares) of Cornwall = R228 373 991 of the total owed.
ON Tshabalala holds 13.5% (21 875 816 shares) of Cornwall = R228 373 991 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*

[3] ***Nature and term of obligation:*** *Loan facility renewed annually.*
Amount of financial obligation: *R5 512 687.*
Number of securities offered as security/guarantee: *2 035 201.*

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 2020	Direct beneficial holding	Indirect beneficial holding	Total 2019
Executive directors						
B Masinga[2]	**70 000**	**10 937 908**	**11 007 908**	–	–	–
Non-executive directors						
P Langeni[2]	**570 000**	**10 937 908**	**11 507 908**	–	–	–
N Khan[2]	**550 000**	**32 484 616**	**33 034 616**	50 000	32 484 616	32 534 616
D Motau	**1 860**	**-**	**1 860**	–	–	–
	1 191 860	**54 360 432**	**55 552 292**	50 000	32 484 616	32 534 616

[2] *As part of a B-BBEE transaction Cornwall Crescent Proprietary Limited ("Cornwall"), Cornwall purchased Delta shares from Redefine Properties Limited (off market) on a vendor loan.*
Nature and term of obligation: *loan debt finance over a five-year term. Transaction date 29 June 2017 for N Khan, B Masinga and P Langeni.*
Amount of financial obligation: *the total amount owing by Cornwall as at 29 February 2020 is R1 691 659 189. B 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 9951 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' emoluments and service contracts

The executive directors have service contracts with the Company which include a three-month notice period. The non-executive directors enter a formal letter of appointment on acceptance of their Board position. All the directors' emoluments are disclosed on pages 94 and 96 of this report.

Subsequent events

Refer to note 4 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

DIRECTORS' REPORT (continued)

sound financial position to meet its foreseeable cash requirements and accordingly is able to continue trading as a going concern (refer note 5 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 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 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 will 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 to rebuild trust with key stakeholders.

Company Secretary and registered office

Paula Nel, the Company Secretary, has resigned from the Group effective 31 May 2021. Paula will remain as the Company Secretary until 31 May 2021 or until a suitable replacement has been found, whichever is the earliest. 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 the FY2020 other than those passed at Delta's AGM held on 31 August 2020.

Preparation of financial statements

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

AUDIT, RISK AND COMPLIANCE COMMITTEE REPORT

The Audit, Risk and Compliance Committee is an independent statutory committee and, in addition to having specific statutory responsibilities to the shareholders in terms of the Companies Act of South Africa, also assists the Board through advising and making submissions on financial reporting, oversight of the risk management process and internal financial controls, the external and internal audit functions, information and technology governance, as well as the statutory and regulatory compliance of the Company.

Terms of reference

The committee has adopted a formal charter which has been approved by the Board and has been incorporated in the Board charter.

Composition and meetings

At the date of this report, the committee consisted of three independent non-executive directors. Members are appointed by the shareholders of the Company at each AGM, on the recommendation of the Nomination Committee and the Board.

At the date of this report, the Audit, Risk and Compliance Committee comprised the following directors:

Director	Period served
Mr I Macleod (deceased)	5 November 2014 - 14 June 2020
Ms N Afolayan	13 May 2016 - current
Mr MJN Njeke (Chairman)	25 May 2017 - current
Mr MCR Rampheri	1 September 2020 - current
Ms M de Lange	9 April 2019 - 24 August 2020

The CEO, CFO and senior financial management of the asset manager and representatives from the external and internal auditors attend the committee meetings by invitation. The external auditor has unrestricted access to the committee. The committee met three times prior to the end of the financial year. This being in accordance with its charter, King IV and the Companies Act.

Owing to the matters more fully discussed in the remainder of this report, the committee held additional meetings to deal with the forensic reports, internal assessments of accounting and other matters including the retraction and reissue of the financial statements for the year ended 29 February 2020.

Statutory duties

In the execution of its statutory duties relating to the financial year under review, the Audit, Risk and Compliance Committee:

- nominated and recommended BDO for reappointment as external auditor of the Group under section 90 of the Companies Act; a registered auditor who, in the opinion of the committee, is independent;
- determined the fees to be paid to the auditor and the auditor's terms of engagement;
- ensured that the appointment of the auditor complied with the provision of the Companies Act, and any other legislation relating to the appointment of auditors;
- determined the nature and extent of any non-audit services that the auditor may provide to the Company or Group;
- pre-approved any proposed engagement of the auditor for the provision of non-audit services to the Company or Group;
- prepared a report, which has been included in the reissued annual financial statements of the Company for the financial year under review;
- received and dealt appropriately with any concerns or complaints, whether from within or outside the Company, or on its own initiative, in relation to the matters as set out in the Companies Act; and
- made submissions to the Board on any matter concerning the Company's accounting policies, financial controls, records and reporting.

AUDIT, RISK AND COMPLIANCE COMMITTEE REPORT (continued)

Delegated duties

In addition to its statutory duties, the Audit, Risk and Compliance Committee also performed the following duties:

- Oversight of risk management by reviewing and approving the key risks facing the Group.
- Approved the audit scope and considered the report provided by the internal auditor.
- Reviewed the effectiveness of the internal financial controls.
- Assisted the Board in its review of the Group's risk management and compliance policies.
- Reviewed the expertise and experience of the CFO and the finance function.
- Monitored and reviewed the restatements as disclosed.
- Discussed the Company and Group's tax matters as it relates to the restatement.
- Reviewed fraud reports received through the Group's whistleblowers' facilities.
- Discussed the effectiveness of the risk management and internal control environment. Significant enhancements are required and will be monitored by the committee.
- Monitored compliance with REIT requirements, in accordance with the JSE Listings Requirements and confirmed that the risk management policy has been complied with in all material respects.
- Discussed the effectiveness of the risk management and internal control environment. Significant enhancements are required and will be monitored by the committee.
- Monitored compliance with REIT requirements, in accordance with the JSE Listings Requirements and confirmed that the risk management policy has been complied with in all material respects.

Withdrawal of previously issued 2020 Financial Statements and restatements to correct prior year errors

The committee has overseen the process followed to investigate irregularities perpetrated by certain previous executive directors. This included oversight of the forensic investigations conducted by Mazars, the subsequent accounting review conducted by management and the reissue of the 2020 Financial Statements.

The extent of accounting misstatements as a result of the alleged irregularities necessitated the withdrawal of the previously issued 2020 Financial Statements following the auditor's withdrawal of its audit opinion in respect of the 2020 Financial Statements. The committee has also overseen the satisfactory resolution of the reportable irregularities reported by the auditors as well as attending to other regulatory matters arising.

Further details regarding these matters have been provided in the Directors' Report as well as the financial statements.

The committee has satisfied itself that the process undertaken was both rigorous and thorough and that management has undertaken appropriate steps to correct these errors. Furthermore, the committee is engaging actively with management on enhancements to internal controls and oversight processes to prevent the future reoccurrence of such irregularities and errors including the refinement of the Code of Conduct and Good Practice, probity checks being performed and checked against transactions and suppliers of Delta as well as redrafting of the procurement policy. All payments are checked and signed off centrally by head office finance. The internal audit programme has also been extended to include and widen their scope of investigation.

The committee has reviewed the consolidated and separate financial statements of the Group and is satisfied that they comply with IFRS.

Regulatory compliance

The committee has complied with all the applicable regulatory and legal responsibilities. However, as a result of delays experienced due to the restatement and prior period errors, the Group has been unable to publish its interim financial statements for the reporting period ended 31 August 2020. The Group is therefore in contravention of paragraph 3.19 of the JSE Listings Requirements and section 30 of the Companies Act. This contravention is being rectified by the publication of the reissued financial statements as contained herein as well as the release and publishing of the interim financial statements for the period ended 31 August 2020 as soon as practically possible.

External audit

Based on processes followed by the committee and assurances received from the external auditor, nothing has come to our attention regarding the independence of the external auditor.

The committee has requested that the auditor provide it with any decision letters and explanations issued by IRBA or any other regulator and any summaries relating to monitoring procedures and deficiencies issued by the audit firm's quality control reviewers.

The committee has requested from BDO the information contained in JSE Listings Requirements paragraph 22.15 (h) in the assessment of suitability for the appointment of BDO and the designated individual partner. After the issue of the audit opinion on 8 July 2020, the Board was made aware of the forensic investigation into misconduct on the part of executive management of Delta. BDO was made aware of this forensic report following the departure of the executives, post the sign-off of the financial statements, who in turn performed a gap analysis on the issues identified. This led to the audit opinion being withdrawn.

Two reportable irregularities were raised with IRBA by BDO. The first reportable irregularities relate to the items identified in the forensic report by Mazars Forensic Services, more fully described in the restatement note (refer note 3). The second reportable irregularity relates to the non-compliance with the section 30 of the Companies Act in that, with withdrawal of the financial statements by the Board and the audit opinion by BDO, Delta has not prepared annual financial statements within six months after its financial year and has consequently also not prepared an interim financial report within three months from its interim period close, thereby breaching paragraph 3.15 of the JSE Listings Requirements.

The committee follows a comprehensive process to discuss and assess all audit findings.

BDO South Africa Incorporated has been the Group's external auditor for the past 10 years. The engagement partner, Vincent Ngobese, was replaced by Bradley Jackson during the year.

External audit: Key audit matters and qualified opinion

The committee noted the following qualification and key audit matters set out in the independent auditor's report, which were carefully considered by the committee:

- The qualification pertains to the inability of the Company to ascertain the shareholding of entities implicated in the forensic report as receiving non-market-related commissions and terms from the Company in order to establish the completeness of related party disclosures pertaining to such transactions. Despite various requests to such entities and searches of public information, management has been unable to obtain the shareholding information.
- The matters pertaining to the key audit matter relating to the findings of forensic investigations has been fully dealt with

AUDIT, RISK AND COMPLIANCE COMMITTEE REPORT (continued)

in the Directors' Report and note 3 to the annual financial statements.

- The matters pertaining to the key audit matter relating to valuation of investment properties has been dealt with in the internal assessments carried out and fully described in the Directors' Report, note 3 and note 6 in the annual financial statements.
- The material uncertainty relating to going concern emphasis of matter has been fully dealt with in the going concern commentary in the Directors' Report, going concern section included below and note 5 in the annual financial statements.

Internal audit

The committee oversees the internal audit function. During the year, Mazars was appointed as the Group's internal auditor replacing Grant Thornton as it had merged with BDO, our external auditor.

Mazars continued with the approved rolling internal audit plan as previously prepared by Grant Thornton.

Given the breakdown in controls that led to the reissue, the committee has reviewed the 2020 internal audit plan to ensure enhanced focus on key risk areas.

Ghitesh Deva, Director: Internal Audit and Risk Advisory at Mazars, has fulfilled the role of Chief Audit Executive ("CAE"). The CAE is invited to participate in all the Audit, Risk and Compliance Committee meetings, as well as participate in the annual detailed risk workshop that the committee holds.

Terms of engagement and fees paid to external auditor

The committee, in consultation with executive management, agreed to the engagement letter, terms, audit plan and budgeted audit fees for the financial year ended 29 February 2020. The committee considered the fee to be fair and appropriate. Additional audit fees were paid to the external auditor who performed a gap analysis to understand the extent of matters identified in the forensic report as well as matters identified in the subsequent internal assessment by management. Additional audit fees were required to reperform certain audit procedures in order to reissue an audit opinion following the withdrawal of the previously issued audit opinion for the year ended 29 February 2020.

Information relating to non-audit services provided by the appointed external auditor of the Company has been disclosed in the notes to the annual financial statements.

Separate disclosures have been made of the amounts paid to the appointed external auditor for non-audit services as opposed to audit services.

Finance function

The previous CFO, Mr Maharaj left the employ of Delta on 24 August 2020. Although the committee has previously found that Mr Maharaj has the appropriate expertise and experience to meet his responsibilities in his position as CFO, it has subsequently come to the attention of the committee, following the forensic investigation, that internal control processes were not adhered to or complied with and were circumvented.

The committee has reviewed the consolidated and separate financial statements of the Company and is satisfied that they comply with IFRS. The committee is satisfied that Ms Marelise de Lange, the incumbent CFO, has the appropriate expertise and experience to meet her responsibilities in that position as required by the JSE.

The committee is further satisfied with the expertise and adequacy of resources within the finance function and the experience of the senior financial management staff. In making these assessments, the committee has obtained feedback from the external auditor.

Based on the processes and assurances obtained, the committee is of the view that the accounting practices are now effective and that appropriate financial reporting procedures exist and are working. The forensic investigations and management's internal assessments have been carried out to detect and correct the material misstatements and significantly improve governance; and internal control processes will be considered for implementation throughout the Group.

Going concern

The committee reviewed the going concern assessment of the Group and Company, as disclosed in the going concern note in the financial statements and concurred with management's assessment that the financial statements for Company be prepared on the going concern basis.

The committee considered the following aspects in reviewing the going concern assessment:

- The liquidity and solvency tests as required by the SA Companies Act.
- That the Company and Group is able to generate sufficient cash flows for its requirements for at least the following 12 months.
- That the forecast cash flow projections for the 2022 financial year are based on a thorough assessment with reasonable assumptions applied.
- That management has engaged in consultations with the principal senior funders of the Group particularly with regard to interest-bearing borrowings and facilities with a short tenure.
- The Group and Company reported a net loss of R940.3 million and R885.1 million for the 2020 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 R9.4 billion and R9.5 billion exceed the total liabilities of R5.5 billion and R5.4 billion at 28 February 2020, respectively.
- The Group and Company had a loan to value ratio of 55.7% and 54.9% respectively in comparison to 51.7% and 51.4% 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 1.75 and 1.86 times respectively in comparison to 2.04 and 2.13 times in the prior reporting period. These ratios have exceeded the covenants set by the lenders of 2 times.
- The Group's and Company's current liabilities of R4.3 billion exceeded its current assets by R4.0 billion at 29 February 2020. This is mainly due to the structural tenure of the Group's funding facilities and as such the ability of the Group and Company to meet its obligations to lenders in the short term will be constrained. The Board 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 filling of additional vacancies and the extension of expiring leases.
  - A strategic plan to support the above initiatives.

The committee noted that the short-term portion of the Group's interest-bearing borrowings is in excess of the current assets of the Group, thus indicating that the Group may, in the short term, experience liquidity challenges.

The strategy of the Fund is to continue to be the landlord of choice for government tenanted buildings and to address the non-performing assets in the portfolio by actively working on a disposal strategy of those assets and fill vacancies in the core portfolio.

Cash flow management is carefully monitored to ensure the optimal use of available cash. The committee and the directors have satisfied themselves that the

AUDIT, RISK AND COMPLIANCE COMMITTEE REPORT (continued)

Group continues to enjoy the support of its funders and thus is expected to have adequate resources to continue its operations in the foreseeable future and meet its obligations as they fall due. Facilities are renewed on a rolling basis as they reach maturity.

Subsequent events

The committee noted that a significant delay has been experienced in republishing the annual financial statements. Accordingly, the committee has considered the events that have occurred between the date of the financial statements and the date of this report, as disclosed in the subsequent events note to the financial statements. The committee has reviewed this note as well as management's assessment of events and where appropriate provided its input thereto.

Rebuilding trust and committee focus in 2021

The committee recognises that the irregularities perpetrated by previous senior executive management, and the resultant reissue of financial results and losses incurred by the Group, has resulted in significant concerns raised by shareholders and other stakeholders and has impacted the reputation and credibility of the Fund.

Every effort has been made to fully investigate the irregularities, assist in the prosecution of alleged perpetrators and institute legal proceedings to recoup losses incurred by the Group. The investigation findings and correction of previously reported financial results has been carefully overseen and disclosed in a transparent manner. Significant focus will be placed on enhancing governance and internal control processes in place, especially over managing conflict of interest, delegation of authority and financial reporting controls to rebuild the trust of key stakeholders.

In addition to the standard agenda items, the committee will also be focusing on the following items for 2021:

- Improvement of the internal control environment.
- Implementation of adequate procurement processes.
- Cash flow management.
- Supporting the CEO and CFO in the matters required to bring enhanced financial stability and strengthen renewed financial controls to the Group.
- Communication of adverse findings, if any, in a transparent manner.

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Delta Property Fund Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Qualified Opinion

We have audited the consolidated and separate financial statements of Delta Property Fund Limited (the "Group" and "Company") set out on pages 26 to 127, which comprise the consolidated and separate statements of financial position as at 29 February 2020, 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, except for the possible effect of the matter described in the Basis for Qualified Opinion section of our report, 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 29 February 2020, 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 ("IFRS") and the requirements of the Companies Act of South Africa.

Basis for Qualified Opinion

As a result of a lack of shareholding information for the companies which the Group transacted with as disclosed in Note 3.1, we were unable to obtain sufficient appropriate audit evidence to substantiate the completeness of related parties and related party balances, as disclosed in the related party note 37 to the financial statements. As a consequence, we were unable to determine whether any adjustments were required to the financial statements with respect to the completeness of the related party disclosure as well as the resulting impact on the accuracy of other disclosures included in the related party note 37.

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 the Consolidated and Separate Financial Statements* section of our report. We are independent of the group and company in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised January 2018)*, parts 1 and 3 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised November 2018)* (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* and the International Ethics Standards Board for Accountants' International *Code of Ethics for Professional Accountants (including International Independence Standards)* respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Material Uncertainty Related To Going Concern

We draw attention to Note 5 to the consolidated and separate financial statements which indicates that the Group's current liabilities exceeded its current assets by R3 997 523 000

INDEPENDENT AUDITOR'S REPORT (continued)

(Company R3 990 445 000). As stated in note 5, the Group and Company's ability to continue as a going concern is dependent on the roll-forward of the debt facilities by their banks. These conditions, along with other matters as set out in note 5, 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. Our opinion is not modified in respect of this matter.

Emphasis of Matter – Withdrawal of Previously Issued 2020 Financial Statements and Prior Period Restatements

We draw attention to Note 4 of the consolidated and separate financial statements which indicates that the previously issued consolidated and separate financial statements for the year ended 29 February 2020, on which we issued an Independent Auditor's Report dated 8 July 2020, have been revised and reissued. As explained in Note 4, this is to reflect the effects of the information which became available subsequent to the issue of the Independent Auditor's Report dated 8 July 2020, and therefore not previously incorporated. Our opinion is not modified in respect of this matter.

We draw attention to Note 3 of the consolidated and separate financial statements, which describes the effects of restatements related to prior period errors. Our opinion is not modified in respect of this matter.

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 matters described in the "Basis for Qualified Opinion" and "Material uncertainty related to going concern" sections, we have determined the matters described below to be the Key Audit Matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Findings of the forensic investigations (consolidated and separate financial statements) As per the directors report, on 2 August 2019, the Chairman of the Board and the Chairman of the Audit and Risk Committee received an anonymous tip-off from a whistleblower regarding irregularities being perpetrated by senior executives of Delta Property Fund. A preliminary investigation was conducted and completed by Deloitte on 12 November 2019. After the initial investigation, an in depth investigation was conducted by Mazars Forensic Services ("the first forensic investigation") and a preliminary report was issued on 13 August 2020. Following the receipt of the preliminary findings of the first forensic investigation, the then Chief Executive Officer and Chief Financial Officer tendered their resignations with immediate effect: and the then Chief Operating Officer elected not to complete his notice period, as announced to the market through SENS on 24 August 2020. Following the final report and findings issued by Mazars in the first forensic investigation, the Board further engaged Mazars to conduct an investigation of internal processes covering the period 01 March 2017 to 31 August 2020. We have identified the findings of the investigations as a key audit matter due to the nature of the investigations, the potential impact the findings may have on the consolidated and separate financial statements, the effect on our overall audit approach and the resultant effect to the audit report.	Our audit procedures to address this key audit matter included, among others, the following: - Discussions with external legal experts in order to ensure that we discharge and fulfil all our regulatory and professional responsibilities, as a result of the findings of the forensic investigation. - Discussions with our internal forensic expert in order to assess the impact of the findings related to the forensic investigations on the overall audit approach. - Discussions with key management in order to understand the findings related to the investigation. - Reassessed our overall audit approach in order to take into account the higher fraud risk related to the audit, resulting in additional and extended audit procedures being performed. - Performed data analytics with the assistance of our IT audit function in order to identify transactions with entities identified in the forensic reports. - Engaged our internal IFRS technical specialists who reviewed the consolidated and separate financial statements in order to ensure that the updated disclosures are in accordance with applicable IFRS Reporting standards. - Obtained revised representations from new management.

INDEPENDENT AUDITOR'S REPORT (continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties (consolidated and separate financial statements) –note 3.4 and note 6. Following the forensic investigations and further internal assessments by new management, it was identified that certain property valuers were instructed during the previous 2019 and 2020 financial period to specifically exclude expenses which is contrary to generally accepted valuation practice. Further internal assessments revealed that off-market assumptions were used in certain of the property valuations for the years ended February 2018, 2019 and 2020. As a result of the improper valuations being performed, the current year properties were revalued as well as those of the previous financial years. This therefore resulted in a prior period error. The Group's and Company's investment properties represent the majority of its assets and are accounted for using the fair value model. The group uses independent property valuers to determine the fair values of the properties on an annual basis. The inputs with the most significant impact on these valuations are disclosed in note 6 to the financial statements. The significance of the balance as well the judgement and estimates applied by the independent valuers including management, as well as the estimation uncertainty relating to determining the fair value of investment property, has resulted in the valuation of investment property being identified as a key audit matter.	Our audit procedures included, among others, the following: ▸ We engaged an independent and accredited property expert in order to: • Re-perform the property valuations for the current and restated periods which included: – 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; – Re-computing the mathematical accuracy of the DCF models.

Key audit matter	How our audit addressed the key audit matter
	• Review and independently assess the property valuations performed with respect to the restated investment property valuations. This included: – Assessing and challenging management's property valuers with respect to the restated amounts; – Evaluating the valuations for the properties valued by management's valuation experts in the current year and restated periods and confirmed 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 satisfied himself that the techniques used by the valuators have been applied consistently; – Engaging with management's property experts in order to discuss assumptions and relevant differences. • We evaluated the adequacy of the independent auditor expert's work, specifically: – The relevance and reasonableness of the expert's findings and conclusions; – Their consistency with other audit evidence obtained; – The significant assumptions and methods, and the relevance and reasonableness of those assumptions and methods; and – The relevance, completeness, and accuracy of source data that is significant, to the experts work. • We evaluated whether the disclosures in the financial statements with respect to investment properties is in accordance with IAS 40 Investment Properties and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

INDEPENDENT AUDITOR'S REPORT (continued)

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 Annual Report for the year ended 29 February 2020", which includes the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa. 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 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.

INDEPENDENT AUDITOR'S REPORT (continued)

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

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 ten years.

In accordance with our responsibilities in terms of sections 44(2) and 44(3) of the Auditing Profession Act, we report that we have identified Reportable Irregularities in terms of the Auditing Profession Act, and accordingly reported such matters to the Independent Regulatory Board for Auditors.

The matters pertaining to the reportable irregularities has been described in the directors' report to the consolidated and separate financial statements

BDO South Africa Inc.

BDO South Africa Incorporated
Registered Auditors

Bradley Jackson
Director Registered Auditor

22 April 2021

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

STATEMENT OF FINANCIAL POSITION

as at 29 February 2020

		Group			Company		
	Notes	2020 R'000	Restated 2019 R'000	Restated 2018 R'000	2020 R'000	Restated 2019 R'000	Restated 2018 R'000
Assets							
Non-current assets							
Investment property		**8 780 933**	9 776 067	10 488 000	**8 509 031**	9 471 759	10 169 399
Fair value of investment property	6	**8 639 496**	9 604 224	10 282 660	**8 372 436**	9 305 585	9 970 255
Straight-line rental income accrual	7	**141 437**	171 843	205 340	**136 595**	166 174	199 144
Property, plant and equipment	8	**13 566**	1 714	2 557	**1 120**	1 714	2 557
Investment in subsidiaries	9	**–**	–	–	**62 273**	62 273	62 273
Investment in listed security	11	**277 734**	461 822	381 868	**277 734**	461 822	381 868
Loans due from subsidiaries	12	**–**	–	–	**289 314**	328 238	362 498
		9 072 233	10 239 603	10 872 425	**9 139 472**	10 325 806	10 978 595
Current assets							
Loans due from related parties	13	**–**	24 878	38 610	**–**	24 878	38 581
Loan receivable	14	**12 562**	20 906	48 465	**12 562**	20 906	48 465
Current tax receivable	33	**–**	–	526	**–**	–	–
Trade and other receivables	15	**274 052**	341 598	313 271	**264 237**	311 624	270 463
Cash and cash equivalents	16	**46 412**	29 062	100 138	**44 193**	9 698	95 849
		333 026	416 444	501 010	**320 992**	367 106	453 358
Non-current assets held-for-sale	17	**–**	45 000	67 500	**–**	45 000	67 500
Total assets		**9 405 259**	10 701 047	11 440 935	**9 460 464**	10 737 912	11 499 453
Equity							
Share capital	18	**4 868 461**	4 868 461	4 854 032	**4 868 461**	4 868 461	4 854 032
Reserves		**–**	–	144 230	**–**	–	139 425
Non-controlling interest		**(5 148)**	(660)	5 542	**–**	–	–
Retained (loss)/income		**(909 968)**	225 288	1 167 911	**(810 459)**	275 962	1 228 660
Total equity		**3 953 345**	5 093 089	6 171 715	**4 058 002**	5 144 423	6 222 117
Liabilities							
Non-current liabilities							
Derivative financial instruments	19	**58 427**	22 478	31 475	**58 427**	22 478	31 475
Interest-bearing borrowings	20	**1 019 509**	1 448 218	2 688 755	**1 019 509**	1 448 218	2 688 755
Lease liabilities	21	**37 156**	2 017	1 410	**2 626**	–	–
Loans due to subsidiaries	12	**–**	–	–	**4 190**	4 190	4 190
Other financial liabilities	23	**6 273**	3 921	3 959	**6 273**	3 921	3 959
		1 121 365	1 476 634	2 725 599	**1 091 025**	1 478 807	2 728 379
Current liabilities							
Interest-bearing borrowings	20	**4 014 568**	3 810 253	2 263 935	**4 014 568**	3 810 253	2 263 935
Lease liabilities	21	**9 400**	214	411	**1 209**	–	–
Trade and other payables	22	**238 034**	180 992	170 736	**222 844**	162 962	175 305
Derivative financial instruments	19	**3 805**	28 752	11 424	**3 805**	28 623	11 424
Current tax payable	33	**37 590**	1 873	–	**38 112**	2 399	–
Bank overdraft	16	**27 152**	109 240	97 115	**30 899**	110 446	98 293
		4 330 549	4 131 324	2 543 621	**4 311 437**	4 114 682	2 548 957
Total liabilities		**5 451 914**	5 607 958	5 269 220	**5 402 462**	5 593 489	5 277 336
Total equity and liabilities		**9 405 259**	10 701 047	11 440 935	**9 460 464**	10 737 912	11 499 453

Certain comparative information has been restated, reclassified or re-presented, as a result of a correction of prior period errors (refer note 3)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 29 February 2020

	Notes	Group		Company	
		2020 R'000	Restated 2019 R'000	**2020 R'000**	Restated 2019 R'000
Revenue					
Rental Income	24	**1 486 020**	1 542 622	**1 458 832**	1 486 039
Straight-line rental income accrual		**(30 383)**	(34 304)	**(27 987)**	(32 970)
		1 455 637	1 508 318	**1 430 845**	1 453 069
Property operating expenses		**(476 138)**	(424 820)	**(495 539)**	(434 105)
Net property rental and related income		**979 499**	1 083 498	**935 306**	1 018 964
Other income		**2 499**	6 356	**2 499**	6 356
Foreign currency translation reserve recognised on derecognition of associate		**-**	4 805	–	–
Dividend income	29	**42 878**	21 769	**49 251**	36 660
Loss on foreign exchange movements		**(19 326)**	(28 103)	**(19 326)**	(28 103)
Administration expenses		**(93 514)**	(102 633)	**(65 017)**	(76 362)
Net operating profit	25	**912 036**	985 692	**902 713**	957 515
Fair value adjustments	27	**(1 140 432)**	(703 495)	**(1 082 576)**	(692 840)
ECL provisions	25	**(67 754)**	(55 692)	**(101 056)**	(79 461)
(Loss)/profit from operations		**(296 150)**	226 505	**(280 919)**	185 214
Finance costs	28	**(571 530)**	(537 169)	**(567 451)**	(537 354)
Interest income	29	**20 463**	23 546	**56 316**	56 732
Loss before taxation		**(847 217)**	(287 118)	**(792 054)**	(295 408)
Taxation	30	**(93 071)**	(16 744)	**(93 071)**	(16 744)
Loss for the year		**(940 288)**	(303 862)	**(885 125)**	(312 152)
Total comprehensive loss for the year		**(940 288)**	(303 862)	**(885 125)**	(312 152)
Loss for the year attributable to:					
Owners of the parent		**(935 800)**	(297 660)	**(885 125)**	(312 152)
Non-controlling interest		**(4 488)**	(6 202)	–	–
Total comprehensive loss attributable to:					
Owners of the parent		**(935 800)**	(297 660)	**(885 125)**	(312 152)
Non-controlling interest		**(4 488)**	(6 202)	–	–
Basic and diluted earnings and headline earnings per share					
Basic and diluted loss per share	32	**(131.02)**	(41.79)	–	–
Basic and diluted headline earnings per share	32	**11.90**	66.73	–	–

Certain comparative information has been restated, reclassified or re-presented, as a result of a correction of prior period errors (refer note 3).

STATEMENT OF CHANGES IN EQUITY

for the year ended 29 February 2020

Group (R'000)	Share capital	Foreign currency translation reserve	Deferred consideration	Total reserves	Retained income	Non-controlling interest	Total equity
Balance at 1 March 2018 as previously reported	**4 854 032**	**4 805**	**139 425**	**144 230**	**2 160 330**	**–**	**7 158 592**
Correction of prior period errors (refer note 3)	–	–	–	–	(992 419)	5 542	(986 877)
Restated balance at 1 March 2018	**4 854 032**	**4 805**	**139 425**	**144 230**	**1 167 911**	**5 542**	**6 171 715**
Restated total comprehensive loss for the year (refer note 3)	–	–	–	–	(297 660)	(6 202)	(303 862)
Restated loss for the year (refer note 3)	–	–	–	–	(297 660)	(6 202)	(303 862)
Deferred consideration settled	–	–	(139 425)	(139 425)	–	–	(139 425)
FCTR recognised in profit and loss	–	(4 805)	–	(4 805)	–	–	(4 805)
Dividend reinvestment	14 590	–	–	–	–	–	14 590
Share issue expenses	(161)	–	–	–	–	–	(161)
Dividends paid	–	–	–	–	(643 139)	–	(643 139)
Restated balance at 1 March 2019	**4 868 461**	**–**	**–**	**–**	**227 112**	**(660)**	**5 094 913**
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 29 February 2020	**4 868 461**	**–**	**–**	**–**	**(909 858)**	**(5 148)**	**3 953 455**
Notes	18						
Company (R'000)							
Balance at 1 March 2018 as previously reported	**4 854 032**	**–**	**139 425**	**139 425**	**2 121 958**	**–**	**7 115 415**
Correction of prior period errors (refer note 3)	–	–	–	–	(889 247)	–	(889 247)
Restated balance at 1 March 2018	**4 854 032**	**–**	**139 425**	**139 425**	**1 232 711**	**–**	**6 226 168**
Restated total comprehensive loss for the year (refer note 3)	–	–	–	–	(312 152)	–	(312 152)
Restated loss for the year (refer note 3)	–	–	–	–	(312 152)	–	(312 152)
Deferred consideration settled	–	–	(139 425)	(139 425)	–	–	(139 425)
Dividend reinvestment	14 590	–	–	–	–	–	14 590
Share issue expenses	(161)	–	–	–	–	–	(161)
Dividends paid	–	–	–	–	(643 139)	–	(643 139)
Restated balance at 1 March 2019	**4 868 461**	**–**	**–**	**–**	**277 420**	**–**	**5 145 881**
Total comprehensive loss for the year	**–**	**–**	**–**	**–**	**(885 125)**	**–**	**(885 125)**
Loss for the year	**–**	**–**	**–**	**–**	**(885 125)**	**–**	**(885 125)**
Dividends paid	**–**	**–**	**–**	**–**	**(201 170)**	**–**	**(201 170)**
Balance at 29 February 2020	**4 868 461**	**–**	**–**	**–**	**(808 875)**	**–**	**4 059 586**
Notes	18						

Certain comparative information has been restated, reclassified or re-presented, as a result of a correction of prior period errors (note 3)

STATEMENT OF CASH FLOWS

for the year ended 29 February 2020

		Group		Company	
	Notes	**2020 R'000**	Restated 2019 R'000	**2020 R'000**	Restated 2019 R'000
Cash flows from operating activities					
Cash generated from operations	31	**896 129**	928 147	**882 610**	874 017
Interest received		**14 428**	24 544	**50 281**	55 244
Dividend received		**42 878**	38 849	**49 251**	36 660
Finance costs		**(487 265)**	(486 027)	**(485 788)**	(486 027)
Taxation (paid)/refund	33	**(57 354)**	(14 345)	**(57 328)**	(14 345)
Net cash inflow from operating activities		**408 816**	491 168	**439 026**	465 549
Cash flows from investing activities					
Acquisition of property, plant and equipment		**(102)**	(164)	**(102)**	(164)
Capital expenditure on investment property and assets held-for-sale		**(22 938)**	(114 860)	**(22 570)**	(75 754)
Proceeds on disposal of assets held-for-sale		**49 106**	15 750	**49 106**	15 750
Proceeds on disposal of investment in listed shares (Grit)		**104 351**	–	**104 351**	–
Repayment of loans with related parties		**227**	16 230	**227**	18 200
Loans advanced to related parties		**–**	(1 500)	**–**	(1 500)
Repayment of loan receivable		**5 000**	33 034	**5 000**	33 034
Repayment of loan from subsidiaries		**–**	–	**53 004**	63 150
Loans advanced to subsidiaries		**–**	–	**(68 978)**	(93 711)
Net cash inflow/(outflow) from investing activities		**135 644**	(51 510)	**120 038**	(40 996)
Cash flows from financing activities					
Distribution reinvestment		**–**	14 429	**–**	14 429
Dividends paid	34	**(201 286)**	(643 139)	**(201 286)**	(643 139)
Deferred consideration settled in cash		**–**	(140 000)	**–**	(140 000)
Increase in interest-bearing borrowing	35	**105 587**	424 967	**105 587**	424 967
Repayment of lease liabilities	35	**(728)**	–	**(728)**	–
Repayment of interest-bearing borrowings	35	**(319 803)**	(179 115)	**(319 803)**	(179 115)
Repayment of other financial liabilities	35	**(28 792)**	–	**(28 792)**	–
Net cash outflow from financing activities		**(445 022)**	(522 858)	**(445 022)**	(522 858)
Net movement in cash and cash equivalents		**99 438**	(83 201)	**114 042**	(98 303)
Cash and cash equivalents at beginning of year		**(80 178)**	3 023	**(100 748)**	(2 444)
Cash and cash equivalents at end of year	16	**19 260**	(80 178)	**13 294**	(100 748)

Certain comparative information has been restated, reclassified or re-presented, as a result of a correction of prior period errors (note 3)

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS

ACCOUNTING POLICIES

1. PRESENTATION OF GROUP ANNUAL FINANCIAL STATEMENTS

The Group annual financial statements are prepared in accordance with International Financial Reporting Standards and the interpretations adopted by the International Accounting Standards Board ("IASB") and the IFRS Interpretations Committee of the IASB. The consolidated and separate financial statements comply with the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listings Requirements and the requirements of the Companies Act of South Africa.

The financial statements are prepared on the historic cost basis, except for investment property, investment property held-for-sale and certain financial instruments which are carried at fair value and incorporate the principal accounting policies set out below.

The accounting policies are consistent with those applied in the prior year, except for the adoption in the current year of IFRS 16 Leases, which had no significant impact on the Group as lessor but had an impact on the Group as lessee (see note 1.19).

The financial statements are prepared on a going concern basis. They are presented in rand and all values are rounded to the nearest thousand (R'000) except where otherwise indicated.

1.1 Basis of consolidation

The Group annual financial statements incorporate the annual financial statements of the Company and all entities which are controlled by the Company.

The Company controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The results of the subsidiaries are included in the Group annual financial statements from the effective date of acquisition to the effective date of disposal. On acquisition, the Group recognises the subsidiary's identifiable assets, liabilities and contingent liabilities at fair value.

Adjustments are made when necessary to the annual financial statements of subsidiaries to bring their accounting policies in line with those of the Group.

All intra-Group transactions, balances, income, and expenses are eliminated in full on consolidation.

Transactions which result in changes in ownership levels, where the Group has control of the subsidiary, both before and after the transaction, are regarded as equity transactions and are recognised directly in the statement of changes in equity.

The difference between the fair value of consideration paid or received and the movement in non-controlling interest for such transactions is recognised in equity attributable to the owners of the parent.

ACCOUNTING POLICIES (continued)

1. PRESENTATION OF GROUP ANNUAL FINANCIAL STATEMENTS (continued)

1.2 Investment in subsidiaries

Subsidiaries are entities over which the Company has the ability to control the financial and operating activities so as to obtain benefit from the activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. In the separate financial statements of the Company, investments in subsidiaries are carried at cost less any accumulated impairment.

1.3 Interest in joint operation

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement which exists when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a Group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

- Its assets, including its share of any assets held jointly.
- Its liabilities, including its share of any liabilities incurred jointly.
- Its revenue from the sale of its share of the output arising from the joint operation.
- Its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRS applicable to the particular assets, liabilities, revenues and expenses.

1.4 Investment property

Investment property consists of land and buildings and installed equipment held to earn rental income for the long term and subsequent capital appreciation. Investment property is recognised as an asset when, and only when, it is probable that the future economic benefits that are associated with the investment property will flow to the Company and the cost of the investment property can be measured reliably.

Investment property is initially recognised at cost including transaction costs. Cost includes initial costs, costs incurred subsequently to extend or refurbish investment property as well as the cost of any development rights.

Initial direct costs incurred in negotiating and arranging operating leases are capitalised to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Contractor rentals exist when the developer undertake to compensate the Company for its loss of income during the period by agreeing to refund the Company for the fee. The fee is normally paid throughout the period of redevelopment and its payment usually reduces the total development cost payable to the developer. Such income is neither revenue nor rental income. It represents a deduction from the total redevelopment cost to the Company and is deducted from the total property cost.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (continued)

ACCOUNTING POLICIES (continued)

1. PRESENTATION OF GROUP ANNUAL FINANCIAL STATEMENTS (continued)

1.4 Investment property (continued)

Investment properties are valued annually and adjusted to fair value as at statement of financial position date. Valuations are done on the open market value basis and the valuers use either the discounted cash flow method or the capitalisation of net income method or a combination of the methods.

The discounted cash flow model generates a net present value for each property by discounting forecast future cash flows and a residual value at the end of the cash flow projection period by the discount rate of each property. The residual value is calculated by capitalising the net income forecast for the 12-month period immediately following the final year of the cash flow at the exit capitalisation rate. The discount rate applied by each valuator is determined by adding a growth rate per property, based on forecast market-related rental increases, to the determined capitalisation rate per property. The discount rate is then tested for reasonableness by benchmarking the rate against recent comparable sales and surveys prepared by the Morgan Stanley Capital International Index ("MSCI") and the South African Property Owners Association ("SAPOA"). The capitalisation rate is dependent on a number of factors such as location, the condition of the property, current market conditions, the lease covenants and the risk inherent in the property and is also tested for reasonableness by benchmarking against comparable recent sales and surveys prepared by MSCI/SAPOA.

The capitalisation approach determines the net normalised annual income of the property, assuming the property is fully let at market-related rentals and market escalations, with an allowance made for vacancies (where applicable). Market- related operating expenses are subtracted resulting in a net annual income, which is then capitalised into perpetuity at a market-related rate. The capitalisation rate is best determined, where possible, by referring to market transactions of comparable properties as it is based on information derived from market analysis. The capitalisation rate must consider the prevailing interest rate. The higher the interest rate, the better return an investor will require. Similarly, risk is another factor that will influence the capitalisation rate. The higher the risk factor, the better the return an investor will require. The risk inherent to income producing properties is the degree of certainty that the income stream will be realised despite the uncertainty of the future.

Any gain or loss arising from a change in fair value is included in profit or loss for the period in which the fair value adjustments arises.

Gains and losses on the disposal of investment properties are recognised in profit or loss as fair value adjustments and are calculated as the difference between the proceeds received and the carrying value of the property.

ACCOUNTING POLICIES (continued)

1. PRESENTATION OF GROUP ANNUAL FINANCIAL STATEMENTS (continued)

1.5 Non-current assets held-for-sale

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held-for-sale. This condition is regarded as met only when the sale is highly probable and the non-current asset or disposal group is available for sale in its present condition subject only to terms that are usual and customary for sales of such assets. For the sale to be highly probable, the appropriate level of management must be committed to a plan to sell the asset or disposal group.

Investment properties classified as held-for-sale are measured in accordance with IAS 40 Investment Property at Fair Value, with gains and losses on subsequent measurement being recognised in profit or loss

1.6 Borrowing costs

Borrowing costs that are directly attributable to the acquisition and construction of a qualifying asset are capitalised as part of the cost of that asset. All other borrowing costs are expensed in the period during which these costs are incurred.

A qualifying asset is an asset that takes a substantial period of time to prepare for its intended use.

Any costs that are incurred on raising interest-bearing borrowings are offset against the debt balance and recognised as additional interest using the effective interest rate method over the term of the loan.

1.7 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the Company; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to or replace part of it.

Property, plant, and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (continued)

ACCOUNTING POLICIES (continued)

1. PRESENTATION OF GROUP ANNUAL FINANCIAL STATEMENTS (continued)

1.7 Property, plant and equipment (continued)

Leasehold improvements are depreciated over the shorter of the useful life of the asset or the lease term.

Item	Average useful life
Furniture and fittings	6 – 25
Motor vehicles	5
Computer equipment	3

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

The depreciation charge for each period is recognised in profit or loss.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.8 Financial instruments

Financial instruments are contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. IFRS 9 specifies how an entity should classify and measure financial assets, financial liabilities, and some contracts to buy or sell non-financial items.

Financial assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- Those to be measured at amortised cost; or
- Those to be measured subsequently at fair value through profit or loss.

The classification is based on the business model for managing the asset and the asset's contractual cash flow characteristics as follows:

- Amortised cost – a financial asset is measured at amortised cost if both of the following conditions are met:
  - the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
  - the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- Fair value through profit or loss ("FVTPL") – any financial assets that are not held at amortised cost are measured at fair value through profit or loss.

All affected financial assets are only reclassified when the business model for managing financial assets changes.

ACCOUNTING POLICIES (continued)

1. PRESENTATION OF GROUP ANNUAL FINANCIAL STATEMENTS (continued)

1.8 Financial instruments (continued)

(ii) Recognition and derecognition

Financial assets are recognised when the Group becomes a party to the contractual provisions of the arrangement. Regular purchases and sales of financial assets are recognised on the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

The following accounting policies apply to the subsequent measurement of financial assets:

- Financial assets at amortised cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest is measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
- Financial assets at FVTPL: Assets that do not meet the criteria for amortised cost are measured at FVTPL. These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss in the period in which it arises

(iv) Impairment

At each reporting date, the Group recognises loss allowances for expected credit losses ("ECL") on financial assets measured at amortised cost. For trade and other receivables, the Group applies the simplified impairment approach, and therefore measures the loss allowance at an amount equal to lifetime ECLs. Loss allowances for all other financial assets are measured at an amount equal to 12-month ECLs.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that Delta expects to receive). ECLs are discounted at the effective interest rate of the financial asset

The Group assesses on a forward looking basis the ECL associated with its debt instruments carried at amortised cost.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (continued)

ACCOUNTING POLICIES (continued)

1. PRESENTATION OF GROUP ANNUAL FINANCIAL STATEMENTS (continued)

1.8 Financial instruments (continued)

(iv) Impairment (continued)

The methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding looking information. Especially the following indicators are incorporated:

- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the tenant's ability to meet its rental obligations;
- Actual or expected significant changes in the operating results of the tenants;
- Significant changes in the expected performance and behaviour of tenants, including changes in the payment status of tenants.

Significant increase in credit risk

The Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

1) the financial instrument has a low risk of default;
2) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and
3) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there are no past due amounts.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9: Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Trade receivables are generally collected within 30 days of invoice, which represents normal credit terms. A provision is made for all customers where legal action has been taken and the assessment of recovering the debt is doubtful. All other debtors older than 30 days, which are past due but not impaired, are considered collectible based on historic payment behaviour and extensive analysis of the individual circumstances in respect of each tenant.

ACCOUNTING POLICIES (continued)

1. PRESENTATION OF GROUP ANNUAL FINANCIAL STATEMENTS (continued)

1.8 Financial instruments (continued)

(iv) Impairment (continued)

- The expected loss rates are based on the payment profiles of trade receivables and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macro-economic factors affecting the ability of the tenants to settle the receivable. Such forward-looking information would include:
- changes in economic, regulatory, technological and environmental factors (such as industry outlook, GDP, employment and politics);
- external market indicators;
- COVID-19 impact on tenants;
- and tenant base.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

a) significant financial difficulty of the issuer or the borrower;
b) a breach of contract, such as a default or past due event (see (ii) above);
c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficult having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
e) the disappearance of an active market for that financial asset because of financial difficulties.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (continued)

ACCOUNTING POLICIES (continued)

1. PRESENTATION OF GROUP ANNUAL FINANCIAL STATEMENTS (continued)

1.8 Financial instruments (continued)

Credit impaired financial assets (continued)

Trade receivables and other financial assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the probability of insolvency or significant financial difficulties of the debtor. Impaired debts are derecognised when they are assessed as uncollectible.

Loan receivables

Loan and trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less ECL. The Group holds the loan and trade and other receivables with the objective to collect the contractual cash flows.

Cash and cash equivalents

Cash and cash equivalents are recognised initially at fair value and include cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are shown in current liabilities in the consolidated statement of financial position.

The Group recognises a financial liability when it first becomes a party to the contractual rights and obligations in the contract.

All financial liabilities are initially recognised at fair value minus (in the case of a financial liability that is not at FVTPL) transaction costs that are directly attributable to issuing the financial liability. Financial liabilities are subsequently measured at amortised cost, unless the Group opted to measure a liability at FVTPL.

Financial liabilities are derecognised when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

All loans and borrowings are initially recognised at fair value less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Borrowings denominated in a foreign currency are recognised on the transaction date at the ruling rand equivalent spot rate. The carrying amount is then translated to the rand equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss.

Financial liabilities included in trade and other payables are recognised initially at fair value plus transaction costs, if any, and subsequently measured at amortised cost using the effective interest method. If the due date of the liability is less than one year, discounting is omitted.

ACCOUNTING POLICIES (continued)

1. PRESENTATION OF GROUP ANNUAL FINANCIAL STATEMENTS (continued)

1.8 Financial instruments (continued)

Derivatives

Derivative financial assets and liabilities are classified as financial assets or liabilities at FVTPL. Derivative financial assets and liabilities comprise mainly interest rate swaps for hedging purposes (economic hedge). Recognition of the derivative financial instruments takes place when the economic hedging contracts are entered into. They are measured initially and subsequently at fair value; transaction costs are included directly in finance costs. Gains or losses on derivatives are recognised in profit or loss in changes in fair values of financial instruments. The Group does not apply hedge accounting in accordance with IFRS 9.

1.9 Taxation

1.9.1 Current taxation

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the year.

The charge for current taxation includes expected tax payable or receivable on the taxable income or loss for the year and any adjustment for taxation payable or receivable for previous years.

Current taxation liabilities/(assets) for the current and prior periods are measured at the amount expected to be paid to/(recovered from) the taxation authorities, using the taxation rates and taxation laws that have been enacted or substantively enacted by the reporting date.

1.9.2 Deferred taxation

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

- The initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit.
- Differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.

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

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (continued)

ACCOUNTING POLICIES (continued)

1. PRESENTATION OF GROUP ANNUAL FINANCIAL STATEMENTS (continued)

1.9.2 Deferred taxation (continued)

No deferred tax was recognised on the fair value of investment property as capital gains tax is no longer applicable in terms of section 25BB of the Income Tax Act.

No deferred tax is provided on any other timing differences as the Group does not expect to have taxable income in the foreseeable future.

1.10 Leases

1.10.1 Leased assets (IFRS 16)

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- leases of low value assets; and
- leases with a duration of 12 months or less.

IFRS 16 was adopted 1 March 2019 without restatement of comparative figures. For an explanation of the transitional requirements that were applied as at 1 March 2019, see note 2. The following policies apply subsequent to the date of initial application, 1 March 2019.

The Group as a lessor

As a lessor the Group classifies its leases as either operating or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset and classified as an operating lease if it does not.

Properties leased to third parties under operating leases are included in investment properties in the statement of financial position.

The Group provides certain incentives for the lessee to enter into lease agreements. Initial periods of the lease term may be agreed to be rent-free or at a reduced rent. All incentives are recognised as an integral part of the net consideration agreed for the use of the leased asset, irrespective of the incentive's nature or form or the timing of the payments.

Initial direct costs incurred in negotiating and arranging operating leases are capitalised to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Rental income (net of any incentives given to lessees) is recognised on a straight-lining basis over the lease term. Straight-lining adjustments do not affect distributable earnings.

The Group as a lessee

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the Group's incremental borrowing rate on commencement of the lease.

On initial recognition, the carrying value of the lease liability also includes amounts incidental to procuring the lease and expected to be payable under any residual guarantee.

ACCOUNTING POLICIES (continued)

1. PRESENTATION OF GROUP ANNUAL FINANCIAL STATEMENTS (continued)

1.10 Leases (continued)

1.10.1 Leased assets (IFRS 16) (continued)

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. The Group recognises an interest expense in the statement of profit or loss and repayment of capital in the statement of cash flows.

Right-of-use assets (leasehold land) are initially measured at the amount of the lease liability. The Group's leasehold land meets the definition of investment property per IAS 40 and is subsequently measured to fair value.

1.10.2 Leased assets (IAS 17 comparatives)

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

The Group as a lessor

As a lessor the Group classifies its leases as either operating or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset and classified as an operating lease if it does not.

Properties leased to third parties under operating leases are included in investment properties in the statement of financial position.

The Group provides certain incentives for the lessee to enter into lease agreements. Initial periods of the lease term may be agreed to be rent-free or at a reduced rent. All incentives are recognised as an integral part of the net consideration agreed for the use of the leased asset, irrespective of the incentive's nature or form or the timing of the payments.

Initial direct costs incurred in negotiating and arranging operating leases are capitalised to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term. Straight-lining adjustments do not affect distributable earnings.

The Group as a lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease liability. This liability is not discounted.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (continued)

ACCOUNTING POLICIES (continued)

1. PRESENTATION OF GROUP ANNUAL FINANCIAL STATEMENTS (continued)

1.11 Share capital

Ordinary shares are classified as equity. External costs directly attributable to the issue of new shares are shown as a deduction in equity from the proceeds.

1.12 Dividends paid

Dividends and other distributions to the holders of equity instruments, in their capacity as owners, are recognised directly in equity on the date of declaration.

1.13 Income

1.13.1 Revenue recognition

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

Revenue comprises gross rental income and recoveries from the letting of investment property as lessor, net of value added tax.

Rental income is recognised in profit or loss on a straight-line basis over the term of the lease. When the Group provides incentives to its tenants, the cost of the incentives is recognised over the lease term, on a straight-line basis, as a reduction of rental income.

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

1.13.2 Finance income

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

1.13.3 Dividend income

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

1.14 Employee benefits

1.14.1 Short-term benefits

The cost of short-term employee benefits is recognised as an expense during the period in which the employees render the related service.

Short-term employee benefits are measured on an undiscounted basis. The accrual for employee entitlements to salaries, incentives and annual leave represents the amount which the Group has a present legal or constructive obligation to pay as a result of the employees' services provided up to the reporting date.

ACCOUNTING POLICIES (continued)

1. PRESENTATION OF GROUP ANNUAL FINANCIAL STATEMENTS (continued)

1.14 Employee benefits

1.14.2 Long-term benefits

Share-based payments

The Group implemented a long-term incentive plan effective March 2018 with the primary intention to attract, retain, motivate and reward employees on a basis which aligns their interests with those of its shareholders.

Participants will be allocated units that will be eligible to vest on the third anniversary of the date on which such units were allocated ("vesting date"). The number of units that vest is subject to performance conditions. The performance conditions are set by the Board on allocation and are aligned to the strategy of the Group. At below threshold performance zero units vest. At target performance the target units vest. There is a cap on the number of units that can vest. All units determined to be eligible to vest by the Board shall be referred to as "eligible units" and will be deemed to have vested on the vesting date.

On the date on which a unit is deemed to vest, a participant shall be entitled to be settled with shares based on the 30-day volume weighted average price on the Johannesburg Stock Exchange ("JSE") immediately prior to the date of vesting using a cash amount ("due amount"). The Board may, instead of settling a participant as aforesaid, determine that he shall be paid a cash amount equal to the due amount. In any event, the employer company shall be obliged (or, where appropriate, shall be obliged to procure) the settlement of a participant.

Where the total number of shares to be settled is not a whole number, the number of shares shall be rounded downwards to the nearest whole number. A unit/eligible unit which has not vested shall be deemed to have been cancelled, and accordingly not entitle a participant to settlement of any shares or cash.

All share-based remuneration is ultimately recognised as an expense over the vesting period in profit or loss, with a corresponding increase in equity. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of shares expected to vest.

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NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (continued)

ACCOUNTING POLICIES (continued)

1. PRESENTATION OF GROUP ANNUAL FINANCIAL STATEMENTS (continued)

1.15 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components.

The Group determines and presents operating segments based on information that is provided internally to the Executive Management Committee ("Exco") and to the Board of directors. The Exco reviews internal management reports of each segment monthly, while the Board reviews internal management reports in respect of each segment at least quarterly.

The operations are arranged into five business segments: retail, office government, office other, industrial and administration and corporate costs.

1.16 Foreign currency

Foreign currency transactions are translated to the respective presentation currency of the Group which are presented in rand, at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to rand at the exchange rates at that date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the presentation currency at the exchange rates at the dates that the fair values were determined.

Foreign currency differences arising on translation are recognised in profit or loss.

Gains and losses on translation of foreign operations are recognised in other comprehensive income and presented within equity in the FCTR.

When a foreign operation is disposed of, in part or in full, the related amount in the FCTR is transferred to profit or loss.

1.17 Earnings, headline earnings and distributable earnings per share

Earnings per share are calculated based on the weighted average number of shares in issue for the year and profit attributable to shareholders. Headline earnings per share are calculated in terms of the requirements set out in Circular 1/2019 issued by SAICA. Distributable earnings per share are calculated based on the recommendation provided by the REIT's best practice guideline.

1.18 Key estimations and uncertainties

Estimates and assumptions are an integral part of financial reporting and as such have an impact on the amounts reported for the Group's income, expenses, assets and liabilities. Judgement in these areas is based on historical experience and reasonable expectations relating to future events. Information on the key estimations and uncertainties that have the most significant effect on amounts recognised are set out on the next page:

ACCOUNTING POLICIES (continued)

1. PRESENTATION OF GROUP ANNUAL FINANCIAL STATEMENTS (continued)

1.18 Key estimations and uncertainties (continued)

1.18.1 Investment property valuations

The valuation of investment properties requires judgement in determination of the future cash flows and appropriate discount rates. See note 3.

1.18.2 Impairment of trade and other receivables and loans due from related parties

Management assesses impairments of trade and other receivables and loans due from related parties on an ongoing basis. See policy note 1.8 (iv) above and notes 9, 10 and 11.

1.18.3 Fair value of derivative financial instruments

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

1.18.4 Operating segments

Judgement is applied in aggregating the operating segments within the Group.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses. The Group identifies and presents operating segments based on the information that is provided internally to the Exco. An operating segment's operating results are reviewed regularly by the Exco to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Group comprises five segments, namely Head Office, Industrial, Office Government, Office Other and Retail.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (continued)

ACCOUNTING POLICIES (continued)

1. PRESENTATION OF GROUP ANNUAL FINANCIAL STATEMENTS (continued)

1.19 Effect of changes in accounting policy

Effective 1 January 2019, IFRS 16 has replaced IAS 17 Leases and IFRIC 4 Determining whether an Arrangement Contains a Lease.

The Group adopted IFRS 16 using the modified retrospective approach, with recognition of transitional adjustments on 1 March 2019, without restatement of comparative figures. The Group elected to apply the practical expedient to not reassess whether a contract is or contains a lease at the date of initial application. Contracts entered into before the transition date that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. The adjustments did not have any impact on opening retained earnings.

IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, together with options to exclude leases where the lease term is 12 months or less, or where the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting in IAS 17, with the distinction between operating leases and finance leases being retained. The Group does have significant leasing activities acting as a lessor.

As a lessee, the Group previously classified leases as operating, or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most leases separately. However, the Group has elected not to recognise right-of-use assets and lease liabilities for some leases of low-value assets based on the value of the underlying asset when new or for short-term leases with a lease term of 12 months or less.

The Group's leasehold land obligations as lessee meets the definition of investment property per IAS 40. The Group measures its investment property held as right-of-use asset to fair value (see note 1.4).

The Group previously classified its property interests in land held under an operating lease as investment property and used the fair value model for measuring those property interests. The Group has applied par C9(b) and is not required to make any adjustments on transition for leases previously accounted for as investment property using the fair value model in IAS 40 Investment Property. The valuations performed in prior years for these investment properties were net of the operating lease payments expected to be made; accordingly the Group determined that it had omitted to recognise the lease liability separately as required by IAS 40:25 and the investment property was understated by the same amount. This immaterial error has been corrected in the current period by recognising the lease liability separately as follows in the statement of financial position as at 1 March 2019.

2. NEW STANDARDS AND INTERPRETATIONS

At the date of approval of these consolidated and separate financial statements, certain new accounting standards, amendments and interpretations to existing standards have been published but are not yet effective and have not been adopted early by the entity.

Management anticipates that all of the pronouncements will be adopted in the entity's accounting policies for the first period beginning after the effective date of the pronouncement. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the entity's consolidated and separate financial statements.

The following table presents the impact of adopting IFRS 16 on the statement of financial position as at 1 March 2019:

	Notes	Balance at 28 February 2019 R'000	IFRS 16 adjustments R'000	Fair value at 1 March 2019 R'000
Assets				
Investment property	6	**9 604 068**	**29 400**	**9 633 468**
Non-current assets held-for-sale	17	**45 000**	**-**	**45 000**
Liabilities				
Lease liabilities	21	**2 231**	**29 400**	**31 631**

The weighted average incremental borrowing rate on adoption was 0.1%. Refer to note 21 for the reconciliation of lease liability.

2.1 Standards and interpretations effective and adopted in the current period

In the current period, the Group has adopted standards and interpretations that are effective for the current financial period and that are relevant to its operations. Except for IFRS 16, which has been detailed in note 1.19, the remaining standards did not have a material effect on the Group's consolidated and separate financial statements and therefore have not been detailed further.

	Date effective
IFRS 3 Business Combinations: Annual Improvements 2015 – 2017 Cycle	1 January 2019
IFRS 9 Financial Instruments: Prepayment Features with Negative Compensation	1 January 2019
IFRS 16 Leases	1 January 2019
IFRS 1 Joint Arrangements: Annual Improvements 2015 – 2017 Cycle	1 January 2019
IAS 12 Income Taxes: Annual Improvements 2015 – 2017 Cycle	1 January 2019
IAS 19 Plan amendment, curtailment or settlement	1 January 2019
IAS 23 Borrowing Costs: Annual Improvements 2015 – 2017 Cycle	1 January 2019
IAS 28 Investments in Associates and Joint Ventures: Long-term interest in associate and joint ventures	1 January 2019
IFRIC 23 Uncertainty over Income Tax Treatments	1 January 2019

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (continued)

2. NEW STANDARDS AND INTERPRETATIONS (continued)

2.2 Standards and interpretations issued but not yet effective on 29 February 2020

The Company has chosen not to early adopt standards and interpretations which have been published, but that are not yet effective in the current financial year. The new standards, which are effective for annual periods beginning on or after 1 January 2020, are not expected to have a material impact:

New and amended IFRS standards	Summary of the new amended standard	Impact on the Group
IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (Amendment – Disclosure Initiative – Definition of Material)	Materiality decisions are common in determining the level of precision in applying accounting policies in practice. These amendments are a component of the IASB's 'Disclosure Initiative' project, which is intended to simplify financial statements and increase their usability.	Assessed to have little impact/ change to the current treatment. Effective: 1 January 2020
IFRS 3 *Business Combinations* (Amendment – Definition of Business)	As a result of the post-implementation review of IFRS 3, these amendments modify the definition of a business. These changes will result in fewer acquisitions being accounted for as a business combination within the scope of IFRS 3. The amendments also introduce an optional 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is a business.	Assessed to have little impact/ change to the current treatment. Effective: 1 January 2020
Conceptual Framework for Financial Reporting (Revised)	The Conceptual Framework contains the definitions that underpin all requirements in IFRS (e.g. the definition of an asset, liability, income, expense, the objectives of general purpose financial reporting, etc). The revised conceptual framework improves those definitions.	Assessed to have little impact/ change to the current treatment. Effective: 1 January 2020
IFRS 16 *Leases* (Amendment – COVID-19 – Related Rent Concessions)*	In response to the COVID-19 pandemic, in May 2020 the IASB issued amendments to IFRS 16, which permits lessees not to assess whether a rent concession received meets the definition of a lease modification, if certain criteria are satisfied. Instead, lessees apply other applicable IFRS standards, which will often result in a rent concession being recorded as a negative variable payment (e.g. DR lease liability, CR profit or loss). The amendments are mandatorily effective for annual reporting periods beginning on or after 1 June 2020, with earlier application permitted.	Assessed to have minimal impact. Effective: 1 January 2020

New and amended IFRS standards	Summary of the new amended standard	Impact on the Group
Conceptual Framework for Financial Reporting (Amendments to IFRS 3)	In May 2020, the IASB issued amendments to IFRS 3, which update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. The amendments are effective for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted.	Assessed to have little impact/ change to the current treatment. Effective: 1 January 2022
IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* (Amendment – Onerous Contracts – Cost of Fulfilling a Contract)	In May 2020, the IASB issued amendments to IAS 37, which specify the costs a company includes when assessing whether a contract will be loss-making and is therefore recognised as an onerous contract. These amendments are expected to result in more contracts being accounted for as onerous contracts because they increase the scope of costs that are included in the onerous contract assessment.	Assessed to have little impact/ change to the current treatment. Effective: 1 January 2022

3. RESTATEMENT OF PRIOR PERIOD ERRORS

The Board received an anonymous tip-off from a whistleblower regarding irregularities being perpetrated by senior executives of Delta Property Fund. A preliminary investigation was conducted and completed by Deloitte on 12 November 2019. After the initial investigation, an in depth investigation was conducted by Mazars Forensic Services (“the first forensic investigation”) and a preliminary report was issued on 13 August 2020 following the receipt of the preliminary findings of the first forensic investigation. The Board has subsequently engaged with the Company’s auditor, BDO South Africa Incorporated, (the auditor) in respect of the preliminary findings and the circumstances surrounding the resignation of the relevant executive directors.

The findings of the forensic investigations and subsequent Internal Assessments by management overseen by the Board revealed and confirmed a number of irregularities that gave rise to material misstatements in the previously issued financial statements that have subsequently been addressed and corrected in these financial statements.

The nature and impact of the irregularities and concomitant misstatement of previously reported results have been set out below.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (continued)

3. RESTATEMENT OF PRIOR PERIOD ERRORS (continued)

Impact of the restatements on the statement of financial position as at 1 March 2018:

Group	28 Feb 2018 Previously reported R'000	R'000	R'000	R'000
Notes		3.1 Commissions	3.2 Fraudulent payment	3.3 Contractor rental*
Assets				
Non-current assets				
Investment property	10 535 000	–	–	–
Fair value of investment property	10 342 418	–	–	–
Straight-line rental income accrual	192 582	–	–	–
Loans due from subsidiaries	16 633#	–	–	–
Current assets				
Cash and cash equivalents	100 177	–	–	–
Trade and other receivables	338 845	(36 359)	–	–
Non-current assets held for sale	972 600	–	–	–
Equity				
Non-controlling interest	–	–	–	–
Retained income	2 160 330	(36 359)	–	–
Liabilities				
Non-current liabilities				
Lease liabilities	–	–	–	–
Other financial liabilities	–	–	–	–
Current liabilities				
Lease liabilities	–	–	–	–
Trade and other payables	183 983	–	–	–

* *R27.5 million was corrected for contractor rental in investment property. However, the amount is immediately fair valued out of the same category to the statement of comprehensive income. Therefore, no amount is reflected in the above table (refer table on page 27 for the impact on the statement of comprehensive income).*

\# *R16.6 million was reclassified from loans due from related parties to loans due from subsidiaries following the consolidation of DPAM.*

Prior period errors					
R'000	R'000	R'000	R'000	R'000	28 Feb 2018 Restated R'000
3.4 Property valuations	3.5 Reclassification of NCAHFS	3.6 Recog-nition of guarantee liability	3.7 Consolidation of DPAM	3.8 ECL impairment of loans due from subsidiaries	
(952 100)	905 100	–	–	–	10 488 000
(952 100)	892 342	–	–	–	10 282 660
–	12 757	–	–	–	205 340
–	–	–	(16 633)	–	–
–	–	–	–	(39)	100 138
–	–	–	10 786	–	313 271
–	(905 100)	–	–	–	67 500
–	–	–	5 542	–	5 542
(952 100)	–	(3 959)	–	–	1 167 911
–	–	–	1 410	–	1 410
–	–	3 959	–	–	3 959
–	–	–	411	–	411
–	–	–	(13 209)	(39)	170 736

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (continued)

3. RESTATEMENT OF PRIOR PERIOD ERRORS (continued)

Company	28 Feb 2018 Previously reported R'000	R'000	R'000	R'000
Notes		3.1 Commissions	3.2 Fraudulent payment	3.3* Contractor rental
Assets				
Non-current assets				
Investment property	10 268 200	–	–	–
Fair value of investment property	10 076 207	–	–	–
Straight-line rental income accrual	191 993	–	–	–
Loans due from subsidiaries	439 930#	–	–	–
Current assets				
Trade and other receivables	302 985	(32 523)	–	–
Non-current assets held for sale	744 600	–	–	–
Cash and cash equivalents	96 864	–	–	–
Equity				
Retained income	2 117 907	(32 523)	–	–
Liabilities				
Non-current liabilities				
Other financial liabilities	–	–	–	–
Trade and other payables	177 458	–	–	–
Bank overdraft	97 725	–	–	–

R27.4 million was corrected for contractor rental in investment property. However, the amount is immediately fair valued out of the same category to the statement of comprehensive income. Therefore, no amount is reflected in the above table (refer table on page 27 for the impact on the statement of comprehensive income).

R16.6 million was reclassified from loans due from related parties to loans due from subsidiaries following the consolidation of DPAM.

Prior period errors						28 Feb 2018 Restated
R'000	R'000	R'000	R'000	R'000	R'000	R'000
3.4 Property valuations	3.5 Reclas-sification of NCAHFS	3.6 Recognition of guarantee liability	3.7 Consolidation of DPAM	3.8 ECL impairment of loans due from subsidiaries	3.9 Error in classification	
(775 901)	677 100	–	–	–	–	10 169 399
(775 901)	669 950	–	–	–		9 970 255
–	7 151	–	–	–	–	199 144
–	–	–	–	(74 395)	(3 037)	362 498
–	–	–	–	–	–	270 463
–	(677 100)	–	–	–	–	67 500
–	–	–	–	–	(1 015)	95 849
(775 901)	–	(3 959)	–	(74 395)	(2 469)	1 228 660
–	–	3 959	–	–	–	3 959
–	–	–	–	–	(2 153)	175 305
–	–	–	–	–	568	98 293

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (continued)

3. RESTATEMENT OF PRIOR PERIOD ERRORS (continued)

Impact of the restatements on the statement of financial position as at 1 March 2019:

Group	28 Feb 2019 Previously reported R'000	R'000	R'000	R'000
Notes		3.1 Commissions	3.2 Fraudulent payment	3.3 Contractor rental*
Assets				
Non-current assets				
Investment property	9 913 811	–	–	–
Fair value of investment property	9 755 209	–	–	–
Straight-line rental income accrual	158 602	–	–	–
Loans due from subsidiaries	18 633#	–	–	–
Current assets				
Trade and other receivables	357 973	(23 746)	–	–
Cash and cash equivalents	8 826$	–	–	–
Non-current assets held for sale	1 436 520	–	–	–
Equity				
Non-controlling interest	–	–	–	–
Retained income	1 771 160$	(23 746)	–	10 947
Liabilities				
Non-current liabilities				
Lease liabilities	–	–	–	–
Other financial liabilities	–	–	–	–
Current liabilities				
Lease liabilities	–	–	–	–
Trade and other liabilities	173 585$	–	–	–
Current tax payable	12 821	–	–	(10 947)

* *R36.6 million was corrected for contractor rental in investment property. However, the amount is immediately fair valued out of the same category to the statement of comprehensive income. Therefore, no amount is reflected in the above table for investment property (refer table on page 27 for the impact on the statement of comprehensive income). The impact on tax is reflected above.*

R18.6 million was reclassified from loans due from related parties to loans due from subsidiaries following the consolidation of DPAM.

$ *R16.5 million was reclassified for the cash and cash equivalents, payables and overdraft..*

Prior period errors					28 Feb 2019 Restated
R'000	R'000	R'000	R'000	R'000	R'000
3.4 Property valuations	3.5 Reclassification of NCAHFS	3.6 Recog-nition of guarantee liability	3.7 Consolidation of DPAM	3.8 ECL impairment of loans due from s ubsidiaries	
(1 529 263)	1 391 520	–	–	–	9 776 068
(1 529 263)	1 378 279	–	–	–	9 604 225
–	13 241	–	–	–	171 843
–	–	–	(18 633)	–	–
–	–	–	7 371	–	341 598
–	–	–	20 236	–	29 062
–	(1 391 520)	–	–	–	45 000
–	–	–	(660)	–	(660)
(1 529 263)	–	(3 921)	–	–	225 288
–	–	–	2 017	–	2 017
–	–	3 921	–	–	3 921
–	–	–	214	–	214
–	–	–	7 403	–	180 992
–	–	–	–	–	1 873

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (continued)

3. RESTATEMENT OF PRIOR PERIOD ERRORS (continued)

Company	28 Feb 2019 Previously reported R'000	R'000	R'000	R'000
Notes		3.1 Commissions	3.2 Fraudulent payment	3.3 Contractor rental*
Assets				
Non-current assets				
Investment property	9 664 809	–	–	–
Fair value of investment property	9 506 715	–	–	–
Straight-line rental income accrual	158 094	–	–	–
Loans due from subsidiaries	457 670#	–	–	–
Current assets				
Cash and cash equivalent	26 870	–	–	–
Trade and other receivables	334 393	(22 769)	–	–
Non-current assets held for sale	1 206 520	–	–	–
Equity				
Retained income	1 746 366	(22 769)	–	10 947
Liabilities				
Non-current liabilities				
Other financial liabilities	–	–	–	–
Current tax payable	13 347	–	–	(10 947)
Trade and other payables	161 504	–	–	–
Bank overdraft	158 418	–	–	–

R36.6 million was corrected for contractor rental in investment property. However, the amount is immediately fair valued out of the same category to the statement of comprehensive income. Therefore, no amount is reflected in the above table for investment property (refer table on page 27 for the impact on the statement of comprehensive income). The impact on tax is reflected above,

R18.6 million was reclassified from loans due from related parties to loans due from subsidiaries following the consolidation of DPAM.

Prior period errors						28 Feb 2019 Restated
R'000	R'000	R'000	R'000	R'000		R'000
3.4 Property valuations	3.5 Reclas-sification of NCAHFS	3.6 Recognition of guarantee liability	3.7 Consoli-dation of DPAM	3.8 ECL impairment of loans due from subsidiaries	3.9 Errors in classification	
(1 354 571)	1 161 520	–	–	–	–	9 471 758
(1 354 571)	1 153 441	–	–	–	–	9 305 585
–	8 080	–	–	–	–	166 174
–	–	–	–	(98 632)	(30 801)	328 239
–	–	–	–	–	(17 172)	9 698
–	–	–	–	–	–	311 624
–	(1 161 520)	–	–	–	–	45 000
(1 354 571)	–	(3 921)	–	(98 632)	(1 458)	275 962
–	–	3 921	–	–	–	3 921
–	–	–	–	–	–	2 400
–	–	–	–	–	1 458	162 962
–	–	–	–	–	(47 973)	110 446

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (continued)

3. RESTATEMENT OF PRIOR PERIOD ERRORS (continued)

Impact of the restatements on the statement of comprehensive income for the year ended 28 February 2019:

Group	28 Feb 2019 Previously reported R'000	R'000	R'000	R'000
Notes		3.1 Commissions	3.2 Fraudulent payment	3.3 Contractor rental
Revenue				
Rental income	1 581 669	–	–	(36 675)
Property operating expenses	(453 848)*	7 467	–	–
Administration expenses	(79 727)	–	–	–
Fair value adjustments	(168 152)	5 146	–	36 675
Interest income	26 032	–	–	–
ECL provisions	(55 731)*	–	–	–
Taxation	(27 692)	–	–	10 947
Profit/(loss) for the year	255 793	12 614	–	10 947
Company				
Revenue				
Rental income	1 522 713	–	–	(36 675)
Property operating expenses	(441 573)*	7 468	–	–
Fair value adjustments	(151 437)	2 174	–	36 675
ECL provisions	(55 263)*	–	–	–
Taxation	(27 692)	–	–	10 947
Profit/(loss) for the year	271 709	9 642	–	10 947
Earnings and headline earnings per share				
Profit/(loss) attributable to owners of the parent	255 903	12 614	-	10 947
Change in fair value of investment property	237 600	(5 146)	-	(36 675)
Headline earnings attributable to owners of the parent	493 393	7 468	-	(25 728)
Weighted average number of shares in issue	712 294 244	-	-	-
Basic and diluted earning/(loss) per share	39.80	-	-	-
Basic and diluted headline earnings per share	73.16	-	-	-

* *R62.7 million and R62.2 million for Company was reclassified from property operating expenses to expected credit loss provisions.*

Prior period errors					28 Feb 2019 Restated
R'000	R'000	R'000	R'000	R'000	R'000
3.4 Property valuations	3.5 Reclassification of NCAHFS	3.6 Recog-nition of guarantee liability	3.7 Consolidation of DPAM	3.8 ECL impairment of loans due from subsidiaries	
–	–	–	(2 372)	–	1 542 622
–	–	–	21 561	–	(424 820)
–	–	–	(22 905)	–	(102 632)
(577 163)	–	–	–	–	(703 495)
–	–	–	(2 486)	–	23 546
–	–	39	–	–	(55 692)
–	–	–	–	–	(16 744)
(577 163)	–	39	(6 202)	–	(303 862)
–	–	–	–	–	1 486 038
–	–	–	–	–	(434 105)
(580 252)	–	–	–	–	(692 840)
–	–	39	–	(24 237)	(79 461)
–	–	–	–	–	(16 744)
(580 252)	–	39	–	(24 237)	(312 152)
(577 163)	-	39	-	-	(297 660)
577 163	-	-	-	-	772 942
–	-	39	-	-	475 282
–	–	–	–	–	712 294 244
–	-	-	-	-	(41.79)
–	-	-	-	-	66.73

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (continued)

3. RESTATEMENT OF PRIOR PERIOD ERRORS (continued)

Impact of the restatements on the statement of cash flows for the year ended 28 February 2019:

Group	28 Feb 2019 Previously reported R'000	R'000	R'000	R'000
Notes		3.1 Commissions	3.2 Fraudulent payment	3.3 Contractor rental
Cash generated from operations	905 500	20 081	–	(36 675)
Gross movement in loans with related parties	17 216	–	–	–
Net movement in cash and cash equivalents	(103 476)	–	–	–
Company				
Revenue				
Cash generated from operations	846 033	17 222	–	(36 675)
Gross movement in loans with related parties	17 216	–	–	–
Loans advanced to subsidiaries	(15 771)	–	–	–

Prior period errors						28 Feb 2019 Restated
R'000	R'000	R'000	R'000	R'000	R'000	R'000
3.4 Property valuations	3.5 Reclassification of NCAHFS	3.6 Recognition of guarantee liability	3.7 Consolidation of DPAM	3.8 ECL impairment of loans due from subsidiaries	3.9 Errors in classifications	
–	–	(39)	13 481	–	25 799	928 147
–	–	–	(2 486)	–	–	14 730
–	–	–	20 864	–	(589)	(83 201)
–	–	(39)	–	24 238	31 831	882 610
–	–	–	–	–	(516)	16 700
–	–	–	–	–	(14 790)	(30 561)

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (continued)

3. RESTATEMENT OF PRIOR PERIOD ERRORS (continued)

3.1 Commissions

The forensic investigation revealed various broker commissions paid to brokers without valid broker mandates or with no mandates. Some of the commissions were paid to companies of which the directors are directly or indirectly acquaintances of the previous executive team. These commissions were not disclosed to the Board of Delta Property Fund Limited ("Delta") at the time of the payment of the broker commissions. The standard broker commission agreed with parties such as DPAM and Broll Property Group Proprietary Limited ("Broll"), which provides property management services to Delta, is 100% for new leases and 50% for renewal leases based on the following sliding scale:
5.00% of the 1st year's gross rental
5.00% of the 2nd year's gross rental
2.50% of the 3rd year's gross rental
2.50% of the 4th year's gross rental
2.50% of the 5th year's gross rental
1.50% of the 6th year's gross rental
1.50% of the 7th year's gross rental
1.50% of the 8th year's gross rental
1.00% of the year's thereafter' gross rental

In many instances the broker commissions exceeded the above rate (of 50% for renewal of leases). The brokers used were also not registered with the Estate Agency Affairs Board ("EAAB") and did not provide fidelity fund certificates as required by Delta. Therefore, the commissions are classified as irregular expenditure. The Board is in the process of reporting the unregistered brokers to the EAAB.

In the prior financial periods, commissions were accounted for in the statement of financial position under the trade and other receivables category as deferred payments. This category is part of current assets.

In terms of IAS 17 paragraph 4, commissions are defined as *"incremental costs that are directly attributable to negotiating and arranging a lease"* and should therefore be added to the carrying amount of the leased asset and further recognised as an expense over the lease term on the same basis as the lease income (IAS 17 paragraph 52).

In terms of IFRS 16 paragraph 83, a lessor shall add initial direct costs incurred in obtaining an operating lease to the carrying amount of the underlying asset and recognise those costs as an expense over the lease term on the same basis as the lease income.

Sales commissions are regarded as initial direct costs.

Two aspects arose from the treatment of commissions:

1. The reclassification of commissions from the deferred expenditure classification (current asset) to the carrying amount of the leased asset (investment property – non-current asset). This movement will have a corresponding amendment to the fair value adjustments of investment property. This relates to the commissions paid that are not irregular; and
2. The expensing of the irregular expenditure that was considered to be off-market as identified above.

   The commissions paid were claimed as a tax deduction in the year in which the expense was incurred. The amendments referred to above does not have an impact on the deductibility of the expense.

3. RESTATEMENT OF PRIOR PERIOD ERRORS (continued)

3.2 Fraudulent payments

Two payments totalling R2.1 million were made to two companies as facilitation fees. The party who ultimately received the payments from the two companies in turn confirmed his involvement in the transaction and that the fees were to facilitate the renewal of a facility. This transaction was reported by the Board to the South African Police Service ("SAPS") as the payment constituted a bribe.

The first payment of R1.5 million was initially incorrectly classified in the accounts of Delta as an unrealised loss on foreign exchange differences. The second payment of R600 000 was expensed and classified in the category administration expense. Both errors have now been corrected by reclassifying the expense as an irregular expense in the statement of comprehensive income.

This R1.5 million payment was not deducted for tax purposes as it was incorrectly classified as an unrealised loss on foreign exchange differences. The second payment of R600 000 was classified as a donation within the category of administration expenses and as no s18A certificate existed, the amount was not deducted for tax purposes. The amounts remain non-deductible for tax purposes.

3.3 Contractor rental income

During the 2018 and 2019 financial years, rental income contained income classified as contractor rental income. This income was purportedly generated from contractors who performed capital projects (capex) for Delta. As the contractors took a substantial amount of time to complete the work, the contractors entered into lease agreements with Delta to pay rental to Delta and subsequently increase the cost of the contract for work done as part of the capital project. In certain cases, the contractor rentals were not documented in commercial contracts with the respective contractors. Valid contractor rentals should be offset against the corresponding capex incurred within the respective investment property and not recognised as rental income.

Although this practice did not have an impact on the bottom line of Delta as the extent of rental income reclassified to investment property is offset by an increase in the fair value adjustment, the accounting treatment did lead to the overstatement of rental income and the overstatement of capex which have been capitalised to investment property.

Although the overstatement of rental income did not impact the net profit/(loss) for the various years, the overstatement impacted the distributable income and consequently the distributions paid. This in turn would have impacted the qualifying distribution in terms of S25BB of the Income Tax Act, and the tax paid in 2019.

3.4 Property valuations

Property valuations are performed by various independent property valuers. During the 2019 and 2020 valuation process, some valuers were instructed by the previous management team to specifically exclude commissions, property management fees, insurance and valuation fees when performing the valuations. This practice was contradictory to prior financial years and generally accepted valuation practice. The valuations were reperformed after including the property-related expenses previously excluded.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (continued)

3. RESTATEMENT OF PRIOR PERIOD ERRORS (continued)

3.4 Property valuations (continued)

Further assessments revealed off-market assumptions used in certain of the property valuations for the years ended February 2018, 2019 and 2020 that led to the amendment of the assumptions to align with property specific and market information available at the date of the fair value determination.

The correction of the erroneous valuations resulted in a decrease in the valuation of Investment Property (including investment property held-for-sale) from R10.6 billion (2019: R11.3 billion and 2018: R11.5 billion) to R8.8 billion (2019: R9.8 billion and 2018: R10.6 billion) in the financial statements for the year ended February 2020 ("2020 Financial Statements"). Of the total decrease of R1.8 billion (2019: R1.5 billion and 2018: R0.9 billion), R0.6 billion (2019: R0.8 billion) relates to the exclusion of the property-related expenses from the valuations and R1.2 billion (2019: R0.7 billion and 2018: R0.9 billion) resulting from a difference in assumptions that were not aligned to property specific and market information available at the date of the fair value determination as follows.

The inclusion of the property expenses, previously excluded resulted in the valuations reducing as follows:

2018: R nil – no property-related expenses were excluded in the 2018 valuations.
2019: R0.8 billion.
2020: R0.6 billion.

The error in significant assumptions such as the capitalisation rates and significant vacancies in certain assets resulted in further decreases in the valuations as follows:
2018: R0.9 billion.
2019: R0.7 billion.
2020: R1.2 billion.

3.5 Reclassification of non-current assets held for sale to investment properties

A review of the status of properties classified as held-for-sale revealed a number of properties that did not meet the required criteria and were required to be reclassified to investment properties amounting to R1.3 billion (2019: R1.4 billion, 2018: R1.0 billion). The reclassification did not have a direct impact on the valuation of such properties as the Group accounting policy is to measure properties classified as non-current assets held for sale in accordance with IAS 40 Investment Property at fair value.

3.6 Recognition of guarantee liability

As previously disclosed, a guarantee has been provided to Investec Bank Limited ("Investec") in respect of the debt obligations of Freedom Property Fund SARL and Grit Property Holdings Limited (as "Borrower") for the lower of EUR30 million or 58% of the outstanding debt of Grit to Investec.

The instrument is considered to be a financial guarantee contract in accordance with IFRS 9 Financial Instruments and accordingly is measured at the higher of the loss allowance determined in accordance with the ECL determined in accordance with IFRS 9 and the amount initially recognised less cumulative income subsequently recognised.

The accounting recognition of the financial guarantee contract gave rise to a guarantee liability of R3.96 million at 1 March 2018 and subsequently R3.92 million at 28 February 2019. There were no tax accounting effects upon recognition of the guarantee liability (refer note 23)

3. RESTATEMENT OF PRIOR PERIOD ERRORS (continued)

3.7 Consolidation of Delta Property Asset Management

Although the Company does not own the ordinary shares of DPAM, it is considered to have control over the company in accordance with the control definitions contained in IFRS 10 Consolidated Financial Statements and is classified as a subsidiary company.

Accordingly, DPAM has been consolidated resulting in an increase in Group net asset value of R5.54 million at 1 March 2018 and a decrease in Group net asset value of R0.66 million at 28 February 2019.

3.8 Expected credit loss impairment of loans due from subsidiaries

Following the correction of property valuations in certain subsidiaries the probable loss on default used in Expected Credit Loss calculations in accordance with IFRS 9 – Financial Instruments on loans due from subsidiaries required correction. The recalculated Expected Credit Loss allowance gave rise to an Expected Credit Loss allowance of R74.39 million at 1 March 2018 and R98.63 million at 28 February 2019. The Expected Credit Loss allowances on loans due from subsidiaries is reversed on consolidation and had no impact on the previously reported results of the Group nor any taxation effects.

3.9 Errors in classification

During 2019, intercompany loans and the bank overdraft to the value of R30.8 million was understated and consequently reclassified to the correct category. During 2018, intercompany loans and cash equivalents were overstated by R3.0 million. This error only impacted the Company results.

R14 million dividend receivable from listed securities was incorrectly accounted for in cash generated from operations and subsequently corrected.

4. EVENTS AFTER THE REPORTING PERIOD

There has been a significant period of time between the reporting date and the date of authorising these consolidated financial statements. The subsequent events below were carefully assessed to ensure that all material events have been disclosed.

Impact of COVID-19

The World Health Organization ("WHO") declared in March 2020 that the coronavirus ("COVID-19") is a global pandemic. On 15 March 2020, the President of the Republic of South Africa declared COVID-19 to be a national disaster in terms of the Disaster Management Act, with stage 5 lockdown implemented from 25 March 2020. Since then, many markets have declined and credit spreads have widened.

As the effects of COVID-19 are felt around the world, local property companies are being impacted in different ways, largely dependent on region and asset class. Most economic and company-specific forecasts made for 2020 before the onset of COVID-19 are being retracted as it remains challenging to accurately estimate the forward looking impact of the pandemic. We recognise that the most valuable resources remain our people, and accordingly implemented measures to limit the potential spread of the virus among our employees, tenants, service providers and all personnel linked to the business. We formed a COVID-19 task team to assess and monitor the implemented measures and provided our staff with the relevant tools and capabilities to work-from-home.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (continued)

4. EVENTS AFTER THE REPORTING PERIOD (continued)

The Group's strategy of being a sovereign focused office fund has limited the negative economic impact of COVID-19 on the business. While rental collection for the period post-financial year-end has remained robust, the full impact of COVID-19 on our portfolio has been limited with approximately R10 million in relief granted. The Group continues to generate positive cash flows and accordingly make payments towards all its operating and administration expenses, including interest and capital repayments on its interest-bearing borrowings to the banks.

The portfolio remains defensive and resilient during these turbulent times.

Engagements with lenders and compliance with financial covenants

- Loan to value ratio increased from 51.7% to 55.7% and interest cover ratio changed from 2.04 times to 1.75 times
- Continued engagement with lenders and support is positive with no default on any facilities.
- The Bank of China facility renewed and will be amortised over six years.

Developments on the recovery of Somnipoint loan

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 of the portion of the loan relating to him.

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 R277.7 million to R145.8 million as at 28 February 2021. This relates to a decrease in the share price from USD1.13 per share to USD0.65 per share. The exchange rate also decreased from R15.99/$1 to R15.08/$1.

4. EVENTS AFTER THE REPORTING PERIOD (continued)

Regulatory matters

As a direct result of the withdrawal of the audit opinion by our auditor BDO, the withdrawal of the financial statements for the year ended 29 February 2020 by the Board ("Withdrawal"), and the continuation of the investigation into the impact of the forensic investigation on the Company's prior period financial information, as well as the audit procedures being undertaken by BDO, the Board engaged with the JSE to consider a suspension of the listing of the Company's shares on the JSE ("Suspension").

Unfortunately, the JSE could not approve such request as the reasons for the Suspension did not fall within any of the circumstances contained in paragraph 1.10 of the JSE Listings Requirements (suspension at the request of the issuer).

The JSE, however, initiated the suspension provisions as set out in paragraphs 1.6 and 1.7 of the JSE Listings Requirements due to the Withdrawal. The listing of the Company's securities was suspended on the Johannesburg Stock Exchange on 15 December 2020.

The Board agreed with and supported the Suspension, the aim being to protect investors and enable accurate price formation. The Board believes that the Suspension is in the best interests of shareholders and the Company.

The Board views the Suspension as a temporary measure until the Company publishes audited restated 2020 financial statements and the interim results for the six months ended 31 August 2020.

Governance changes

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

Litigation and recovery of funds

The following ligation matters arose since 29 February 2020:

- Somnipoint litigation
  - Refer to developments on the recovery of Somnipoint loan above.

- MPI PAM claim
  - Claim A

    MPI Property Asset Management Proprietary Limited ("MPI PAM") claims R200 million with interest from 16 September 2015 and costs based on an alleged obligation on the part of Delta to pay MPI PAM compensation in terms of the Asset Management Services Agreement following the termination thereof by Delta on 15 June 2015; and
  - Claim B

    MPI PAM claims R200 million with interest from 16 October 2015 and costs based on an alleged obligation on the part of Delta to pay the claimant the purchase price of the business of MPI PAM in terms of the Sale Agreement.

    The Board has appointed TWB Incorporated to oppose the claims and represent Delta in the dispute. All necessary action will be taken to defend the matter.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (continued)

5. 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:

- Post-publication on 8 July 2020 of the financial statements for the reporting period ended 28 February 2020, the Board was made aware of certain allegations of irregularities which resulted in the commissioning of two forensic investigations. These investigations confirmed the veracity of these allegations and necessitated the withdrawal of the previously published financial statements.
- The result of the investigations necessitated the restatement of prior year financial information. These restatements are more fully described in the restatement note to these financial statements as well as the Directors' report and have had a significant negative impact to the Group's statement of financial position.
- The Group and Company reported a net loss of R940.3 million and R885.1 million for the 2020 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 R9.4 billion and R9.5 billion exceed the total liabilities of R5.5 billion and R5.4 billion at 28 February 2020, respectively.
- The Group and Company had a loan to value ratio of 55.7% and 54.9% respectively in comparison to 51.7% and 51.4% 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 1.75 and 1.86 times respectively in comparison to 2.04 and 2.13 times in the prior reporting period. These ratios have exceeded the covenants set by the lenders of 2 times.
- The Group's and Company's current liabilities of R4.3 billion exceeded its current assets by R4.0 billion at 29 February 2020. This is mainly due to the structural tenure of the Group's funding facilities. The Board 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 filling of additional vacancies and the extension of expiring leases.
  - A strategic plan to support the above initiatives.

5. GOING CONCERN (continued)

Solvency

At 29 February 2020, 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 55.7% indicates that should the Group needs 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, judgments 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 currently held for sale;
- 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 29 February 2020 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 held-for-sale 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 operation of the Group's and repayment of debt.

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, including continued support from the Group's principal financiers, 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, 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)

6. INVESTMENT PROPERTY

	Notes	Group 2020 R'000	Group Restated 2019 R'000	Company 2020 R'000	Company Restated 2019 R'000
Carrying amount					
Cost		**9 911 977**	9 853 567	**9 487 976**	9 458 370
Fair value adjustments		**(1 272 481)**	(249 343)	**(1 115 540)**	(152 785)
Balance at end of year		**8 639 496**	9 604 224	**8 372 436**	9 305 585
Movement for the year:					
Balance at beginning of year		**9 604 224**	10 282 660	**9 305 585**	9 974 216
Leasehold land capitalised		**31 305**	–	**4 563**	–
Fair value adjustments		**(1 017 357)**	(757 343)	**(959 500)**	(746 688)
Capital expenditure		**14 768**	75 153	**15 190**	74 418
Commission capitalised		**17 187**	10 632	**17 154**	10 556
Commission written off		**(10 631)**	(12 805)	**(10 556)**	(12 772)
Borrowing cost capitalised	28	**-**	5 928	**-**	5 855
Balance at end of year		**8 639 496**	9 604 224	**8 372 436**	9 305 585
Reconciliation to valuations:					
Fair value of investment property		**8 639 496**	9 604 224	**8 372 436**	9 305 585
Straight-line rental income accrual	7	**141 437**	171 843	**136 595**	166 174
Valuations at end of year		**8 780 933**	9 776 067	**8 509 031**	9 471 759

Investment properties have been encumbered as security for interest-bearing borrowings (refer to note 17) as follows:

- Investment properties with a market value of R1.6 billion (2019: R1.9 billion) are mortgaged to the Standard Bank of South Africa Limited to secure borrowing facilities amounting to R0.9 billion (2019: R0.9 billion).
- Investment properties with a market value of R4.8 billion (2019: R5.3 billion) are mortgaged to Nedbank Limited to secure borrowing facilities amounting to R3.3 billion (2019: R3.3 billion).
- Investment properties and shares in Grit with a market value of R1.6 billion (2019: R1.8 billion) and R0.3 billion (2019: R0.5 billion) respectively are mortgaged and ceded to Investec Limited to secure borrowing facilities amounting to R0.9 billion (2019: R0.9 billion).
- Investment property with a market value of R0.6 billion (2019: R0.7 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 (2019: R0.2 billion).

6. 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. 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)

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 (refer to note 1.4).

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (continued)

6. 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	
	2020	2019	**2020**	2019
Expected market rental growth	**4% - 6%**	4% - 6%	**4% - 6.%**	4% - 6.%
Expected expense growth	**6% - 8%**	6% - 8%	**6% - 8.%**	6% - 8.%
Vacancy rate	**0 - 12 months**	0 - 12 months	**0 - 12 months**	0 - 12 months
Rent-free periods	**0 - 12 months**	0 - 6 months	**0 - 12 months**	0 - 6 months
Office - sovereign				
Number of buildings	**81**	82	**81**	82
Discount rate	**13.75% - 18.25%**	13.5% - 18.25%	**13.75% - 18.25%**	13.5% - 18.25%
Market capitalisation rate	**9.25% - 14%**	9.25% - 14%	**9.25% - 14%**	9.25% - 14%
Office - other				
Number of buildings	**15**	15	**15**	15
Discount rate	**14% - 16.5%**	14% - 16.25%	**14% - 16.5%**	14% - 16.25%
Market capitalisation rate	**9.75% - 12%**	9.75% - 12%	**9.75% - 12%**	9.75% - 12%
Retail				
Number of buildings	**3**	3	**3**	3
Discount rate	**14.50% - 15%**	14.50% - 15%	**14.50% - 15%**	14.50% - 15%
Market capitalisation rate	**10% - 11%**	10% - 11%	**10.00% - 11%**	10% - 11%
Industrial				
Number of buildings	**3**	4	**3**	4
Discount rate	**14.75% - 15.25%**	14.75% - 15.25%	**14.75% - 15.25%**	14.75% - 15.25%
Market capitalisation rate	**10.25% - 10.75%**	10.25% - 10.75%	**10.25% - 10.75%**	10.25% - 10.75%

The fair value adjustments on investment property (refer to note 27), which are excluded from the calculation of distributable earnings, are included in profit and loss and categorised as level 3 under the fair value hierarchy (refer to note 41) based on the inputs to the valuation technique used. Capital commitments are set out in note 36.

6. INVESTMENT PROPERTY (continued)

The below table reflects the assumptions before correction of the errors referred to in note 3.4 above:

	Group		Company	
	2020	2019	**2020**	2019
Expected market rental growth	**5% - 6.25%**	5% - 6.5%	**5% - 6.25%**	5% - 6.5%
Expected expense growth	**6% - 8%**	6% - 7%	**6% - 8%**	6% - 7%
Vacancy rate	**0 - 12 months**	0 - 12 months	**0 - 12 months**	0 - 12 months
Rent-free periods	**0 - 6 months**	0 - 6 months	**0 - 6 months**	0 - 6 months
Office - sovereign				
Number of buildings	**81**	82	**81**	82
Discount rate	**13.75% - 18.25%**	13.5% - 18.25%	**13.75% - 18.25%**	13.5% - 18.25%
Market capitalisation rate	**9% - 14%**	9% - 13%	**9% - 14%**	9% - 13%
Office - other				
Number of buildings	**15**	15	**15**	15
Discount rate	**14% - 16.50%**	14.% - 16.25%	**14% - 16.50%**	14% - 16.25%
Market capitalisation rate	**9.75% - 11.75%**	9.75% - 11.75%	**9.75% - 11.75%**	9.75% - 11.75%
Retail				
Number of buildings	**3**	3	**3**	3
Discount rate	**12.75% - 14.50%**	12.75% - 14%	**12.75% - 14.50%**	12.75% - 14%
Market capitalisation rate	**8.25% - 11%**	8.25% - 11%	**8.25% - 11%**	8.25% - 11%
Industrial				
Number of buildings	**3**	4	**3**	4
Discount rate	**14.75% - 15.25%**	14.75% - 15.25%	**14.75% - 15.25%**	14.75% - 15.25%
Market capitalisation rate	**10.25% - 10.75%**	10.25% - 10.75%	**10.25% - 10.75%**	10.25% - 10.75%

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (continued)

6. 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:

		Group		Company	
	% Change	**2020 R'000**	Restated 2019 R'000	**2020 R'000**	Restated 2019 R'000
Increase in discount rate	0.25	**(148.0)**	(163.1)	**(143.4)**	(157.8)
Decrease in discount rate	0.25	**153.2**	168.7	**148.4**	163.3
Increase in capitalisation rate	0.25	**(202.7)**	(239.8)	**(196.4)**	(231.9)
Decrease in capitalisation rate	0.25	**212.5**	252.2	**205.9**	243.8

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.

7. STRAIGHT-LINE RENTAL INCOME ACCRUAL

	Group		Company	
	2020 R'000	Restated 2019 R'000	**2020 R'000**	Restated 2019 R'000
Balance at beginning of year (restated for 2019)	**171 843**	205 340	**166 174**	199 144
Straight-line lease adjustment for the year	**(31 974)**	(34 094)	**(31 146)**	(33 567)
Disposal of investment property	**1 567**	597	**1 567**	597
Balance at end of year	**141 437**	171 843	**136 595**	166 174

8. PROPERTY, PLANT AND EQUIPMENT

	Right of-use-asset	Computer equipment	Furniture and fittings	Motor vehicles	Total
Group – 2020					
Carrying amount					
Cost	**13 726**	**2 340**	**3 900**	**280**	**20 249**
Accumulated depreciation	**(1 281)**	**(2 182)**	**(3 021)**	**(199)**	**(6 683)**
Balance at end of year	**12 445**	**158**	**879**	**81**	**13 566**
Movement for the year:					
Balance at beginning of year	**-**	**263**	**1 314**	**137**	**1 714**
Additions	**13 726**	**87**	**15**	**-**	**13 831**
Depreciation	**(1 281)**	**(192)**	**(450)**	**(56)**	**(1 979)**
Balance at end of year	**12 445**	**158**	**879**	**81**	**13 566**
Restated					
Group – 2019					
Carrying amount					
Cost	**-**	2 253	3 885	280	6 418
Accumulated depreciation	**-**	(1 990)	(2 571)	(143)	(4 704)
Balance at end of year	**-**	263	1 314	137	1 714
Movement for the year:					
Balance at beginning of year	**-**	470	1 894	193	2 557
Additions	**-**	155	9	–	164
Disposals	**-**	(34)	(5)	–	(39)
Depreciation	**-**	(328)	(584)	(56)	(968)
Balance at end of year	**-**	263	1 314	137	1 714

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (continued)

8. PROPERTY, PLANT AND EQUIPMENT (continued)

		Computer equipment	Furniture and fittings	Motor vehicles	Total
Company – 2020					
Carrying amount					
Cost	**-**	**2 340**	**3 900**	**280**	**6 520**
Accumulated depreciation	**-**	**(2 182)**	**(3 019)**	**(199)**	**(5 400)**
Balance at end of year	**-**	**158**	**881**	**81**	**1 120**
Movement for the year:					
Balance at beginning of year	**-**	**263**	**1 314**	**137**	**1 714**
Additions	**-**	**87**	**17**	**-**	**104**
Depreciation	**-**	**(192)**	**(450)**	**(56)**	**(698)**
Balance at end of year	**-**	**158**	**881**	**81**	**1 120**
Restated					
Company – 2019					
Carrying amount					
Cost	-	2 253	3 885	280	6 418
Accumulated depreciation	-	(1 990)	(2 571)	(143)	(4 704)
Balance at end of year	-	263	1 314	137	1 714
Movement for the year:					
Balance at beginning of year	-	470	1 894	193	2 557
Additions	-	155	9	–	164
Disposals	-	(34)	(5)	–	(39)
Depreciation	-	(328)	(584)	(56)	(968)
Balance at end of year	-	263	1 314	137	1 714

9. INVESTMENT IN SUBSIDIARIES

Name of company	Country	Shareholding 2020 %	Shareholding Restated 2019 %	Company 2020 R'000	Company Restated 2019 R'000
Choice Decisions 300 Proprietary Limited#	South Africa	**100**	100	**-**	–
Hendisa Investments Proprietary Limited#	South Africa	**100**	100	**-**	–
Atterbury Parkdev Consortium Proprietary Limited#	South Africa	**100**	100	**-**	–
Phamog Properties Proprietary Limited#	South Africa	**100**	100	**-**	–
Hestitrix Proprietary Limited	South Africa	**100**	100	**-**	–
K2014000273 Proprietary Limited	South Africa	**100**	100	**-**	–
277 Vermeulen Street Properties Proprietary Limited	South Africa	**100**	100	**62 273**	62 273
Delta Property Asset Management Proprietary Limited	South Africa	*	*	**-**	–
				62 273	62 273

These subsidiaries distributed their respective investment properties to Delta as in specie distributions in terms of section 23K of the Income Tax Act prior to their anticipated liquidation. Delta is in the process of deregistering these subsidiaries in terms of section 47 of the Income Tax Act and all four entities have been placed in voluntary liquidation. We await conclusion on the matter from the liquidators and the regulators.

* *Delta Property Asset Management*
Although the Company does not own the ordinary shares of Delta Property Asset Management Proprietary Limited (DPAM) it is considered to have control over the company in accordance with the control definitions contained in IFRS 10 Consolidated Financial Statements and is classified as a subsidiary company.

Hestitrix is the owner of Block G, K2014000273 is the owner of Capital Towers and 277 Vermeulen Street is the owner of Regents Place, all government tenanted office buildings.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (continued)

10. INTEREST IN JOINT OPERATION

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.

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

Summarised financial information of the 50% portion of Delta.

	Group		Company	
	2020 R'000	Restated 2019 R'000	**2020 R'000**	Restated 2019 R'000
Rental income	**12 835**	4 396	**12 835**	4 396
Property expenses	**(1 907)**	(1 652)	**(1 907)**	(1 652)
Net property income	**10 928**	2 744	**10 928**	2 744
Investment property value	**48 000**	41 000	**48 000**	41 000

11. INVESTMENT IN LISTED SECURITY

	Group		Company	
	2020 R'000	Restated 2019 R'000	**2020 R'000**	Restated 2019 R'000
Grit Real Estate Income Group Limited	**277 734**	461 822	**277 734**	461 822
Reconciliation of investment in Grit				
Balance at beginning of year	**461 822**	381 868	**461 822**	381 868
Fair value adjustment upon derecognition as an associate	**-**	(11 933)	**-**	–
Disposal of shares	**(104 350)**	–	**(104 350)**	–
Current year fair value adjustment of investment	**(79 738)**	91 887	**(79 738)**	79 954
Balance at end of year	**277 734**	461 822	**277 734**	461 822

Grit is an African focused property income fund listed on the Johannesburg Stock Exchange Limited ("JSE"), Stock Exchange of Mauritius ("SEM") and London Stock Exchange ("LSE"). Delta holds 5.7% (2019: 7.8%) of Grit shares on the JSE, whilst 2.1% was disposed of during the year to an international consortium for R104.4 million. The proceeds were utilised to settle debt facilities geared against these shares. This investment was fair valued at year-end to R15.99 per share (2019: R19.35 per share), which resulted in a negative fair value adjustment at Group and Company of R79.8 million (2019: R79.9 million). The changes in fair value of this investment is recognised in profit and loss according to the requirements of IFRS 9. Subsequent to year end 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 in note 41.

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NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (continued)

12. LOANS DUE FROM/(TO) SUBSIDIARIES

		Group		Company	
	Note	2020 R'000	Restated 2019 R'000	2020 R'000	Restated 2019 R'000
Choice Decisions 300 Proprietary Limited		**-**	–	**(2 177)**	(2 177)
Hestitrix Proprietary Limited*		**-**	–	**241 630**	249 070
Hendisa Investments Proprietary Limited		**-**	–	**34**	34
Atterbury Parkdev Consortium Proprietary Limited		**-**	–	**(1 917)**	(1 917)
Phamog Properties Proprietary Limited		**-**	–	**(96)**	(96)
K2014000273 Proprietary Limited*		**-**	–	**150 290**	138 959
277 Vermeulen Street Properties Proprietary Limited*		**-**	–	**18 173**	20 174
Delta Property Asset Management Proprietary Limited		**-**	–	**11 121**	–
Prior period errors (refer note 3)				**-**	18 633
Balance at the end of the year		**-**	–	**417 058**	422 680
ECL allowance	38.3	**-**	–	**(131 934)**	(98 632)
		-	–	**285 124**	324 048
Non-current assets		**-**	–	**289 314**	328 238
Non-current liabilities		**-**	–	**(4 190)**	(4 190)
		-	–	**285 124**	324 048

* *Loans are secured by investment property.*

Loans to wholly owned subsidiaries bear interest at a fixed rate of 7.5% (2019: 7.5%) and are repayable within 30 years from November 2012.

The DPAM loan is subject to interest at the weighted average cost of debt of Delta. The loan is repayable on demand.

13. LOANS DUE FROM RELATED PARTIES

	Note	Group 2020 R'000	Group Restated 2019 R'000	Company 2020 R'000	Company Restated 2019 R'000
Somnipoint Proprietary Limited		**26 018**	23 733	**26 018**	23 733
The loan is unsecured and bears interest at the ruling prime overdraft interest rate. The loan is repayable on demand and was impaired during the year.					
Grit Property Holdings Limited		**-**	1 145	**-**	1 145
The loan is unsecured and bears interest at the ruling prime overdraft interest rate. The loan is repayable on demand.		**-**	–	**-**	–
		26 018	24 878	**26 018**	24 878
ECL allowance	25	**(26 018)**	–	**(26 018)**	–
		-	24 878	**-**	24 878

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 which was subsequently declined. The deposit was not refunded. The common directors in Somnipoint and Delta at the time was Messrs. S Nomvete (former CEO), JB Magwaza (former Chairman) of Delta Property Fund and J Mriga (a former employee of DPAM). In February 2020, the asset held in Somnipoint was disposed of and as a result the loan was impaired.

The Board has instituted legal proceedings to recover the amounts due from the shareholders of Somnipoint. On 6 April 2021, Mr JB Magwaza (former Chairman) settled R5 million in full and final settlement of his portion of the loan.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (continued)

14. LOAN RECEIVABLE

		Group		Company	
	Note	**2020 R'000**	Restated 2019 R'000	**2020 R'000**	Restated 2019 R'000
Educor Property Holdings Proprietary Limited ("Educor")		**16 750**	20 906	**16 750**	20 906
ECL allowance	25	**(4 188)**	–	**(4 188)**	–
		12 562	20 906	**12 562**	20 906

This vendor loan arose on the sale of a portfolio of assets comprising 1 and 3 Ferreira Street, Damelin House and Presidia to the Educor Holdings Group. The total transaction value was for a consideration of R208 million with a vendor loan of R46 million. This vendor loan includes interest accrued at the ruling prime overdraft rate plus 2% and was repayable by the end of May 2019. The Group has commenced litigation for the recovery of the amount outstanding.

15. TRADE AND OTHER RECEIVABLES

		Group		Company	
	Note	**2020 R'000**	Restated 2019 R'000	**2020 R'000**	Restated 2019 R'000
Trade receivables at amortised cost		**154 323**	154 522	**152 685**	152 361
Trade receivables		**239 804**	229 274	**237 490**	226 645
ECL allowance		**(85 481)**	(74 752)	**(84 805)**	(74 284)
		119 729	187 076	**111 552**	159 263
Amounts due from vendors		**23 058**	30 865	**23 058**	30 865
Other receivables		**36 680**	63 505	**29 370**	54 697
Accrued income		**54 653**	67 634	**53 975**	48 801
Deposits paid		**25 938**	25 072	**25 749**	24 900
Expected credit loss allowance	38.3.3	**(20 600)**	–	**(20 600)**	–
		274 052	341 598	**264 237**	311 624

15. TRADE AND OTHER RECEIVABLES (continued)

Categorisation of trade and other receivables

Trade and other receivables are categorised as follows in accordance with IFRS 9:

		Group		Company	
	Note	**2020 R'000**	Restated 2019 R'000	**2020 R'000**	Restated 2019 R'000
At amortised cost		**244 522**	260 153	**234 382**	249 117
Non-financial instruments		**29 530**	81 445	**29 855**	62 507
		274 052	341 598	**264 237**	311 624

As at 29 February 2020, trade receivables of R85.5 million (2019: R74.8 million) for the Group and R84.8 million (2019: R74.3 million) for the Company were impaired and provided for.

Movement in ECL – trade receivables

	Group 2020	Group 2019	Company 2020	Company 2019
Balance at the beginning of year	**(74 752)**	(11 994)	**(74 284)**	(11 994)
Bad debts written off/(recovered)	**3 868**	(9)	**3 868**	(9)
Increase in allowance	**(14 597)**	(62 749)	**(14 389)**	(62 281)
Balance at end of year	**(85 481)**	(74 752)	**(84 805)**	(74 284)

Trade receivables was assessed in terms of IFRS 9 simplified approach, which entailed formulating a matrix that applied historical performance (bad debt write offs applied to appropriate groupings of receivables based on shared credit risk characteristics) over a three-year period to forward looking economic and company-specific risk assessments (credit rating, public debt % of GDP, economic growth, political risk, property sector outlook). Risks were weighted against low/medium/high assessment, resulting in a cumulative ECL risk percentage which was applied to trade receivables net of specific doubtful debt allowances. An expected credit loss allowance of R3.9 million was raised in terms of IFRS 9.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (continued)

16. CASH AND CASH EQUIVALENTS

	Group		Company	
	2020 R'000	Restated 2019 R'000	**2020 R'000**	Restated 2019 R'000
Cash at bank	**46 412**	29 062	**44 193**	9 698
Bank overdraft	**(27 152)**	(109 240)	**(30 899)**	(110 446)
	19 260	(80 178)	**(13 294)**	(100 748)
Current assets	**46 412**	29 062	**44 193**	9 698
Current liabilities	**(27 152)**	(109 240)	**(30 899)**	(110 446)
	19 260	(80 178)	**13 294**	(100 748)

The Group has working capital facilities with The Standard Bank of South Africa Limited and Nedbank Limited totalling R105 million (2019: R115 million), bearing interest at prime less 1% and prime respectively.

17. NON-CURRENT ASSETS HELD-FOR-SALE

	Group		Company	
	2020 R'000	Restated 2019 R'000	**2020 R'000**	Restated 2019 R'000
Investment property	**-**	45 000	**-**	45 000
	-	45 000	**-**	45 000

Schedule of non-current assets held-for-sale including straight-line rental income accrual:

				Group		Company	
Building name	**Location**	**Segment**	**GLA (m^2)**	**2020 R'000**	Restated 2019 R'000	**2020 R'000**	Restated 2019 R'000
Top Trailers site 1	Johannesburg	Industrial	15 741	**-**	45 000	**-**	45 000

17. NON-CURRENT ASSETS HELD-FOR-SALE (continued)

	Note	Group		Company	
		2020 R'000	Restated 2019 R'000	2020 R'000	Restated 2019 R'000
Reconciliation of non-current assets held-for-sale					
Balance at beginning of year		**43 432**	64 200	**43 432**	64 200
Disposals		**(43 432)**	(16 903)	**(43 432)**	(16 903)
Capital expenditure		**-**	1 135		1 135
Fair value adjustments		**-**	(5 000)	**-**	(5 000)
Valuations at end of year		**-**	43 432	**-**	43 432
Straight-line rental income accrual		**-**	1 568	**-**	1 568
Balance at end of year		**-**	45 000	**-**	45 000

The investment properties classified as held-for-sale are properties that the directors have decided will be recovered through sale rather than through continuing use. Disposal proceeds have been applied against debt settlement and capital investment into the core portfolio.

Non-current assets held-for-sale have been pledged as security for interest-bearing borrowings per note 20 and were fair valued at financial year-end in terms of IAS 40. The fair value adjustments on investment property, which are excluded from the calculation of distributable earnings, are included in profit and loss and categorised as level 3 under the fair value hierarchy in note 41 based on the inputs to the valuation technique used.

We were successful in concluding the disposal of Classic Building and Top Trailers site 1 during the year, with proceeds utilised to settle debt.

The requirements of IFRS 5 have been met in appropriately classifying these assets as held-for-sale.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (continued)

18. SHARE CAPITAL

	Group		Company	
	2020 R'000	Restated 2019 R'000	**2020 R'000**	Restated 2019 R'000
Authorised				
3 000 000 000 ordinary shares of no par value				
Issued				
714 229 718 ordinary shares of no par value (2019: 714 229 718 ordinary shares of no par value)	**4 868 461**	4 868 461	**4 868 461**	4 868 461
Movement for the year				
Balance at beginning of year	**4 868 461**	4 854 032	**4 868 461**	4 854 032
Distribution reinvestment	**-**	14 590	**-**	14 590
Capital issue expenses	**-**	(161)	**-**	(161)
Balance at end of year	**4 868 461**	4 868 461	**4 868 461**	4 868 461

The unissued shares are under the control of the directors. This authority remains in force until the next AGM of the Company.

19. DERIVATIVE FINANCIAL INSTRUMENTS

	Group		Company	
	2020 R'000	Restated 2019 R'000	**2020 R'000**	Restated 2019 R'000
Standard Bank of South Africa Limited				
Non-current liabilities				
Interest rate swap	**(38 823)**	(5 437)	**(38 823)**	(5 437)
Current liabilities				
Interest rate swap	**-**	(557)	**-**	(557)
Cross-currency swap	**-**	(28 066)	**-**	(28 066)
Nedbank Limited	**-**	-	**-**	-
Non-current liabilities				
Interest rate swap	**(19 604)**	(17 040)	**(19 604)**	(17 040)
Current liabilities				
Interest rate swap	**(3 805)**	-	**(3 805)**	-
	(62 232)	(51 101)	**(62 232)**	(51 101)
Non-current liabilities	**(58 427)**	(22 478)	**(58 427)**	(22 478)
Current liabilities	**(3 805)**	(28 752)	**(3 805)**	(28 622)
	(62 232)	(51 230)	**(62 232)**	(51 100)

19. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Interest rate swap – future cash flows are discounted using the JIBAR swap curve.

Cross-currency swap – represents the present value of net future cash payments and receipts, which fluctuate based on changes in market interest rates and the dollar/rand exchange rate.

The Group uses a combination of interest rate swaps, cross-currency swaps (settled during the year) 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 cross-currency and interest rate swaps at financial year-end:

				Group		Company	
Bank	**Facility R'000**	**Nominal interest rate %**	**Maturity**	**2020 R'000**	Restated 2019 R'000	**2020 R'000**	Restated 2019 R'000
Standard Bank cross-currency swap (USD:ZAR)	138 720	–	Mar 19	**–**	138 720	**–**	138 720
Standard Bank interest rate swap	350 000	7.8	Jan 24	**350 000**	350 000	**350 000**	350 000
Standard Bank interest rate swap	650 000	7.7	Mar 24	**650 000**	650 000	**650 000**	650 000
Nedbank interest rate swap	160 000	8.0	Aug 20	**160 000**	160 000	**160 000**	160 000
Nedbank interest rate swap	200 000	7.7	Dec 20	**200 000**	200 000	**200 000**	200 000
Nedbank interest rate swap	200 000	8.1	Jun 21	**200 000**	200 000	**200 000**	200 000
Nedbank interest rate swap	300 000	7.9	Feb 22	**300 000**	300 000	**300 000**	300 000
Nedbank interest rate swap	160 000	7.9	Apr 22	**160 000**	160 000	**160 000**	160 000
				2 020 000	2 158 720	**2 020 000**	2 158 720

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (continued)

20. INTEREST-BEARING BORROWINGS

				Group		Company	
Bank	**Facility R'000**	**Nominal interest rate**	**Maturity**	**2020 R'000**	Restated 2019 R'000	**2020 R'000**	Restated 2019 R'000
Nedbank[B]	–	3-month JIBAR + 1.85%	May 19	**-**	184 113	**-**	184 113
Nedbank[B]	–	3-month JIBAR + 1.75%	May 19	**-**	32 118	**-**	32 118
Nedbank[B]	–	Prime + 4%	May 19	**-**	127 652	**-**	127 652
Nedbank[B]	–	Prime + 4%	May 19	**-**	275 446	**-**	275 446
Nedbank[B]	–	Prime + 4%	May 19	**-**	381 744	**-**	381 744
Nedbank[B]	–	Prime + 4%	May 19	**-**	82 206	**-**	82 206
Nedbank[B]	–	Prime + 4%	May 19	**-**	103 075	**-**	103 075
Nedbank[B]	–	Prime + 4%	May 19	**-**	102 003	**-**	102 003
Nedbank[B]	–	Prime + 4%	May 19	**-**	249 655	**-**	249 655
Nedbank[B]	–	Prime + 4%	May 19	**-**	52 446	**-**	52 446
Nedbank[B]	–	Prime + 4%	May 19	**-**	136 727	**-**	136 727
Nedbank[B]	–	Prime + 4%	May 19	**-**	56 404	**-**	56 404
Nedbank[B]	–	3-month JIBAR + 1.75%	May 19	**-**	162 219	**-**	162 219
Nedbank[B]	–	Prime + 5.00%	May 19	**-**	1 085	**-**	1 085
Standard Bank[B]	–	3-month JIBAR + 1.75%	Jun 19	**-**	40 280	**-**	40 280
Standard Bank[B]	–	3-month JIBAR + 2.00%	Jun 19	**-**	65 900	**-**	65 900
Standard Bank[B]	–	3-month JIBAR + 2.09%	Jun 19	**-**	120 802	**-**	120 802
Standard Bank[B]	–	3-month JIBAR + 1.65%	Jun 19	**-**	86 803	**-**	86 803
Standard Bank[B]	–	3-month JIBAR + 1.65%	Jun 19	**-**	11 633	**-**	11 633
Standard Bank[B]	–	3-month JIBAR + 1.90%	Jun 19	**-**	24 747	**-**	24 747
Standard Bank[B]	–	3-month JIBAR + 1.75%	Jun 19	**-**	41 422	**-**	41 422
Standard Bank*[B]	–	Prime	Jun 19	**-**	119 837	**-**	119 837
Standard Bank[B]	–	3-month JIBAR + 2.10%	Oct 19	**-**	52 385	**-**	52 385
Standard Bank[B]	–	3-month JIBAR + 2.00%	Oct 19	**-**	52 486	**-**	52 486
Standard Bank[B]	128 675	Prime	May 20	**131 542**	131 555	**131 542**	131 555
Standard Bank[A]	610 155	Prime - 1.25%	May 20	**614 418**	–	**614 418**	–
Nedbank[B]	123 598	Prime + 0.89%	May 20	**126 376**	126 421	**126 376**	126 421
Nedbank[B]	150 000	Prime + 0.89%	May 20	**150 675**	150 810	**150 675**	150 810
Nedbank[A]	742 940	Prime + 1.00%	May 20	**734 544**	–	**734 544**	–
Nedbank[B]	1 113 419	Prime + 0.89%	May 20	**1 141 349**	–	**1 141 349**	–
Nedbank*[B]	31 993	Prime + 0.89%	May 20	**31 993**	23 019	**31 993**	23 019
Nedbank*[B]	150 000	Prime + 0.89%	May 20	**150 925**	150 814	**150 925**	150 814
Investec[B]	102 220	Prime - 0.25%	Jun 20	**102 220**	–	**102 220**	–
Investec[B]	306 222	Prime - 0.25%	Jun 20	**306 222**	367 150	**306 222**	367 150
Bank of China[B]	187 974	LIBOR + 3.50%	Oct 20	**189 292**	169 847	**189 292**	169 847
Standard Bank[B]	28 100	3-month JIBAR + 1.90%	Nov 20	**28 301**	28 302	**28 301**	28 302
Nedbank[B]	124 292	Prime + 0.89%	Dec 20	**127 037**	126 012	**127 037**	126 012
Investec[B]	144 906	Prime - 0.25%	Dec 20	**144 281**	206 254	**144 281**	206 254
Investec[B]	35 753	Prime - 0.50%	Jan 21	**35 393**	36 162	**35 393**	36 162
				4 014 568	4 079 531	**4 014 568**	4 079 531

20. INTEREST-BEARING BORROWINGS (continued)

Bank	Facility R'000	Nominal interest rate	Maturity	Group 2020 R'000	Group Restated 2019 R'000	Company 2020 R'000	Company Restated 2019 R'000
Carried forward balances				**4 014 568**	4 079 531	**4 014 568**	4 079 531
Standard Bank[B]	45 900	3-month JIBAR + 2.00%	Apr 2021	**46 575**	46 234	**46 575**	46 234
Nedbank[B]	190 000	3-month JIBAR + 2.50%	Jun 2021	**194 163**	201 085	**194 163**	201 085
Nedbank*[B]	350 000	3-month JIBAR + 2.30%	Aug 2021	**351 416**	351 375	**351 416**	351 375
Investec[A]	286 643	Prime – 0.25%	Nov 2021	**282 221**	332 330	**282 221**	332 330
Standard Bank[B]	46 130	3-month JIBAR + 2.10%	Apr 2022	**46 816**	46 831	**46 816**	46 831
Nedbank[B]	100 000	3-month JIBAR + 1.97%	Jul 2022	**98 319**	201 085	**98 319**	201 085
				5 034 077	5 258 471	**5 034 077**	5 258 471

* *Revolving credit facility.*

A: *Facilities are reducing balance facilities.*
Capital repayments on the Standard Bank facility amounted to R2 000 000 per month during 2020 and 2019 respectively.
Capital repayments on the Nedbank facility amounted to R7 500 000 per month during 2020 and 2019 respectively.
Capital repayments on the Investec facility amounted to R3 500 000 and R1 500 000 per month during 2020 and 2019 respectively.

B: *Facilities are interest only facilities.*

	Group 2020 R'000	Group Restated 2019 R'000	Company 2020 R'000	Company Restated 2019 R'000
Non-current liabilities				
At amortised cost	**1 019 509**	1 448 218	**1 019 509**	1 448 218
Current liabilities				
At amortised cost	**4 014 568**	3 810 253	**4 014 568**	3 810 253
	5 034 077	5 258 471	**5 034 077**	5 258 471

Interest-bearing borrowings are secured over investment properties (refer to note 6) and non-current assets held-for-sale (refer to note 17) with a carrying value of R8.8 billion (2019: R9.8 billion).

The Group has made significant progress in respect of extending and refinancing its expiring debt facilities, with negotiations as follows:

- Restructuring Investec Bank's property facilities into a portfolio A and B facility of R380.8 million and R352.9 million respectively, effective from June 2020. Portfolio A comprises assets with shorter-term leases and higher vacancies for a 12-month period (to 30June 2021) and amortised to a residual of R333 million. Portfolio B has a longer weighted average lease profile with a maturity term of 36 months (to 30 June 2023) and no amortisation. The R143m facility was renewed for a further 12 months to 31 March 2022.
- Extending R2.3 billion in expiring facilities with Nedbank for a period of two months to 7 June 2021 on the existing terms and conditions. This allows the Group the opportunity to conclude the remaining bulk lease renewals, thereby placing the Fund in a stronger position for longer-term debt and more competitive pricing.
- Refinancing of R464 million in expiring facilities with Standard Bank for a 12-month period from June 2020 and extending a R300 million facility to 31 March 2021. The R300 million facility is being renewed for a further period to 15 May 2021.
- The Bank of China facility was, subsequent to year-end, converted to a ZAR denominated facility for six years from November 2020 to December 2026 at three-month Jibar plus 2.5%.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (continued)

20. INTEREST-BEARING BORROWINGS (continued)

The Group has been negotiating longer dated facilities with both Nedbank and Standard Bank. A strategy will be put in place with the banks to reduce debt further with disposals in order to cure the loan-to-value covenant (50%) and the interest cover ratio (2.0 times) to acceptable levels. The Group's funders have been very supportive and negotiations have been very positive and transparent.

The Group's unutilised loan facilities at year-end amounted to R45.4 million (2019: R89 million), the loan to value ratio was 55.7% (2019: 51.7%) and the weighted average cost of debt is 10.3% (2019: 10.2%). At the date of this report the loan-to-value decreased to 53.7% (2019: 51.7%) following the property valuations per note 3.4. At 29 February 2020, the interest cover ratio was 1.75 times and have subsequently improved to 2.0 times. This is mainly due to the amortisation of facilities.

21. LEASE LIABILITIES

	Group		Company	
	2020	Restated 2019	**2020**	Restated 2019
	R'000	R'000	**R'000**	R'000
Investment property	**30 359**	–	**4 563**	–
Right-of-use asset	**18 399**		**-**	
Repayment of lease liability	**(2 202)**	–	**(728)**	–
Balance at end of year	**46 556**	–	**3 835**	–
Non-current liabilities				
Lease liabilities	**37 156**	2 017	**2 626**	–
Current liabilities				
Lease liabilities	**9 400**	214	**1 209**	
	46 556	2 231	**3 835**	–
Reconciliation of lease liability				
Balance at the beginning of the year	**-**	–	**-**	–
Lease liability recognised	**51 762**	–	**4 995**	
Repayment of lease liability	**(969)**	–	**(728)**	–
Accrued interest	**(4 237)**	–	**(432)**	–
	46 556		**3 835**	–

The Group has leasehold land as investment property at Capital Towers, Block G, Treasury House and Pine Parkade. The lease liabilities on leasehold land have been disclosed separately from investment properties and non-current assets held-for-sale during the current year.

Lease liabilities have been measured at the present value of the remaining lease payments discounted using the Group's weighted average cost of debt as at 1 March 2019. The Group amortises lease liabilities over the remaining lease term by recognising an interest expense in the statement of profit or loss and repayment of capital in the statement of cash flows.

The lease expiry dates are as follows:

- Block G – 1 November 2030
- Capital Towers – 1 March 2023
- Pine Parkade – 31 January 2022
- Treasury House – 31 July 2025

21. LEASE LIABILITIES (continued)

	Group		Company	
	2020	Restated 2019	**2020**	Restated 2019
	R'000	R'000	**R'000**	R'000
Operating lease payments payable as lessee				
– Year one	**4 309**	3 925	**1 276**	1 160
– Year two	**4 657**	4 309	**1 330**	1 276
– Year three	**4 215**	4 657	**565**	1 330
– Year four	**4 096**	4 215	**622**	565
– Year five	**4 453**	4 096	**684**	622
– Later than five years	**24 532**	28 985	**313**	997
	46 262	50 187	**4 790**	5 950

22. TRADE AND OTHER PAYABLES

	Group		Company	
	2020	Restated 2019	**2020**	Restated 2019
	R'000	R'000	**R'000**	R'000
Trade payables	**57 178**	37 393	**55 353**	37 223
Income received in advance	**52 197**	36 964	**51 249**	35 458
Accrued expenses	**94 733**	69 862	**83 144**	54 615
Accrual for audit fees	**1 349**	1 263	**1 127**	1 069
Tenant deposits	**22 439**	21 409	**22 206**	21 175
Value added taxation	**10 138**	14 101	**9 765**	13 421
	238 034	180 992	**222 844**	162 961

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (continued)

23. OTHER FINANCIAL LIABILITIES

	Group		Company	
	2020 R'000	Restated 2019 R'000	**2020 R'000**	Restated 2019 R'000
Financial guarantee liability	**6 273**	3 921	**6 273**	3 921
Reconciliation of financial guarantee liability				
Liability at the beginning of the year	**3 920**	3 959	**3 920**	3 959
ECL loss/(gain) on guarantee	**2 353**	(38)	**2 353**	(38)
Balance at the end of the year	**6 273**	3 921	**6 273**	3 921

A guarantee has been provided to Investec Bank Limited ("Investec") in respect of the debt obligations of Freedom Property Fund SARL and Grit Property Holdings Limited (as "Borrower") for the lower of EUR30 million or 58% of the outstanding debt of Grit to Investec Bank Limited South Africa. Negotiations are currently in progress between Grit and Investec to release Delta from this guarantee.

The guarantee has no term (it is perpetual) but is linked to the borrowing facilities provided by Investec to Freedom Properties or GRIT. The Company applied a 10-year term at each measurement date based on the typical term of long-term commercial property finance. Where facilities have no term or are rolling short-term facilities, it is common to apply a likely term based on the expectation of life of the facility. This is typically based on the facility type. Each additional year has a lesser impact on the lifetime ECL's of the loan. This is as a result of the term structure of PD's (the PD for year two assumes a survival during year one, a PD for year three assumes a survival for years one and two) plus the impact of the discounting of future probability weighted cash flows.

At the end of the reporting period, the directors of the Company have assessed the past due status of the debts under guarantee, the financial position of the debtors, as well as the economic outlook of the industries in which Grit and Freedom Property Fund SARL operate and concluded that there was a significant increase in the credit risk since initial recognition of the financial guarantee contract. Accordingly, the loss allowance for financial guarantee contract issued by the Group is measured at an amount equal to Lifetime ECL – not credit impaired. During the prior periods the guarantee was measured as a 12-month ECL. The below table contains the credit risk rating grades for this financial guarantee contract.

Category	Description	Basis for recognising ECL
Performing	The counterparty has a low risk of default and does not have any past-due amounts	12-month ECL
Doubtful	The counterparty has defaulted on interest payments to Investec Bank Limited on and rectified the payments but not on a timeous basis	Lifetime ECL – not credit impaired
In default	The counterparty has defaulted on interest payments to Investec Bank Limited with no plan of rectifying the payments	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off

24. RENTAL INCOME

	Group		Company	
	2020 R'000	Restated 2019 R'000	**2020 R'000**	Restated 2019 R'000
Contractual	**1 114 840**	1 150 955	**1 086 537**	1 111 300
Parking	**101 272**	100 783	**99 096**	97 686
Antennae	**5 138**	4 892	**5 001**	4 805
Storage	**10 579**	10 226	**10 185**	9 861
Signage	**453**	738	**453**	738
Turnover-based	**-**	450	**-**	450
Recoveries	**253 738**	274 578	**257 560**	261 199
	1 486 020	1 542 622	**1 458 832**	1 486 039

Rental income comprises gross rental income and recoveries from tenants.

Lease maturity analysis

	Group		Company	
	2020 R'000	Restated 2019 R'000	**2020 R'000**	Restated 2019 R'000
Operating lease payments receivable as lessor				
– Year one	**452 474**	695 902	**430 255**	664 002
– Year two	**268 710**	488 250	**266 260**	466 110
– Year three	**175 445**	258 758	**174 668**	256 320
– Year four	**121 987**	183 371	**121 740**	182 594
– Year five	**50 160**	115 269	**50 102**	115 022
– Later than five years	**124 111**	164 810	**123 876**	164 518
	1 192 887	1 906 360	**1 166 901**	**1 848 566**

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.

The Group's investment property is held to generate rental income. Rental of investment property is expected to generate forward rental yields of 8.7% (2019: 8.6%) on an ongoing basis. Forward yield was calculated on the basis of the fair value of the building and the first year's forward net income. Lease agreements are non-cancellable and range between two and 10 years. There are no contingent rentals.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (continued)

25. NET OPERATING PROFIT

	Group 2020 R'000	Group Restated 2019 R'000	Company 2020 R'000	Company Restated 2019 R'000
Net operating profit is stated after recognising:				
Dividend income from subsidiaries and listed investment	**42 878**	21 769	**49 251**	53 741
Net operating profit is stated after charging:				
Municipal expenses	**312 810**	300 284	**307 145**	295 074
Service contracts	**72 853**	69 591	**71 106**	67 869
Asset management fees	**-**	–	**21 556**	31 594
Property management fees	**10 168**	4 293	**26 978**	26 017
Depreciation of property, plant and equipment	**698**	968	**698**	968
Directors' emoluments	**14 913**	20 438	**14 913**	20 438
Commissions (refer note 3.1)	**39 285**	12 415	**39 268**	–
Increase in expected credit loss				
Allowances	**67 754**	55 692	**101 056**	79 461
ECL provisions – financial guarantee	**2 353**	(38)	**2 353**	(38)
ECL provision – related party receivable	**26 018**	–	**26 018**	–
ECL provisions – subsidiary loans	**-**	–	**33 302**	24 237
ECL provisions – loan receivable	**4 188**	–	**4 188**	–
ECL provision – trade receivables	**35 195**	55 730	**35 195**	55 262
Auditors remuneration	**1 509**	1 493	**1 306**	1 277
External auditor – audit fees	**1 378**	1 335	**1 175**	1 119
External auditor – non-audit fees	**131**	158	**131**	158
Tax and secretarial services	**71**	69	**71**	69
Internal audit fees	**486**	64	**486**	64

26. DIRECTORS' EMOLUMENTS AND SHARE-BASED PAYMENT

Executive directors

2020 (R'000)	Salary	Other benefits*	Retirement benefits	Short-term incentives#	Long-term incentives	Total
SH Nomvete	**4 753**	**213**	**308**	**-**	**-**	**5 274**
S Maharaj	**2 587**	**158**	**169**	**-**	**-**	**2 914**
ON Tshabalala	**2 761**	**114**	**176**	**-**	**-**	**3 051**
	10 101	**485**	**653**	**-**	**-**	**11 239**

* *Other benefits comprise car-related allowances, UIF/SDL and cellphone.*

No short-term incentive ("STI") payments were awarded for year ended 2019.

26. DIRECTORS' EMOLUMENTS AND SHARE-BASED PAYMENT (continued)

Executive directors (continued)

2019 (R'000)	Salary	Other benefits*	Retirement benefits	Short-term incentives#	Long-term incentives	Total
SH Nomvete	4 541	148	294	3 141	–	8 124
S Maharaj	2 460	174	161	1 691	–	4 486
ON Tshabalala	2 640	117	169	1 760	–	4 686
	9 641	439	624	6 592	–	17 296

* *Other benefits comprise car-related allowances, UIF/SDL and cellphone.*
\# *STI payments awarded for year ended 2018 and paid in FY2019.*

The executive directors are the only employees of Delta Property Fund Limited.

At 24 August 2020, all the executive directors resigned with immediate effect and B Masinga and M de Lange were appointed as executive directors.

Non-executive directors

	Group		Company	
	2020 R'000	Restated 2019 R'000	**2020 R'000**	Restated 2019 R'000
JB Magwaza	**670**	637	**670**	637
N Khan	**416**	403	**416**	403
DN Motau	**416**	404	**416**	404
ID Macleod	**462**	449	**462**	449
N Afolayan	**462**	449	**462**	449
JJ Njeke	**412**	400	**412**	400
C Rampheri	**412**	400	**412**	400
M de Lange (appointed 9 April 2019)	**424**	–	**424**	–
	3 674	3 142	**3 674**	3 142

Refer to the Directors' report for changes to the Board of directors and functions of directors subsequent to year-end.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (continued)

26. DIRECTORS' EMOLUMENTS AND SHARE-BASED PAYMENT (continued)

Share-based payment

The Group operates a full value performance unit plan, with rights being granted annually to the executives and vesting on the third anniversary of grant date. The award is settled in either shares or cash at the discretion of the Board. Accordingly, the plan is accounted for as equity-settled. The grant date fair value of awards made and expected to vest are amortised over the period to vesting date. Vesting is subject to the achievement of performance measures being compound annual growth rate in distributions per share and net asset value. A strategic project may be included if relevant and appropriate.

An estimate is required at each reporting date of the number of units that are expected to vest on vesting date. Based on the current year's performance in distribution and net asset value per share and taking into account forecasts to the end of the vesting period, it has been estimated that the compound growth target will not be achieved by the vesting date in three years' time. Therefore, no expense in respect of IFRS 2 has been recognised to profit and loss.

	Group		Company	
	2020	Restated 2019	**2020**	Restated 2019
Shares expected to vest	**-**	–	**-**	–
Vesting period	**3 years**	3 years	**3 years**	3 years
Weighted average share price at grant date (rand)	**3.47**	6.19	**3.47**	6.19

The number of units allotted in terms of the full value performance unit plan are:

2020	**Opening balance**	**Granted**	**Forfeited**	**Vested**	**Closing balance**	**IFRS 2 charge R'000**
SH Nomvete	**554 982**	**1 036 444**	**-**	**-**	**1 591 425**	**-**
S Maharaj	**216 534**	**407 734**	**-**	**-**	**624 269**	**-**
ON Tshabalala	**226 878**	**425 187**	**-**	**-**	**652 065**	**-**
	998 394	**1 869 365**	**-**	**-**	**2 867 759**	**-**

Restated 2019	Opening balance	Granted	Forfeited	Vested	Closing balance	IFRS 2 charge R'000
SH Nomvete	–	554 982	–	–	554 982	–
S Maharaj	–	216 534	–	–	216 534	–
ON Tshabalala	–	226 878	–	–	226 878	–
	–	998 394	–	–	998 394	–

At the date of resignation of the executive directors, all previously awarded units were forfeited. Refer to the Directors' Report for changes to directorate post year end.

27. FAIR VALUE ADJUSTMENTS

		Group		Company	
	Notes	2020 R'000	Restated 2019 R'000	2020 R'000	Restated 2019 R'000
Investment property	6	**(1 017 357)**	(757 343)	**(959 500)**	(746 688)
Non-current assets held-for-sale	17	**-**	(5 000)	**-**	(5 000)
Investment property disposed		**(3 414)**	(10 599)	**(3 415)**	(10 599)
Fair value adjustment to investment property		**(1 020 771)**	(772 942)	**(962 915)**	(762 287)
Investment in listed security	11	**(79 738)**	79 954	**(79 738)**	79 954
Derivative financial instruments		**(39 923)**	(10 507)	**(39 923)**	(10 507)
		(1 140 432)	(703 495)	**(1 082 576)**	(692 840)

28. FINANCE COSTS

		Group		Company	
	Note	2020 R'000	Restated 2019 R'000	2020 R'000	Restated 2019 R'000
Interest-bearing borrowings		**513 512**	496 693	**513 512**	496 693
Debt structuring fees amortised		**45 749**	25 232	**45 749**	25 232
Interest on lease liabilities		**4 237**	–	**432**	–
Deferred consideration		**-**	14 341	**-**	14 341
Bank overdraft		**6 272**	5 654	**6 272**	5 654
South African Revenue Service		**-**	112	**-**	112
Other		**1 760**	1 065	**1 486**	1 177
Borrowing cost capitalised	6	**-**	(5 928)	**-**	(5 855)
		571 530	537 169	**567 451**	537 354

29. INVESTMENT INCOME

		Group		Company	
	Note	2020 R'000	Restated 2019 R'000	2020 R'000	Restated 2019 R'000
Dividend income from subsidiaries and listed investment		**42 878**	21 769	**49 251**	36 660
Interest income					
Bank and cash guarantee		**2 879**	1 659	**2 879**	1 658
Loans to subsidiaries		**-**	–	**33 442**	31 205
Loans receivable		**-**	2 989	**845**	5 475
Trade receivable		**12 280**	13 345	**13 846**	12 841
Bank and cash deposits		**5 304**	5 553	**5 304**	5 553
		20 463	23 546	**56 316**	56 732

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (continued)

30. TAXATION

	Group		Company	
	2020 R'000	Restated 2019 R'000	**2020 R'000**	Restated 2019 R'000
Major components of the tax expense				
Current				
Current year tax recognised in profit and loss	**93 071**	16 744	**93 071**	16 744
Adjustment relating to prior period error	**–**	–	**–**	–
Restated balance	**93 071**	16 744	**93 071**	16 744
Deferred				
Originating and reversing temporary differences	**–**	–	**–**	–
Reconciliation of the tax expense				
Reconciliation between accounting (loss)/profit and tax expense:				
Accounting loss before tax	**(847 218)**	(287 117)	**(792 054)**	(295 408)
Tax at the applicable tax rate of 28% (2019: 28%)	**(237 221)**	(80 393)	**(221 775)**	(82 714)
Tax effect of adjustments on taxable income:				
Fair value adjustments	**319 321**	196 979	**303 121**	193 995
Fair value adjustment to investment property	**285 816**	216 424	**269 616**	213 440
Fair value adjustment to investment in Grit	**22 327**	(22 387)	**22 327**	(22 387)
Fair value adjustment to derivative financial instruments	**11 178**	2 942	**11 178**	2 942
Non-taxable income	**(1 666)**	(6 095)	**(3 430)**	(6 095)
Non-deductible expenditure	**9 968**	12 209	**18 961**	7 845
Deferred tax asset not recognised (S25BB)	**28 837**	13 048	**20 578**	14 430
REIT qualifying distribution	**(26 168)**	(119 004)	**(24 384)**	(110 717)
Tax expense	**93 071**	16 744	**93 071**	16 744

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

The Company did not distribute further dividends for the year ending 29 February 2020.

31. CASH GENERATED FROM OPERATIONS

		Group		Company	
	Notes	2020 R'000	Restated 2019 R'000	2020 R'000	Restated 2019 R'000
(Loss)/profit before taxation		**(847 220)**	(287 118)	**(792 054)**	(295 408)
Adjustments:					
Depreciation of property, plant and equipment	25	**698**	968	**698**	968
Loss on disposal of property, plant and equipment	8	**-**	39	**-**	39
Unrealised loss on foreign exchange movements		**22 069**	26 953	**22 069**	26 953
Dividend income from subsidiaries and listed investment	29	**(42 878)**	(21 769)	**(49 251)**	(36 660)
Interest income	29	**(20 463)**	(23 546)	**(56 316)**	(56 732)
Foreign currency translation reserve recognised on derecognition of associate		**-**	(4 805)	**-**	–
Finance costs	28	**571 529**	537 169	**567 451**	537 354
Fair value adjustments	27	**1 140 431**	703 495	**1 082 576**	692 840
ECL allowance	25	**32 558**	(39)	**65 860**	24 199
Impairment of loan receivable from listed security		**1 266**	–	**1 266**	–
Straight-line rental income accrual	7	**30 383**	34 304	**27 987**	32 970
Operating profit before working capital changes		**888 373**	965 651	**870 286**	926 523
Changes in working capital:		**7 756**	(37 504)	**12 324**	(52 506)
Decrease/(increase) in trade and other receivables		**67 542**	(28 327)	**(47 387)**	(41 162)
Decrease in trade and other payables		**(59 786)**	(9 177)	**59 711**	(11 344)
Cash generated from operations		**896 129**	(928 147)	**882 610**	874 017

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (continued)

32. EARNINGS AND HEADLINE EARNINGS

	Group	
	2020 R'000	Restated 2019 R'000
Loss attributable to owners of the parent	**(935 800)**	(297 660)
Change in fair values of investment properties	**1 020 771**	772 942
Headline earnings attributable to owners of the parent	**84 971**	475 282
Shares in issue at beginning of the year	**714 229 718**	711 844 486
Dividend reinvestment	**-**	2 385 232
Number of shares in issue	**714 229 718**	714 229 718
Weighted average number of shares in issue	**714 229 718**	710 927 785
Dividend reinvestment weighted	**-**	1 366 459
Weighted average number of shares in issue	**714 229 718**	712 294 244
Actual number of shares in issue		
Number of shares in issue at interim	**714 229 718**	713 793 466
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	**(131.02)**	(41.79)
Basic and diluted headline earnings per share	**11.90**	66.73

The Group has no dilutionary instruments in issue.

33. TAXATION PAID

	Group		Company	
	2020 R'000	Restated 2019 R'000	**2020 R'000**	Restated 2019 R'000
Taxation (payable)/receivable at beginning of year	**(1 873)**	526	**(2 399)**	-
Current tax for the year recognised in profit or loss	**(93 071)**	(16 744)	**(93 071)**	(16 744)
Taxation payable/(receivable) at end of year	**37 590**	1 873	**38 112**	2 399
Tax paid*	**(57 354)**	(14 345)	**(57 328)**	(14 345)

* *Included in the amount for 2019 is a penalty of R998 000.*

Section 25BB of the Income Tax Act provides for the flow-through principle whereby investors are subject to tax on income received from the REIT and the REIT is taxed on the taxable income retained at the standard corporate rate. Due to the retention of distributable earnings, the Group has paid provisional tax and provided for the necessary tax obligation at the standard corporate tax rate of 28%. Refer to note 30.

34. DIVIDENDS PAID

	Group		Company	
	2020 R'000	Restated 2019 R'000	**2020 R'000**	Restated 2019 R'000
Final dividend – prior year	**(114 081)**	(361 917)	**(114 197)**	(361 917)
Interim dividend – current year	**(87 089)**	(281 222)	**(87 089)**	(281 222)
	(201 170)	(643 139)	**(201 286)**	(643 139)

Dividends are paid from revenue profits.

35. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Group (R'000)	Interest-bearing borrowings	Bank overdraft	Lease liabilities	Other financial liabilities	Total
Balance at beginning of year	5 258 471	115 000	–	51 102	5 424 573
Cash flows:					
– Repayment	(319 803)	(10 000)	(728)	(28 792)	(359 323)
– Proceeds	105 587	–	–	–	105 587
Non-cash:					
– Leasehold land	–	–	52 036	–	52 036
– Foreign exchange movement	19 327	–	–	–	19 327
– Fair value	–	–	–	46 195	46 195
– Fees capitalised	33 052	–	–	–	33 052
– Interest accrued	(62 557)	–	(4 752)	–	(67 309)
Balance at end of year	**5 034 077**	**105 000**	**46 556**	**68 505**	**5 254 138**

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (continued)

35. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES (continued)

Company (R'000)	Interest-bearing borrowings	Bank overdraft	Lease liabilities	Other financial liabilities	Total
Balance at beginning of year	5 258 471	115 000	–	51 102	5 424 573
Cash flows:					
– Repayment	(319 803)	(10 000)	(728)	(28 792)	(359 323)
– Proceeds	105 587	–	–	–	105 587
Non-cash:					
– Leasehold land	–	–	4 995	–	4 995
– Foreign exchange movement	19 327	–	–	–	19 327
– Fair value	–	–	–	46 195	46 195
– Fees capitalised	33 052	–	–	–	33 052
– Interest accrued	(62 557)	–	(432)	–	(62 989)
Balance at end of year	**5 034 077**	**105 000**	**3 835**	**68 505**	**5 211 417**

36. COMMITMENTS

36.1 Capital commitments

	Group		Company	
	2020 R'000	Restated 2019 R'000	**2020 R'000**	Restated 2019 R'000
– Approved and committed	**44 261**	34 891	**44 261**	9 136
– Approved but not yet committed	**-**	8 453	**-**	8 453
	44 261	43 344	**44 261**	17 589

37. 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

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (continued)

37. RELATED PARTIES (continued)

Related party	Group 2020 R'000	Group Restated 2019 R'000	Company 2020 R'000	Company Restated 2019 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	-	–	**241 430**	249 070
Interest income	-	–	**(18 460)**	(18 504)
Dividend income	-	–	**-**	(2 839)
K2014000273				
Loan receivable	-	–	**150 290**	138 959
Interest income	-	–	**(12 310)**	(11 068)
Dividend income	-	–	**-**	(4 028)
Phamog Properties				
Loan payable	-	–	**(96)**	(96)
277 Vermeulen Street Properties				
Loan receivable	-	–	**18 173**	20 174
Interest income	-	–	**(2 672)**	(1 633)
Dividend income	-	–	**(6 372)**	(8 024)
Delta Property Asset Management				
Loan receivable	-	–	**11 121**	18 633
Trade and other receivables	-	–	**62**	5 102
Trade and other payables	-	–	**(1 851)**	(3 856)
Interest income	-	–	**(2 557)**	(2 486)
Asset management fees paid	-	–	**21 947**	31 594
Property management fees paid	-	–	**19 475**	18 778
Recoveries and reimbursement income	-	–	**11 754**	–
Shameless Way Trading				
Travel expenses	**219**	532	**219**	532
Somnipoint				
Loan receivable	**26 018**	23 733	**26 018**	23 733
Interest income	**(2 634)**	(2 693)	**(2 634)**	(2 693)

38. FINANCIAL RISK MANAGEMENT

The Board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Audit and Risk Committee reviews management's compliance with the Group's risk policies and procedures and assesses the adequacy of the risk management framework. The committee reports regularly to the Board of directors.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Audit, Risk and Compliance Committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit, Risk and Compliance Committee.

The Group has exposure to liquidity, market and credit risk from its use of financial instruments, which consist primarily of deposits with banks, interest-bearing liabilities, trade and other receivables and trade and other payables.

38.1 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (continued)

38. FINANCIAL RISK MANAGEMENT (continued)

38.1 Liquidity risk (continued)

The tables below set out the maturity analysis of the Group and Company's financial assets and liabilities based on the undiscounted contractual cash flows.

Group

2020 (R'000)	**Interest rate %^**	**Less than one year**	**One to five years**	**More than five years**	**Total**
Financial assets					
Trade and other receivables (excluding VAT)	**-**	**244 522**	**-**	**-**	**244 522**
Cash and cash equivalents	**0 - 6.0**	**46 412**	**-**	**-**	**46 412**
Loan receivable	**prime +2**	**12 562**	**-**	**-**	**12 562**
		303 496	**-**	**-**	**303 496**
Financial liabilities					
Interest bearing borrowings*	**10.3**	**4 014 568**	**1 019 509**	**-**	**5 034 077**
Trade and other payables#	**-**	**168 130**	**-**	**-**	**168 130**
Bank overdraft		**27 152**	**-**	**-**	**27 152**
Other financial liabilities	**-**	**-**	**-**	**6 273**	**6 273**
Derivative financial instruments	**-**	**3 805**	**58 427**	**-**	**62 232**
		4 213 655	**1 077 936**	**6 273**	**5 297 864**

Restated 2019 (R'000)	Interest rate %^	Less than one year	One to five years	More than five years	Total
Financial assets					
Trade and other receivables (excluding VAT)	–	260 153	–	–	260 153
Cash and cash equivalents	0 – 6.0	29 062	–	–	29 062
Loans due from related parties	9.2 – prime	24 878	–	–	24 878
Loan receivable	prime +2	20 906	–	–	20 906
		334 999	–	–	334 999
Financial liabilities					
Interest-bearing borrowings*	10.2	3 810 253	1 448 218	–	5 258 471
Trade and other payables#	–	128 341	–	–	128 341
Bank overdraft	–	109 240	–	–	109 240
Other financial liabilities		–	–	3 921	3 921
Derivative financial instruments	–	28 752	22 478	–	51 230
		4 076 586	1 470 696	3 921	5 551 203

* *Represents undiscounted future settlement of capital and interest.*
\# *Excludes income received in advance and VAT.*
^ *Weighted average effective interest rate.*

38. FINANCIAL RISK MANAGEMENT (continued)

38.1 Liquidity risk (continued)

Company

2020 (R'000)	**Interest rate %^**	**Less than one year**	**One to five years**	**More than five years**	**Total**
Financial assets					
Trade and other receivables (excluding VAT)	**-**	**234 382**	**-**	**-**	**234 382**
Cash and cash equivalents	**0 - 6.0**	**44 193**	**-**	**-**	**44 193**
Loan receivable	**prime +2**	**12 562**	**-**	**-**	**12 562**
Loans to subsidiaries	**7.5**	**-**	**289 314**	**-**	**289 314**
		291 137	**289 314**	**-**	**580 451**
Financial liabilities					
Loans from subsidiaries	**7.5**	**-**	**4 190**	**-**	**4 190**
Interest-bearing borrowings*	**10.3**	**4 014 566**	**1 019 509**	**-**	**5 034 075**
Trade and other payables#	**-**	**154 253**	**-**	**-**	**154 253**
Other financial liabilities	**-**	**-**	**-**	**6 273**	**6 273**
Derivative financial instruments	**-**	**3 805**	**58 427**	**-**	**62 232**
Bank overdraft		**30 899**	**-**	**-**	**30 899**
		4 203 523	**1 082 126**	**6 273**	**5 291 922**

Restated 2019 (R'000)	Interest rate %^	Less than one year	One to five years	More than five years	Total
Financial assets					
Trade and other receivables (excluding VAT)	–	249 117	–	–	249 117
Cash and cash equivalents	0 - 6.0	9 698	–	–	9 698
Loans due from related parties	9.2 – prime	24 878	–	–	24 878
Loan receivable	prime +2	20 906	–	–	20 906
Loans to subsidiaries	7.5	–	328 238	–	328 238
		304 599	328 238	–	632 837
Financial liabilities					
Loans from subsidiaries	7.5	–	4 190	–	4 190
Interest-bearing borrowings*	10.2	3 810 253	1 448 218	–	5 258 471
Trade and other payables#	–	112 512	–	–	112 512
Bank overdraft	–	110 446	–	–	110 446
Other financial liabilities	–	–	–	3 921	3 921
Derivative financial instruments	–	28 622	22 478	–	51 100
		4 061 833	1 474 886	3 921	5 540 640

* *Represents undiscounted future settlement of capital and interest.*
\# *Excludes income received in advance and VAT.*
^ *Weighted average effective interest rate.*

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (continued)

38. FINANCIAL RISK MANAGEMENT (continued)

38.2 Market risk

Interest rate risk

The Group is exposed to interest rate risk through its variable rate cash balances, receivables and interest-bearing borrowings. The Group reduces its exposure to changes in interest rates by fixing interest rates in respect of its local borrowings. This is achieved by entering into swap agreements to receive variable and pay fixed interest rates. At year-end, interest rates in respect of 45% (2019: 59.8%) of total borrowings, excluding revolving facilities, were hedged. See note 19 for disclosure regarding the interest rate swaps.

An increase of 1% in the interest rate for the year would have increased the interest expense by R28.5 million (2019: R21.1 million), and therefore the profit pre-tax and equity would decrease. These amounts are determined by calculating 1% on the amount of the effective floating interest rate liabilities (i.e. total nominal liabilities and fixed interest rate loans).

The all-in weighted average cost of interest-bearing borrowings is 10.3% (2019: 10.2%).

Interest rate sensitivity analysis

		Group		Company	
	% Change	**2020 R'000**	Restated 2019 R'000	**2020 R'000**	Restated 2019 R'000
Increase in interest rate	0.25	**(12 555)**	(13 146)	**(12 555)**	(13 146)
Decrease in interest rate	0.25	**12 555**	13 149	**12 555**	13 149

Equity price risk

The Group is exposed to equity securities price risk because of an investment in a listed property security held by the Group and classified on the Group statement of financial position as an investment in Grit. Equity investments are held for strategic purposes and the Group does not actively trade these instruments.

Share price sensitivity analysis

		Group		Company	
Investment in Grit	**USD**	**2020 R'000**	Restated 2019 R'000	**2020 R'000**	Restated 2019 R'000
Increase in share price	0.25	**59 477**	115 455	**59 477**	115 455
Decrease in share price	0.25	**(59 477)**	(115 455)	**(59 477)**	(115 455)

38. FINANCIAL RISK MANAGEMENT (continued)

38.2 Market risk (continued)

Currency risk

The Group is exposed to currency risk through its foreign interest-bearing borrowings with the Bank of China. The Group manages its currency risk by entering into cross-currency interest rate swaps.

	Group		Company	
		Restated		Restated
	2020	2019	**2020**	2019
Non-current liabilities	**R'000**	R'000	**R'000**	R'000
Interest-bearing borrowings	**187 974**	168 720	**187 974**	168 720
Cross-currency swap	**-**	138 720	**-**	138 720

The Bank of China loan amounting to USD12.0 million (2019: USD12.0 million) was translated at year-end at a spot rate of R15.66: USD1 (2019: R14.06: USD1).

The Group has no future commitments in respect of cross-currency swaps at 29 February 2020, with the last remaining contract maturing in April 2019. The Group will reassess the need for such an instrument in the future if dollar denominated exposure continues within the business.

At 29 February 2020, if the rand had weakened or strengthened by 1% against the US dollar with all other variables held constant, post-tax profit for the year would have been R1.9 million (2019: R0.3 million) higher/lower, mainly as a result of foreign exchange gains or losses on translation of US dollar denominated borrowings

38.3 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from loans to related parties, loan receivable, trade receivables, cash and cash equivalents and other financial assets. There is no significant concentration of credit risk as exposure is spread over a large number of counterparties.

The Group's maximum exposure to credit risk by class of financial asset other than derivatives is as follows:

	Group		Company	
		Restated		Restated
	2020	2019	**2020**	2019
Financial instruments	**R'000**	R'000	**R'000**	R'000
	-	–	**289 314**	328 238
Loans due from subsidiaries	**-**	–	**421 248**	426 870
ECL allowance	**-**	–	**(131 934)**	(98 632)
	-	24 878	**-**	24 878
Loans due from related parties	**26 018**	24 878	**26 018**	24 878
ECL allowance	**(26 018)**	–	**(26 018)**	–
	204 815	287 752	**191 994**	258 134
Loan receivable	**12 562**	20 906	**12 562**	20 906
Trade and other receivables	**277 734**	341 598	**264 237**	311 512
ECL allowance	**(85 481)**	(74 752)	**(84 805)**	(74 284)
Cash and cash equivalents	**19 260**	(80 178)	**13 294**	(100 748)

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (continued)

38. FINANCIAL RISK MANAGEMENT (continued)

38.4 Credit risk (continued)

Loans and other receivables

The credit risk attached to loans due from subsidiaries, loans due from related parties, loan receivable and other receivables were assessed in terms of the general approach per IFRS 9.

The Group assesses on a forward-looking basis the ECLs associated with loans and other receivable carried at amortised cost. This entails the assessment of credit risk since initial recognition, probability of default (PD), loss given default (LGD) and exposure at default (EAD) [i.e. PD x LGD x EAD = ECL].

The credit risk is measured by assessing the status of performance during the financial year i.e. performing (stage 1) – loans whose credit risk is in line with original expectations; underperforming (stage 2) – loans for which a significant increase in credit risk has occurred compared to original expectations i.e. a significant increase in credit risk is presumed if interest and/or principal payments are 90 days past due; and non-performing (stage 3) – interest and/or principal repayments are 120 days past due or it becomes probable a customer will enter business rescue or bankruptcy. This assessment summarises the credit risk and how the ECLs provision is determined for each of those categories.

Loans and other receivables are segmented into counterparty type (i.e. income generating property entity, property management, corporate, contractual property income) which assists with risk assessment. The probability of a loan defaulting has been determined using historical data up to 36 months from inception together with other pertinent information that is available.

A summary of the assumptions underpinning the Group's expected credit loss model for loans and receivables and loans due from related parties is as follows:

Category	Description	Basis for recognising ECL
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
Doubtful	Amount is >90 days past due or there has been a significant increase in credit risk since initial recognition	Lifetime ECL – not credit impaired
In default	Amount is >120 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off

38. FINANCIAL RISK MANAGEMENT (continued)

38.4 Credit risk (continued)

Financial guarantee liability

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

A guarantee has been provided to Investec Bank Limited ("Investec") in respect of the debt obligations of Freedom Property Fund SARL and Grit Property Holdings Limited (as "Borrower") for the lower of EUR30 million or 58% of the outstanding debt of Grit to Investec Bank Limited South Africa. Negotiations are currently in progress between Grit and Investec to release Delta from this guarantee.

At the end of the reporting period, the directors of the Company have assessed the past due status of the debts under guarantee, the financial position of the debtors as well as the economic outlook of the industries in which Grit and Freedom Property Fund SARL operate and concluded that there was a significant increase in the credit risk since initial recognition of the financial guarantee contract. Accordingly, the loss allowance for financial guarantee contract issued by the Group is measured at an amount equal to Lifetime ECL – not credit impaired. During the prior periods the guarantee was measured as a 12-month ECL. The below table contains the credit risk rating grades for this financial guarantee contract.

Category	Description	Basis for recognising ECL
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
Doubtful	The counterparty has defaulted on interest payments to Investec Bank Limited on and rectified the payments but not on a timeous basis	Lifetime ECL – not credit impaired
In default	The counterparty has defaulted on interest payments to Investec Bank Limited with no plan of rectifying the payments	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (continued)

38. FINANCIAL RISK MANAGEMENT (continued)

38.4 Credit risk (continued)

38.4.1 Loans due from subsidiaries

The credit risk on loans to subsidiaries is negligible due to the fact that the three operational subsidiaries being Hestitrix Proprietary Limited, K2014000273 Proprietary Limited and 277 Vermeulen Street Properties Proprietary Limited have properties which are currently generating rental income. Loan balances between Delta and its dormant subsidiaries, being Choice Decisions 300 Proprietary Limited, Hendisa Investments Proprietary Limited, APC Parkdev Consortium Proprietary Limited and Phamog Properties Proprietary Limited are insignificant.

The credit risk and PD on loans due from subsidiaries did not increase. These loans are all secured by properties within the respective subsidiaries, which significantly reduces the LDG. The fair value of these properties provides sufficient equity in respect of the loans due to the Group.

The Company raised an ECL provision based on the assessment below.

At 28 February 2020, the exposure to credit risk for loans due from subsidiaries by counterparty was as follows:

The following table presents an analysis of the credit quality of loans due from subsidiaries. It indicates whether assets were subject to a 12-month ECL or lifetime ECL allowance and, in the latter case, whether they were credit-impaired.

	2020		Restated 2019	
	Loan balance R'000	12 month ECL/ Lifetime ECL – not credit-impaired R'000	Loan balance R'000	12 month ECL/ Lifetime ECL – not credit-impaired R'000
277 Vermeulen Street Proprietary Limited	**18 172**	**5**	20 174	6
Hestitrix Proprietary Limited	**241 431**	**75 375**	249 070	49 490
K2014000273 Proprietary Limited	**150 290**	**56 554**	138 959	49 136
Gross carrying amount	**409 893**	**131 934**	408 203	98 632
Loss allowance	**(131 934)**	**–**	(98 632)	–
Carrying amount	**277 959**	**–**	309 571	–

38. FINANCIAL RISK MANAGEMENT (continued)

38.4 Credit risk (continued)

38.4.1 Loans due from subsidiaries

The movement in the allowance for impairment for loans due from subsidiaries during the year was as follows.

	2020 R'000	Restated 2019 R'000
Balance as at 1 March	**98 632**	74 395
Net remeasurement of loss allowance	**33 302**	24 237
Transfer to lifetime ECL – not credit-impaired	**–**	–
Transfer to lifetime ECL – credit-impaired	**–**	–
Financial assets repaid	**–**	–
New financial assets acquired	**–**	–
Balance at 28 February	**131 934**	98 632

The following contributed to the increase in the loss allowance during 2020:

- Hestitrix and K2104000273 had a significant increase in credit risk as the companies were solvent when the loans were advanced at the time of the acquisition of the properties in the companies and given the subsequent devaluation of the properties within these companies has caused the companies to be technically insolvent which increased the risk of default and credit risk.

The following table provides an explanation of how significant changes in the gross carrying amount of financial instruments during the period contributed to changes in loss allowance.

	2020		
	Impact: Increase/(decrease)		
	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000
Increase/(decrease) in loans advanced for the year			
277 Vermeulen Street Proprietary Limited	**(2 002)**	**–**	**–**
Hestitrix Proprietary Limited	**–**	**(7 639)**	**–**
K2014000273 Proprietary Limited	**–**	**11 331**	**–**

Loans due from subsidiaries

The credit risk on loans to subsidiaries is negligible due to the fact that the three operational subsidiaries being Hestitrix Proprietary Limited, K2014000273 Proprietary Limited and 277 Vermeulen Street Properties Proprietary Limited have properties which are currently generating rental income. Loan balances between Delta and its dormant subsidiaries, being Choice Decisions 300 Proprietary Limited, Hendisa Investments Proprietary Limited, APC Parkdev Consortium Proprietary Limited and Phamog Properties Proprietary Limited are insignificant.

The credit risk and PD on loans due from subsidiaries did not increase. These loans are all secured by properties within the respective subsidiaries which significantly reduces the LDG. The fair value of these properties provides sufficient equity in respect of the loans due to the Group.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (continued)

38. FINANCIAL RISK MANAGEMENT (continued)

38.4 Credit risk (continued)

38.4.1 Loans due from subsidiaries (continued)

The Company did not raise an ECL provision based on the assessment below:

Counterparty	Location	Performance category	Gross carrying amount	Probability of default (PD)	Loss given default (LGD)	Expected credit loss (ECL)
Income generating property entity[A]	South Africa	Performing	18 173	0.93%	5.00%	0.03%
Income generating property entity[B]	South Africa	Performing	241 430	20.08%	75.50%	31.22%
Income generating property entity[C]	South Africa	Performing	150 290	25.57%	75.10%	37.63%
Property management[D]	South Africa	Performing	11 121	1.00%	1.00%	-

ECL allowance (R'000)	Performing	Under-performing	Non-performing	Total
Balance at beginning of year	98 632	–	–	98 632
Current year ECL provision	33 302	–	–	33 302
Balance at end of year	**131 934**	**-**	**-**	**131 934**

The credit risk attached to the loan due from DPAM remained unchanged and accordingly no ECL provision was raised as the amount was immaterial. However, the credit risk on loans due from Somnipoint Proprietary Limited and Educor Property Holdings Group increased to stage 3 based on the performance assessment. Based on the movement in credit risk the PD and LGD also increased resulting in the recognition of the following ECL provision:

Counterparty	Location	Performance category	Gross carrying amount	Probability of default (PD)	Loss given default (LGD)	Expected credit loss (ECL)
Income generating property entity[A]	South Africa	Non-performing	26 018	100%	100%	26 018
Income generating property entity[B]	South Africa	Non-performing	16 750	50%	50%	4 188
					Total ECL	**30 206**

[A] *Somnipoint*
[B] *Educor*

ECL allowance (R'000)	Performing	Under-performing	Non-performing	Total
Balance at beginning of year	–	–	–	–
Loss allowance raised *	–	–	**30 206**	**30 206**
Balance at end of year	–	–	**30 206**	**30 206**

* *Based on management's assessment the probability of default (PD) increased due to the borrowers' credit risk increasing.*

38. FINANCIAL RISK MANAGEMENT (continued)

38.4 Credit risk (continued)

38.4.2 Trade receivables

Credit risk arises from the risk that a tenant may default or not meet its obligations timeously. Management has established a credit policy under which each new tenant is analysed individually for creditworthiness before the Group's standard payment terms and conditions are offered, which include in certain cases the provision of a deposit. The financial position of the tenants is monitored on an ongoing basis. Allowance is made for specific doubtful debts and credit risk is therefore limited to the carrying amount of the financial assets at financial year-end. There have been no significant changes in the credit risk management policies and processes since the prior reporting period.

Trade receivables was assessed in terms of IFRS 9 simplified approach, which entailed formulating a matrix that applied historical performance (bad debt write offs applied to appropriate groupings of receivables based on shared credit risk characteristics) over a three-year period to forward looking economic and company-specific risk assessments (credit rating, public debt % of GDP, economic growth, political risk, property sector outlook). Risks were weighted against low/medium/high assessment, resulting in a cumulative ECL risk percentage which was applied to trade receivables net of specific doubtful debt allowances. An expected ECL of R3.9 million was raised in terms of IFRS 9.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (continued)

38. FINANCIAL RISK MANAGEMENT (continued)

38.3 Credit risk (continued)

38.3.3 Trade receivables (continued)

Group

2020	**Current**	**30 days**	**60 days**	**Over 90 days**	**Total**
Gross trade receivables (R'000)	**47 388**	**32 792**	**25 988**	**133 636**	**239 804**
ECL allowance for specific debtor identified as bad (R'000)	**-**	**-**	**-**	**(81 592)**	**(81 592)**
Net trade receivables (R'000)	**47 388**	**32 792**	**25 988**	**52 043**	**158 211**
Loss allowance matrix %	**2.10%**	**2.20%**	**2.45%**	**2.95%**	**-**
ECL (R'000)	**(995)**	**(721)**	**(637)**	**(1 535)**	**(3 889)**
Credit impaired (Yes/No)	**No**	**No**	**No**	**Yes**	
Restated 2019					
Gross trade receivables (R'000)	66 467	37 313	21 691	103 803	229 274
ECL allowance for specific debtor identified as bad (R'000)	–	–	–	(71 356)	(71 356)
Net trade receivables (R'000)	66 467	37 313	21 691	32 447	157 918
Loss allowance matrix %	1.94%	2.04%	2.29%	2.79%	–
ECL (R'000)	(1 291)	(762)	(497)	(846)	(3 396)
Credit impaired (Yes/No)	No	No	No	Yes	

38. FINANCIAL RISK MANAGEMENT (continued)

38.3 Credit risk (continued)

38.3.3 Trade receivables (continued)

Company

2020	Current	30 days	60 days	Over 90 days	Total
Gross trade receivables (R'000)	**46 741**	**32 682**	**25 944**	**132 123**	**237 490**
ECL allowance for specific debtor identified as bad (R'000)	**-**	**-**	**-**	**(80 960)**	**(80 960)**
Net trade receivables (R'000)	**46 741**	**32 682**	**25 944**	**51 163**	**156 530**
Loss allowance matrix %	**2.10%**	**2.20%**	**2.45%**	**2.95%**	**-**
ECL (R'000)	**(982)**	**(719)**	**(635)**	**(1 509)**	**(3 845)**
ECL allowance (R'000)	**(982)**	**(719)**	**(635)**	**(82 469)**	**(84 805)**
Credit impaired (Yes/No)	**No**	**No**	**No**	**Yes**	
Restated 2019					
Gross trade receivables (R'000)	66 467	37 313	21 691	101 174	226 645
ECL allowance for specific debtor identified as bad (R'000)	–	–	–	(70 888)	(70 888)
Net trade receivables (R'000)	66 467	37 313	21 691	30 286	155 757
Loss allowance matrix %	1.94%	2.04%	2.29%	2.79%	–
ECL (R'000)	(1 291)	(762)	(497)	(846)	(3 396)
ECL allowance (R'000)	(1 291)	(762)	(497)	(71 734)	(74 284)
Credit impaired (Yes/No)	No	No	No	Yes	

The movement in the allowance for impairment for trade and other receivables during the year was as follows.

	2020 R'000	Restated 2019 R'000
Balance as at 1 March	**71 734**	–
Loss allowance raised	**10 735**	71 734
Transfer to lifetime ECL – not credit-impaired	**-**	–
Transfer to lifetime ECL – credit-impaired	**-**	–
Financial assets repaid	**-**	–
New financial assets acquired	**-**	–
Balance at 28 February	**82 469**	71 734

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (continued)

38. FINANCIAL RISK MANAGEMENT (continued)

38.3 Credit risk (continued)

38.3.3 Trade receivables (continued)

Other receivables and amounts due from vendors

Other receivables and amounts due from vendors were analysed in terms of the general approach per IFRS 9 as disclosed under credit risk management. The credit risk attached to adjustment accounts due from vendors (Educor and Orthotouch) and reinstatement costs due from customers increased to stage 3 based on the performance assessment. While we remain confident in recovering amounts due from customers contractually, the Board has taken a prudent approach to create a provision based on the timeframe elapsed thus far. Orthotouch was placed into business rescue in November 2019 resulting in the PD and LGD increasing to 100%.

The following ECL provision was raised based on the assessment performed:

Counterparty	Location	Performance category	Gross carrying amount	Probability of default %	Loss given default %	ECL R'000
Income generating property entity[A]	South Africa	Non-performing	5 683	50	50	1 421
Income generating property entity[B]	South Africa	Non-performing	12 868	100	100	12 868
Contractual property income[C]	South Africa	Non-performing	16 974	25	100	4 243
Income generating property entity[D]	South Africa	Non-performing	8 268	25	100	2 068
					Total ECL	**20 600**

[A] *Educor*
[B] *Orthotouch*
[C] *Delta Heights – reinstatement cost*
[D] *Forum building – reinstatement cost*

ECL allowance (R'000)	Performing	Under-performing	Non-performing	Total
Balance at beginning of year	–	–	–	–
Raised in the current year *	–	–	20 600	20 600
Balance at end of year	**-**	**-**	**20 600**	**20 600**

* *Based on management's assessment the probability of default (PD) increased due to the borrowers' credit risk increasing.*

38. FINANCIAL RISK MANAGEMENT (continued)

38.3 Credit risk (continued)

38.3.4 Cash and cash equivalents

There is no significant concentration of credit risk with respect to cash and cash equivalents as the Group holds cash accounts with various financial institutions locally. Exposure to credit risk is managed by the Group's policy to deposit short-term cash investments with reputable financial institutions that have strong credit ratings assigned by rating agencies. Standard Bank Limited's credit rating is as follows:

- Short term - F1+ (zaf)
- Long term - AA+ (zaf)
- Outlook is stable.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (continued)

39. FINANCIAL INSTRUMENTS BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below:

Financial assets

Group

2020 (R'000)	**At amortised cost**	**At fair value through profit or loss**	**Total**
Listed security	**-**	**277 734**	**277 734**
Loans due from related parties	**-**	**-**	**-**
Loan receivable	**12 562**	**-**	**12 562**
Trade and other receivables (excluding VAT)	**244 522**	**-**	**244 522**
Cash and cash equivalents	**46 412**	**-**	**46 412**
	303 496	**277 734**	**581 230**
Restated 2019 (R'000)			
Listed security	–	461 822	461 822
Loans due from related parties	24 878	–	24 878
Loan receivable	20 906	–	20 906
Trade and other receivables (excluding VAT)	260 153	–	260 153
Cash and cash equivalents	29 062	–	29 062
	334 999	461 822	796 821
Company			
2020 (R'000)			
Listed security	**-**	**277 734**	**277 734**
Loans due from subsidiaries	**289 314**	**-**	**289 314**
Loan receivable	**12 562**	**-**	**12 562**
Trade and other receivables (excluding VAT)	**234 382**	**-**	**234 382**
Cash and cash equivalents	**44 193**	**-**	**44 193**
	580 451	**277 734**	**858 185**
Restated 2019 (R'000)			
Listed security		461 822	461 822
Loans due from subsidiaries	328 238	–	328 238
Loans due from related parties	24 878	–	24 878
Loan receivable	20 906	–	20 906
Trade and other receivables (excluding VAT)	249 117	–	249 117
Cash and cash equivalents	9 698	–	9 698
	632 837	461 822	1 094 659

39. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

Financial liabilities

Group

2020 (R'000)	**At amortised cost**	**At fair value through profit or loss**	**Total**
Interest-bearing borrowings	**5 034 077**	**–**	**5 034 077**
Trade and other payables#	**168 130**	**–**	**168 130**
Bank overdraft	**27 152**	**–**	**27 152**
Derivative financial instruments	**–**	**62 232**	**62 232**
	5 229 359	**62 232**	**5 291 591**
Restated 2019 (R'000)			
Interest-bearing borrowings	5 258 471	–	5 258 471
Trade and other payables#	128 341	–	128 341
Bank overdraft	109 240	–	109 240
Derivative financial instruments	–	51 100	51 100
	5 496 052	51 100	5 547 152

Company

2020 (R'000)	**At amortised cost**	**At fair value through profit or loss**	**Total**
Interest-bearing borrowings	**5 034 075**	**–**	**5 034 075**
Trade and other payables#	**154 253**	**–**	**154 253**
Loans due to subsidiaries	**4 190**	**–**	**4 190**
Bank overdraft	**30 899**	**–**	**30 899**
Derivative financial instruments	**–**	**62 232**	**62 232**
	5 223 417	**62 232**	**5 285 649**
Restated 2019 (R'000)			
Interest-bearing borrowings	5 258 471	–	5 258 471
Trade and other payables#	112 512	–	112 512
Loans due to subsidiaries	4 190	–	4 190
Bank overdraft	110 446	–	110 446
Derivative financial instruments	–	51 100	51 100
	5 485 619	51 100	5 536 719

Excludes income received in advance and VAT.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (continued)

40. CAPITAL MANAGEMENT

The Group's objective when managing capital (which includes share capital, borrowings, working capital and cash and cash equivalents) is to maintain a flexible capital structure that reduces the cost of capital to an acceptable level of risk and to safeguard the Group's ability to continue as a going concern while taking advantage of strategic opportunities in order to maximise stakeholder returns sustainably. In order to effectively manage the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

		Group		Company	
	Notes	**2020 R'000**	Restated 2019 R'000	**2020 R'000**	Restated 2019 R'000
Loan-to-value					
Gross debt	20, 21	**5 080 633**	5 260 702	**5 037 910**	5 258 471
Less cash and cash equivalents	16	**(19 260)**	80 178	**(13 294)**	100 748
Net debt	A	**5 061 373**	5 340 880	**5 024 616**	5 359 219
Total assets		**9 405 259**	10 701 047	**9 460 462**	10 737 912
Less cash and cash equivalents	16	**(46 412)**	(29 062)	**(44 193)**	(9 698)
Less trade and other receivables	15	**(274 052)**	(341 598)	**(264 237)**	(311 624)
Carrying amount of property-related assets	B	**9 084 795**	10 330 387	**9 152 032**	10 416 590
Loan-to-value ("LTV") (%)	A/B	**55.7**	51.7	**54.9**	51.4

Gross debt is the sum of all interest-bearing financial liabilities, whether through bank loans or any other means, and lease liabilities as reflected in the statement of financial position.

The Board is committed to maintaining a maximum LTV ratio for the Group of 50% (2019: 50%) of Delta's property portfolio including listed property securities and loans receivable. The Group's LTV ratio exceeds bank covenants of 50%, however is below the JSE Listings Requirements of a REIT being a maximum of 60%.

41. FAIR VALUE HIERARCHY

IFRS 13 requires that an entity disclose, for each class of financial instrument and investment property measured at fair value, the level in the fair value hierarchy into which the fair value measurements are categorised in their entirety.

The fair value hierarchy reflects the significance of the inputs used in making fair value measurements.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety shall be determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

The fair value hierarchy has the following levels:
- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

41. FAIR VALUE HIERARCHY (continued)

2020 (R'000)	Notes	Level 1	Level 2	Level 3	Fair value
Assets					
Investment property*	6	**–**	**–**	**8 780 933**	**8 780 933**
Listed security	11	**277 734**	**–**	**–**	**277 734**
		277 734	**–**	**8 780 933**	**9 058 667**
Liabilities					
Derivative financial instruments	19	**–**	**62 233**	**–**	**62 233**

Level 3 reconciliation		Balance at beginning of year	Additions/ (disposals)	Loss in profit or loss for the year	Balance at end of year
Investment property	6	**9 776 067**	**25 637**	**(1 020 771)**	**8 780 933**
Non-current assets held-for-sale	17	**45 000**	**(45 000)**	**–**	**–**
		9 821 067	**(19 363)**	**(1 020 771)**	**8 780 933**

Restated 2019 (R'000)		Level 1	Level 2	Level 3	Fair value
Assets					
Investment property*	6	–	–	9 776 067	9 776 067
Listed security	11	461 822	–	–	461 882
		461 822	–	9 776 067	10 237 949
Liabilities					
Derivative financial instruments	19	–	51 102	–	51 102

Level 3 reconciliation		Balance at the beginning of year	Additions/ (disposals)	Loss in profit or loss for the year	Balance at the end of the year
Investment property	6	10 488 000	45 410	(757 343)	9 776 067
Non-current assets held-for-sale	17	67 500	(28 097)	5 597	45 000
		10 555 500	17 313	(751 746)	9 821 067

* *Includes non-current assets held-for-sale.*

There have been no transfers between level 1, level 2 and level 3 during the year.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (continued)

41. FAIR VALUE HIERARCHY (continued)

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.

42. 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.

43. SEGMENTAL INFORMATION

The Group has five reportable segments based on the type of property, i.e. retail, office government, office other, industrial and administration and corporate costs. 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 executive directors review internal management reports on a monthly basis. All operating segments are located in South Africa with a foreign investment in associate. There are no single major customers.

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)

43. SEGMENTAL INFORMATION (continued)

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

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

43. SEGMENTAL INFORMATION (continued)

Restated 2019 (R'000)	Head Office	Industrial	Office government	Office other	Retail	Total
Rental income	–	27 968	1 124 786	351 655	38 213	1 542 622
Straight-line rental income accrual	–	(211)	(36 635)	(33)	2 575	(34 304)
Property operating expenses	–	(8 434)	(247 090)	(153 726)	(15 570)	(424 820)
Net property rental and related income	–	19 323	841 061	197 896	25 218	1 083 498
Other income	5 053	28	847	253	175	6 356
FCTR recognised in profit and loss	4 805	–	–	–	–	4 805
Dividend income	21 769	–	–	–	–	21 769
(Loss)/gain on foreign exchange movements	(28 103)	–	–	–	–	(28 103)
Administration expenses	(91 450)	(63)	(8 614)	(1 591)	(915)	(102 633)
Net operating profit/(loss)	(87 926)	19 288	833 294	196 558	24 478	985 692
Fair value adjustment to investment properties	(10 599)	6 063	(578 541)	(174 423)	(15 442)	(772 942)
Fair value adjustment to investment in Grit	79 954	–	–	–	–	79 954
Fair value adjustment to derivative financial instruments	(10 507)	–	–	–	–	(10 507)
ECL provision	(55 692)	–	–	–	–	(55 692)
(Loss)/profit from operations	(84 770)	25 351	254 753	22 135	9 036	226 505
Finance costs	(542 244)	(1)	3 782	1 328	(34)	(537 169)
Interest income	10 024	2	10 950	2 490	80	23 546
(Loss)/profit before taxation	(616 990)	25 352	269 485	25 953	9 082	(287 118)
Taxation	(16 744)	–	–	–	–	(16 744)
(Loss)/profit for the year	(633 734)	25 352	269 485	25 953	9 082	(303 862)
Reportable segment assets and liabilities						
Assets						
Fair value of investment property	–	–	6 712 710	2 586 017	305 497	9 604 224
Straight-line rental income accrual	–	–	134 735	23 105	14 003	171 843
Non-current assets held-for-sale	–	45 000	–	–	–	45 000
Other assets	538 543	33 335	235 372	46 109	26 621	879 980
	538 543	78 335	7 082 817	2 655 231	346 121	10 701 047
Liabilities						
Total liabilities	(303 229)	85 248	3 954 679	1 706 694	164 566	5 607 958

PROPERTY PORTFOLIO

No	Property name	Physical address	Province
1	Forum Building	Bosman Street, Pretoria	Gauteng
2	NPA Cape Town	115 Buitengracht Street, Cape Town	Western Cape
3	110 Hamilton	110 Hamilton Street, Pretoria	Gauteng
4	Thuto House	155 St Andrews Street, Bloemfontein	Free State
5	Tivoli	58 OR Tambo Street, Klerksdorp	North West
6	Block G	Corner Schoeman Street, Nelson Mandela Drive and Meintjies Street, Pretoria	Gauteng
7	5 Walnut Road	5 Walnut Road, Durban	KwaZulu-Natal
8	Old Mutual Building	27 – 29 Maitland Street, Bloemfontein	Free State
9	Beacon Hill	Corner Hargreaves and Hockley Close, Buffalo Industrial Area, King William's Town	Eastern Cape
10	SARS Springs	20 8th Street, Springs	Gauteng
11	SARS Kimberley	14 – 16 Bean Street and 6 to 10 Crossman Road, Kimberley	Northern Cape
12	PWC Polokwane	73 Biccard Street, Polokwane	Limpopo
13	88 Field Street	88 Field Street, Durban	KwaZulu-Natal
14	Cape Road	Corner CJ Langenhoven Drive and Cape Road, Port Elizabeth	Eastern Cape
15	Broadcast House	Corner Sisson Street and Queenstown Road, Mthatha	Eastern Cape
16	Liberty Towers	214 Dr Pixley Kaseme Street, Durban	KwaZulu-Natal
17	North Ridge Road	215 Peter Mokaba Road, Morningside, Durban	KwaZulu-Natal
18	WB Centre	48 – 54 Chapel Street, Kimberley	Northern Cape
19	Hallmark Building	233 Proes Street, Pretoria	Gauteng
20	Delta Heights	167 Andries Street, Pretoria	Gauteng
21	Delta House	Corner Pretorius and Thabo Sehume (Andries) Streets, Pretoria	Gauteng

 # A single-tenanted property is defined as a building where 90% or more of the GLA is occupied by one tenant.
$ Single-tenanted property – the average gross rental for a single-tenanted office – Sovereign property is R147.53.
** Single-tenanted property – the average gross rental for a single-tenanted office – Other property is R123.57.*
† Excludes parking and storage.

Property description	Building sector	Tenancy (multi/ single)	Total GLA (m^2)	Effective date of acquisition	Weighted† average rental/m^2	Vacancy (%)
6-storey single-tenant office	Office – Sovereign	S	35 905	04/02/2010	$	–
4-storey single-tenant office	Office – Sovereign	S	10 552	01/08/2012	$	–
6-storey single-tenant office	Office – Sovereign	S	4 511	01/08/2012	$	–
6-storey single-tenant office	Office – Sovereign	S	2 111	01/08/2012	$	0.44
5-storey single-tenant office	Office – Sovereign	S	2 075	01/08/2012	$	–
4-storey multi-tenant office	Office – Sovereign	M	7 992	02/11/2012	188.06	–
6-storey multi-tenant office	Office – Other	M	13 637	02/11/2012	81.96	15.20
5-storey single-tenant office	Office – Other	M	3 055	05/11/2012	85.8	85.09
3-storey single-tenant office	Office – Sovereign	V	13 648	06/11/2012	$	100.00
2-storey single-tenant office	Office – Sovereign	S	1 922	01/08/2012	$	–
2-storey single-tenant office	Office – Sovereign	S	2 950	01/08/2012	$	–
3-storey multi-tenant office	Office – Other	M	1 951	02/10/2012	139.57	43.06
27-storey multi-tenant office tower with arcade and high street retail	Office – Sovereign	M	21 813	06/11/2012	126.06	32.16
5-storey multi-tenant office	Office – Sovereign	M	5 135	05/11/2012	105.73	15.07
2-storey multi-tenant office	Office – Sovereign	M	4 934	05/11/2012	111.17	38.22
14-storey multi-tenant office complex	Office – Other	M	40 078	31/10/2012	99.35	14.92
3-storey single-tenant office	Office – Other	S	3 354	06/11/2012	*	–
High street retail with second floor offices	Retail	M	7 639	05/11/2012	116.69	1.68
25-storey single-tenant office tower with high street retail	Office – Sovereign	S	26 255	02/05/2013	$	1.02
21-storey multi-tenant office tower with high street retail	Office – Sovereign	S	19 122	02/05/2013	$	7.27
11-storey multi-tenant office with high street retail	Office – Sovereign	S	11 439	02/05/2013	$	73.07

PROPERTY PORTFOLIO (continued)

No	Property name	Physical address	Province
22	Continental Building	Corner Bosman and Visagie Streets, Pretoria	Gauteng
23	Hensa Towers	Corner Landdros Mare and Rabie Streets, Polokwane	Limpopo
24	Embassy Building	Corner Anton Lembede and Samora Machel Streets, Durban	KwaZulu-Natal
25	Unisa House	29 Rissik Street, Johannesburg	Gauteng
26	Du Toitspan	95 Du Toitspan Street, Kimberley	Northern Cape
27	13 Elliot Street	13 Elliot Street, Kimberley	Northern Cape
28	5/7 Elliot Street	7 Elliot Street, Kimberley	Northern Cape
29	Bestmed Building	36 Hamilton Street, Arcadia	Gauteng
30	In 2 Fruit Building	67 Middle Road, Bartlett, Boksburg	Gauteng
31	CMH Building	196 – 206 West Street/119 – 123 Proes Street, Durban	KwaZulu-Natal
32	539 Church Street	539 Church Street, Arcadia, Pretoria	Gauteng
33	Protea Coin Pretoria	20 Vonkprop Street, Samcore Park, Silverton, Pretoria East	Gauteng
34	Protea Coin Cape Town	Corner Jerepiko Street and van Riebeeck Street, Saxenburg Park 2, Cape Town	Western Cape
35	Anchor House	63 Maitland Street, Bloemfontein	Free State
36	SARS Randburg	Corner Hill and Kent Streets, Randburg	Gauteng
37	SARS Bellville	Corner Voortrekker Road and Durban Road, Bellville, Cape Town	Western Cape
38	3 Simba Road	3 Simba Road, Sunninghill, Johannesburg	Gauteng
39	Harlequins Office Park	164 Totius Street, Groenkloof, Pretoria	Gauteng
40	Azmo Place	49 Joubert Street, Polokwane	Limpopo
41	CCMA House	192 Hans van Rensburg, Polokwane	Limpopo
42	Phomoko Towers	37 Kerk Street, Polokwane	Limpopo
43	Temo Towers	67 Biccard Street, Polokwane	Limpopo
44	Commission House	566 Ziervogel Street, Pretoria	Gauteng
45	5 Simba Road	5 Simba Road, Sunninghill, Johannesburg	Gauteng
46	Enterprise Park	15 Simba Road, Sunninghill, Johannesburg	Gauteng
47	101 De Korte	101 De Korte Street, Braamfontein	Gauteng

† *Excludes parking and storage.*

Property description	Building sector	Tenancy (multi/ single)	Total GLA (m²)	Effective date of acquisition	Weighted† average rental/m²	Vacancy (%)
10-storey single-tenant office	Office – Sovereign	S	4 133	02/05/2013	$	–
8-storey single-tenant office	Office – Sovereign	S	13 675	15/03/2013	$	–
29-storey multi-tenant office tower with high street retail	Office – Sovereign	M	32 720	23/05/2013	99.25	5.90
10-storey single-tenant office with high street retail	Office – Other	S	10 055	17/05/2013	*	90.19
13-storey multi-tenant office	Office – Sovereign	M	9 485	01/05/2013	107.3	20.93
Single-tenant office	Office – Sovereign	V	4 400	01/05/2013	$	100.00
Single-tenant office	Office – Sovereign	S	2 300	01/05/2013	$	–
5-storey single-tenant office	Office – Sovereign	S	3 684	25/03/2013	$	–
Single-tenant food processing complex	Industrial	S	11 177	10/05/2013	100.97	61.84
Motor showroom and parkade	Retail	S	13 091	17/05/2013	60.44	–
7-storey single-tenant office	Office – Sovereign	S	4 488	01/03/2013	$	–
2-storey high security office and warehouse	Industrial	V	7 640	07/05/2013	*	100.00
2-storey high security office and warehouse	Industrial	V	5 700	30/04/2013	*	100.00
6-storey single-tenant office	Office – Sovereign	S	2 645	01/03/2013	$	–
4-storey single-tenant office	Office – Sovereign	S	8 496	30/08/2013	$	31.73
3-storey single-tenant office with high street retail	Office – Sovereign	S	17 309	01/07/2013	$	–
4-storey office	Office – Sovereign	V	3 696	18/07/2013	$	100.00
3-storey multi-tenant office	Office – Sovereign	M	5 450	01/07/2013	173.91	–
6-storey single-tenant office	Office – Sovereign	S	5 339	16/09/2013	$	2.15
Single-storey single-tenant office	Office – Sovereign	S	1 063	16/09/2013	$	–
10-storey single-tenant office	Office – Sovereign	S	13 058	18/09/2013	$	–
9-storey single-tenant office	Office – Sovereign	S	7 668	18/09/2013	$	–
5-storey office	Office – Sovereign	S	6 011	13/09/2013	$	–
3-storey single-tenant office	Office – Sovereign	S	5 375	12/12/2013	$	–
Single-tenant office park of 4 buildings	Office – Other	S	11 860	13/12/2013	*	83.73
8-storey single-tenant office	Office – Other	S	6 610	19/12/2013	*	–

PROPERTY PORTFOLIO (continued)

No	Property name	Physical address	Province
48	Standard Bank Greyville	96 First Avenue, Greyville, Durban	KwaZulu-Natal
49	Capital Towers	121 Chief Albert Luthuli Road, Pietermaritzburg	KwaZulu-Natal
50	Sleepy Hollow	9 Armitage Road, Pietermaritzburg	KwaZulu-Natal
51	Mayors Walk	174 Mayors Walk, Pietermaritzburg	KwaZulu-Natal
52	Land Claims Court Nelspruit	30 Samora Machel (ex Louis Trichardt) Street, Nelspruit	Mpumalanga
53	Military Hospital	21 Bell Street, Nelspruit	Mpumalanga
54	Defence Force Headquarters	8 Spruit Street, Nelspruit	Mpumalanga
55	Defence Force Logistics	15 – 17 Cruse Circle, Nelspruit	Mpumalanga
56	Defence Force Transport	2 – 4 Davie Street, Nelspruit	Mpumalanga
57	Department of Statistics	11 Samora Machel (ex-Louis Trichardt Street), Nelspruit	Mpumalanga
58	SAPS – Ferreira Street	4 Ehmke Street and 9 Ferreira Street, Nelspruit	Mpumalanga
59	Defence Force – Old Pretoria Road	16 Old Pretoria Road, Nelspruit	Mpumalanga
60	SAPS Flying Squad	19 Danie Joubert Street, White River	Mpumalanga
61	Beaconsfield	28 Central Road, Kimberley	Northern Cape
62	Campus Building	14 Abattoir Road, Kimberley	Northern Cape
63	Servamus Building	15 – 19 Bram Fischer Road, Durban	KwaZulu-Natal
64	The Marine Building	22 Dorothy Nyembe (ex Gardiner Street), Durban	KwaZulu-Natal
65	Delta Towers	City block bounded by Doctor Pixley Kaseme Street, Dorothy Nyembe Street, Anton Lembede Street and Mercury Lane, Durban	KwaZulu-Natal
66	Auditor General Polokwane	32 Dimitri Crescent, Platinum Park, Polokwane	Limpopo
67	Die Meent	123 Peter Mokaba Street, Potchefstroom	North West

† *Excludes parking and storage.*

Property description	Building sector	Tenancy (multi/single)	Total GLA (m^2)	Effective date of acquisition	Weighted† average rental/m^2	Vacancy (%)
8-storey multi-tenant office	Office – Other	M	14 188	13/12/2013	72.82	28.78
14-storey single-tenant office	Office – Sovereign	V	13 485	01/12/2013	$	100.00
3-storey multi-tenant linked office buildings	Office – Sovereign	M	6 360	01/12/2013	116.31	8.40
Single-tenant low rise office park	Office – Sovereign	S	5 507	01/12/2013	$	–
5-storey single-tenant office	Office – Sovereign	S	2 910	11/02/2014	$	–
5-storey single-tenant office	Office – Sovereign	S	3 000	11/02/2014	$	–
4-storey single-tenant office	Office – Sovereign	S	2 174	11/02/2014	$	–
1-storey single-tenant office and industrial structure	Office – Sovereign	S	2 430	11/02/2014	$	–
1-storey single-tenant office and parking structures	Office – Sovereign	S	841	11/02/2014	$	–
4-storey multi-tenant office with high street retail	Office – Sovereign	M	2 827	11/02/2014	144.63	57.76
7-storey single-tenant linked offices	Office – Sovereign	S	4 637	11/02/2014	$	–
1-storey single-tenant office and industrial structure	Office – Sovereign	S	2 504	11/02/2014	$	–
Single-storey single-tenant office	Office – Sovereign	S	1 125	11/02/2014	$	–
Single-tenant complex of 5 office buildings	Office – Sovereign	S	5 801	01/12/2013	$	39.88
Single-tenant complex of 9 office buildings	Office – Sovereign	S	4 700	01/12/2013	$	–
22-storey single-tenant office tower	Office – Sovereign	S	13 788	24/04/2014	$	0.73
21-storey multi-tenant office tower with ground floor retail	Office – Other	M	24 676	26/09/2014	88.42	23.30
33-storey multi-tenant office tower with ground floor/high street retail	Office – Other	M	41 715	26/09/2014	120.41	39.59
2-storey single-tenant office	Office – Sovereign	S	2 130	13/10/2014	$	–
4-storey single-tenant office	Office – Sovereign	S	3 705	25/11/2014	$	14.41

PROPERTY PORTFOLIO (continued)

No	Property name	Physical address	Province
68	Regents Place	277 Madiba Street (formerly Vermeulen Street), Pretoria	Gauteng
69	ABSA Florida	18E and 20 Goldman Street, Florida	Gauteng
70	142 – 144 4th Street	142 – 144 4th Street, Parkmore	Gauteng
71	Veritas Building	275 Volkstem Road, Pretoria	Gauteng
72	Chambers of Change	62 – 72 Pritchard Street, Johannesburg CBD	Gauteng
73	54 and 56 Barrack Street	56 Barrack Street, Cape Town	Western Cape
74	22 and 24 George Lubbe Street	22 and 24 George Lubbe Street, Hamilton, Bloemfontein	Free State
75	Absa United	64 Maitland Street, Bloemfontein	Free State
76	African Life Building	Cnr St Andrew and Church Street, Bloemfontein	Free State
77	CNA Building	Maitland Street, Bloemfontein	Free State
78	Domitek Building	Cnr of De Kaap and Ryk Street, Welkom, CBD, Welkom	Free State
79	Edgars Kroonstad	Cnr Brand and Murray Street, CBD, Kroonstad	Free State
80	Fort Drury	Cnr Markgraaff and St Andrews, Bloemfontein	Free State
81	Katleho Building	Corner of Selborne and Markgraaff Street, Bloemfontein	Free State
82	Laboria House	43 Maitland Street, Bloemfontein	Free State
83	Nedbank Building	36 Maitland Street, CBD, Bloemfontein	Free State
84	SA Eagle	136 Maitland Street, Bloemfontein	Free State
85	Sediba, Fountain and VLU Building	Cnr Markgraaff and Zastron, Bloemfontein	Free State
86	Trustfontein/Transtel	149 – 151 St Andrews Street, Bloemfontein	Free State
87	Standard Bank Nelspruit	29 Brown Street, Nelspruit	Mpumalanga
88	Nosa	508 Proes Street, Arcadia, Pretoria	Gauteng

† *Excludes parking and storage.*

Property description	Building sector	Tenancy (multi/ single)	Total GLA (m^2)	Effective date of acquisition	Weighted† average rental/m^2	Vacancy (%)
12-storey multi-tenant office with high street retail	Office – Sovereign	S	10 289	09/12/2014	$	–
4-storey multi-tenant office	Office – Sovereign	M	6 531	10/03/2015	179.8	7.66
2-storey single-tenant office buildings	Office – Sovereign	S	2 812	29/04/2015	$	–
8-storey single-tenant office building	Office – Sovereign	S	8 272	29/04/2015	$	–
4 adjacent multi-storey buildings	Office – Other	M	7 915	18/12/2015	138.01	55.78
1-storey single-tenant office and multi-storey office, parking and retail	Office – Sovereign	S	4 309	01/08/2015	$	–
1-storey single-tenant office	Office – Sovereign	S	6 200	01/06/2015	$	–
6-storey multi-tenant office	Office – Sovereign	M	6 129	01/06/2015	74.16	6.30
5-storey multi-tenanted, office building	Office – Sovereign	M	8 567	01/06/2015	73.93	73.92
4-storey multi-tenant office	Office – Sovereign	M	2 489	01/06/2015	174.21	–
4-storey multi-tenant office	Office – Sovereign	M	1 729	01/06/2015	66.95	36.65
4-storey multi-tenant office	Office – Sovereign	M	5 968	01/06/2015	50.28	18.90
4-storey multi-tenant office	Office – Sovereign	M	10 476	01/06/2015	175.63	4.01
6-storey single-tenant office	Office – Sovereign	V	5 910	01/06/2015	–	100.00
7-storey single-tenant office	Office – Sovereign	S	3 995	01/06/2015	$	–
6-storey multi-tenanted, office building	Office – Sovereign	M	2 746	01/06/2015	67.62	1.50
7-storey single-tenant office	Office – Sovereign	S	3 689	01/06/2015	$	–
5-storey, 3-storey and 7-storey single-tenant office	Office – Sovereign	M	10 947	01/06/2015	125.98	85.29
7-storey single-tenant office	Office – Sovereign	S	6 369	01/06/2015	$	20.54
4-storey multi-tenanted office building, with ground floor retail	Office – Other	M	2 213	01/04/2016	113.15	63.56
6-storey single-tenant office building	Office – Sovereign	S	3 770	01/04/2016	$	–

PROPERTY PORTFOLIO (continued)

No	Property name	Physical address	Province
89	Poyntons	Church Street, Pretoria	Gauteng
90	Shorburg	429 Church Street, Arcadia, Pretoria	Gauteng
91	Domus	Cnr Glenwood and Kasteel Roads, Lynnwood Glen	Gauteng
92	Hatfield Forum East	1077 Arcadia Street, Hatfield, Pretoria	Gauteng
93	Isivuno House	135 Van Der Walt Street, Pretoria	Gauteng
94	Hollard House and Parkade	Cnr Sauer and Marshall Streets, Marshalltown	Gauteng
95	17 Harrison Street Building and Kay Street Parkade	17 Harrison Street and Kay Street, Johannesburg	Gauteng
96	2 Devonshire Place	2 Devonshire Place, Durban	KwaZulu-Natal
97	Shell House	221 Smith Street, Durban	KwaZulu-Natal
98	Pine Parkade	260 Monty Naicker Road, Durban	KwaZulu-Natal
99	Standard Bank Unisa	31 Brown Street, Nelspruit	Mpumalanga
100	Treasury House	145 Commercial Road, Pietermaritzburg	KwaZulu-Natal
101	Commissioner House, Bellville	Rem Ext of Erf 10877, Bellville	Western Cape
102	Silver Stream Office Park	10 Muswell Road South, Bryanston	Gauteng

† *Excludes parking and storage.*

Property description	Building sector	Tenancy (multi/ single)	Total GLA (m^2)	Effective date of acquisition	Weighted† average rental/m^2	Vacancy (%)
Office, parking and ancillary structures of between 2 and 33 storeys with ground floor retail	Office – Sovereign	M	73 396	01/04/2016	106.09	12.93
9-storey multi-tenant office building with ground floor retail	Office – Sovereign	M	14 015	01/04/2016	109.95	20.43
3-storey multi-tenant office building	Office – Other	M	5 454	01/04/2016	124.47	66.34
6-storey multi-tenant office building with ground floor retail	Office – Sovereign	M	6 390	01/04/2016	93.54	21.55
22-storey single-tenant office building with ground floor retail	Office – Sovereign	S	23 694	01/04/2016	$	–
9-storey single-tenant office building with ground floor retail and connected 8-storey parking structure	Office – Sovereign	S	10 415	01/04/2016	$	–
12-storey single-tenant office building with ground floor retail	Office – Sovereign	S	12 379	01/04/2016	$	3.42
5-storey multi-tenant office building	Office – Sovereign	M	8 122	01/04/2016	92.63	3.51
16-storey single-tenant office building	Office – Sovereign	S	13 828	01/04/2016	$	–
7-storey parking structure with retail	Retail	M	2 986	11/04/2016	204.13	44.80
3-storey multi-tenant office building with ground floor retail	Office – Other	M	5 589	01/06/2015	102.12	–
10-storey single-tenant office building with ground floor retail	Office – Sovereign	S	8 874	01/05/2016	$	–
4 and 5-storey single-tenanted office building with ground floor retail	Office – Sovereign	S	4 019	01/04/2016	$	–
2-storey office building with basement parking and outdoor parking	Office – Other	M	2 333	03/05/2016	159.73	1.36

PROPERTY PORTFOLIO STATISTICS

Geographic profile

Province	Geographic profile (GLA %)	Geographic profile (rental %)
Gauteng	41.3	46.9
KwaZulu-Natal	30.0	23.5
Free State	8.9	6.1
Limpopo	4.8	10.3
Western Cape	4.5	5.2
Northern Cape	4.0	3.9
Mpumalanga	3.3	2.7
Eastern Cape	2.6	0.9
North West	0.6	0.5

Weighted average rental and escalations per sector

Sector	Weighted average (rental per R/m^2)	Weighted average (escalation %)
Office – sovereign	130.98	7.7
Office – other	93.52	7.2
Retail	126.03	7.6
Industrial	100.97	8.0

Tenant grading profile

Tenant grade	Tenant grade (GLA %)
A	87.5
B	3.6
C	8.9
	100.0

Vacancy profile

Sector	Vacancy by sector (GLA %)
Office – sovereign	15.6
Office – other	34.1
Retail	6.2
Industrial	82.6
	21.0

Tenants are classified as follows:

A: Large national, large listed, government and major franchisee tenants

B: National tenants, listed tenants, franchisees, medium to large professional firms

C: Other

Delta has 567 C-grade tenants. Delta regards "large and major" tenants in category A as blue-chip tenants

Sectoral profile

Sector	Sectoral profile (GLA %)	Sectoral profile (rental %)
Office – sovereign	77.4	81.0
Office – other	13.9	10.3
Retail	8.1	8.2
Industrial	0.6	0.5
	100.0	100.0

Lease expiry profile

Building sectoral split by GLA (%)

Segment	Vacant	Month to month	28 Feb 21	28 Feb 22	28 Feb 23	29 Feb 24	28 Feb 25	Beyond 28 Feb 2025
Office – sovereign	15.6	30.6	20.7	7.4	9.6	3.5	12.2	0.4
Office – other	34.1	14.6	20.5	10.7	10.6	1.2	4.9	3.4
Retail	6.2	14.8	3.3	8.5	6.9	1.5	3.6	55.2
Industrial	82.6	–	17.4	–	–	–	–	–

Tenant sectoral split by rental (%)

Segment	Vacant	Month to month	28 Feb 21	28 Feb 22	28 Feb 23	29 Feb 24	28 Feb 25	Beyond 28 Feb 2025
Office – sovereign	–	36.7	24.7	7.6	11.3	4.2	15.4	–
Office – other	–	23.6	35.4	13.9	13.8	0.4	3.9	9.0
Retail	–	15.6	10.5	27.6	16.0	3.8	4.1	22.4
Industrial	–	–	100.0	–	–	–	–	–

The weighted average annualised property yield for the portfolio is 10.31%.

DISTRIBUTABLE EARNINGS RECONCILIATION

Non-IFRS financial information	Group 2020 R'000	Group Restated 2019 R'000
Reconciliation of (loss)/profit to distributable earnings available for distribution		
(Loss)/profit attributable to owners of the parent	**(935 800)**	(297 660)
Adjusted for:		
Accounting and specific adjustments:		
Fair value adjustment loss/(gain) to:		
– Investment property	**1 017 357**	772 942
– Investment in listed security	**79 738**	(79 954)
Straight-line lease adjustment	**30 383**	34 304
Foreign currency translation reserve recognised	**-**	(4 805)
Foreign exchange and hedging items:		
Fair value adjustment to derivative financial instrument	**39 923**	10 507
Foreign exchange losses to capital items	**19 326**	28 103
Other adjustments:		
Adjustment to dividends from listed security	**(3 813)**	17 418
Antecedent distribution	**-**	569
Distributable earnings attributable to owners of the parent	**247 114**	481 424
Company specific adjustments:		
Capital expenditure from working capital	**(22 938)**	–
Capital repayment on interest-bearing borrowings	**(129 762)**	–
Distributable earnings available for distribution	**94 414**	481 424
Less: Dividend declared	**(87 089)**	(395 419)
Interim	**(87 089)**	(281 222)
Final (declared after 29 February 2020)	**-**	(114 197)
Distributable earnings retained	**7 325**	86 005
Number of shares outstanding at interim	**714 230**	713 793
Number of shares outstanding at end of period	**714 230**	714 230
Distributable earnings per share (cents)	**34.60**	67.40
Dividend per share (cents)	**12.19**	55.39
Interim	**12.19**	39.40
Final (declared after 29 February 2020)	**-**	15.99

ANALYSIS OF ORDINARY SHAREHOLDERS

as at 29 February 2020

Shareholder spread	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
1 - 1 000	552	25.27	155 956	0.02
1 001 - 10 000	665	30.45	3 134 476	0.44
10 001 - 100 000	626	28.66	24 148 097	3.38
100 001 - 1 000 000	248	11.36	74 789 435	10.47
Over 1 000 000	93	4.26	612 001 754	85.69
Total	**2 184**	**100.00**	**714 229 718**	**100.00**
Distribution of shareholders				
Assurance companies	19	0.87	9 510 851	1.33
Close corporations	32	1.47	14 117 946	1.98
Collective investment schemes	90	4.12	215 170 380	30.13
Control accounts	1	0.05	1	–
Custodians	33	1.51	29 052 069	4.07
Foundations and charitable funds	17	0.78	2 033 966	0.28
Hedge funds	1	0.05	1 278 917	0.18
Insurance companies	2	0.09	1 158 989	0.16
Investment partnerships	5	0.23	1 535 875	0.22
Managed funds	11	0.50	5 194 479	0.73
Medical aid funds	10	0.46	3 266 460	0.46
Organs of state	4	0.18	67 962 956	9.52
Private companies	75	3.43	204 386 846	28.62
Public companies	4	0.18	271 015	0.04
Public entities	1	0.05	88 128	0.01
Retail shareholders	1 653	75.69	50 135 828	7.02
Retirement benefit funds	87	3.98	68 899 831	9.65
Scrip lending	2	0.09	1 236 430	0.17
Stockbrokers and nominees	10	0.46	21 814 160	3.05
Trusts	127	5.82	17 114 591	2.40
Total	**2 184**	**100.00**	**714 229 718**	**100.00**
Shareholder type				
Non-public shareholders	8	0.37	259 246 566	36.30
Directors and associates of the Company (direct holdings)	2	0.09	2 085 201	0.29
Directors and associates of the Company (indirect holdings)	5	0.23	95 118 286	13.32
Holders holding more than 10% Cornwall Crescent Proprietary Limited	1	0.05	162 043 079	22.69
Public shareholders	2 176	99.63	454 983 152	63.70
Total	**2 184**	**100.00**	**714 229 718**	**100.00**

Fund managers with a holding greater than 3% of the issued shares	Number of shares	% of issued capital
Bridge Fund Managers	98 531 462	13.80
Public Investment Corporation	67 962 956	9.52
Investec Asset Management	43 563 005	6.10
Coronation Fund Managers	34 242 603	4.79
Kagiso Asset Management	32 398 078	4.54
Prudential Investment Managers	27 829 813	3.90
Total	**304 527 917**	**42.64**
Beneficial shareholders with a holding greater than 3% of the issued shares		
Cornwall Crescent Proprietary Limited	162 043 079	22.69
Nedbank Group	72 057 523	10.09
Government Employees Pension Fund	61 736 120	8.64
Investec	40 390 932	5.66
Bridge Fund Managers	32 239 462	4.51
Coronation Fund Managers	24 762 432	3.47
Total	**393 229 548**	**55.06**
Total number of shareholdings		**2 184**
Total number of shares in issue		**714 229 718**

Share price performance as at 29 February 2020	
Opening price 1 March 2019	R2.59
Closing price	R0.42
Closing high for period	R2.75
Closing low for period	R0.40
Number of shares in issue	714 229 718
Volume traded during period	232 070 418
Ratio of volume traded to shares issued (%)	32.49
Rand value traded during the period	R300 928 026
Price/earnings ratio	0.86
Earnings yield	116.60
Dividend yield	0.00
Market capitalisation	R299 976 482

SHAREHOLDERS' DIARY

	Date
Financial year-end	29 February 2020
Announcement of annual results	22 April 2021
Annual report posted	14 May 2021
Announcement of interim results	31 May 2021
Announcement of annual results 2021	31 May 2021

DIVIDEND DETAILS

Payment date	Distribution period	Distribution number	Cents
For the period 2 November 2012* to 28 February 2013	1	23.69	27 May 2013
For the period 1 March 2013 to 31 August 2013	2	32.51	25 November 2013
For the period 1 September 2013 to 28 February 2014	3	40.18	26 May 2014
For the period 1 March 2014 to 31 August 2014	4	40.01	10 November 2014
For the period 1 September 2014 to 28 February 2015	5	44.06	15 June 2015
For the period 1 March 2015 to 31 August 2015	6	42.89	23 November 2015
For the period 1 September 2015 to 29 February 2016	7	47.90	13 June 2016
For the period 1 March 2016 to 31 August 2016	8	45.93	21 November 2016
For the period 1 September 2016 to 28 February 2017	9	51.31	26 June 2017
For the period 1 March 2017 to 31 August 2017	10	46.40	27 November 2017
For the period 1 September 2017 to 28 February 2018	11	50.84	2 July 2018
For the period 1 March 2018 to 31 August 2018	12	39.40	10 December 2018
For the period 1 September 2018 to 28 February 2019	13	15.99	24 June 2019
For the period 1 March 2019 to 31 August 2019	14	12.19	23 December 2019

* *Date of listing.*

Delta has adopted distribution per share for trading statement purposes.

CORPORATE INFORMATION AND ADVISERS

Share code: DLT
ISIN: ZAE000194049
JSE sector: Real Estate
Real Estate holdings and development
Year-end: 29 February 2020

Company registration number
2002/005129/06

VAT number
4470253156

Tax number
9464252148

Country of incorporation
South Africa

Website
www.deltafund.co.za

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

Legal adviser
Bowman Gilfillan Inc.
(Registration number: 1998/021409/21)
165 West Street
Sandton, 2146
(PO Box 785812, Sandton, 2146)

Webber Wentzel
Partnership
90 Rivonia Road
Sandton
Johannesburg
2196

Valuers
Taboo Trading 242 Proprietary Limited
trading as Valuation DNA
(Registration number: 2011/010433/07)
160 Frederick Drive
Northcliff 2195
Gauteng

Excellerate Real Estate Services
Proprietary Limited
(Registration number: 2007/021131/07)
Sandton, 2010
Gauteng
(PO Box 651171)

Heather Donald Valuations Proprietary
Limited trading as HDV
(Registration number: 2015/290710/07)
(PO Box 5746)
Cresta 2118
Gauteng

Realworx Property Valuations
Proprietary Limited
(Registration number: 2013/229588/07)
1 North Abington
Cnr North Road and Abington Street
Kensington B
Randburg 2194

Real Insight Proprietary Limited
(Registration number: 2012/101775/07)
1st Floor, York House
Tybalt Place
Waterfall Office Park
Midrand

Communication adviser
Articulate Capital Partners
Proprietary Limited
(Registration number: 2017/650343/07)
First Floor, Building 2
Woodmead Willows Office Park
20 Morris Street, East Woodmead 2191
(Postnet Suite 399, Private Bag X43,
Sunninghill, 2157)

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

Corporate adviser and sponsor
Nedbank Corporate and Investment Banking, a division of Nedbank Limited
(Registration number: 1951/000009/06)
135 Rivonia Road
Sandown, 2196
(PO Box 1144, Johannesburg, 2000)

Independent reporting accountants and auditor
BDO South Africa Inc.
(Registration number: 1995/002310/21)
22 Wellington Road
Parktown, 2193
(Private Bag X60500, Houghton, 2041)

Internal auditor
Mazars Advisory Proprietary Limited
(Registration number: 2003/029561/07)
Mazars House
54 Glenhove Road
Melrose Estate, 2196
(PO Box 6697, Johannesburg, 2000)

Competition law and tax adviser
Cliffe Dekker Hofmeyr Inc.
(Registration number: 2008/018923/21)
1 Protea Place
Sandton, 2196
(Private Bag X7, Benmore, 2010)

Transactional bankers
The Standard Bank of South Africa Limited
(Registration number: 1962/000738/06)
Corporate Banking
3 Simmonds Street
Johannesburg, 2001 South Africa
(PO Box 61344, Marshalltown, 2107
South Africa)

Nedbank, acting through its corporate finance business unit, a division of Nedbank Limited
(Registration number: 1951/000009/06)
135 Rivonia Road
Sandown, 2196
(PO Box 1144, Johannesburg, 2000)

Company Secretary
Paula Nel BCom ACIS
Silver Stream Office Park
10 Muswell Road South Bryanston, 2021
(Postnet Suite 210, Private Bag X21
Bryanston, 2021)

Enquiries relating to the reissued financial statement
Bongi Masinga –
bongi.masinga@deltafund.co.za
Marelise de Lange –
marelise.delange@deltafund.co.za

DEFINITIONS

S25BB. Taxation of REITs	As defined in the Income Tax Act, 1962 (Act 58 of 1962), Chapter II: The Taxes, Part I: Normal Tax
277 Vermeulen Street	277 Vermeulen Street Properties Proprietary Limited (registration number: 2001/024462/07), a private company incorporated in South Africa and a wholly owned subsidiary of Delta
A-grade building	Generally not older than 15 years, or which has had a major renovation; high-quality modern finishes; air-conditioning; adequate onsite parking, market rental near the top of the range in the metropolitan area in which the building is located
A-grade tenant	Large national tenants, large, listed tenants, government and major franchisees
AGM	Annual General Meeting
Asset Manager	The appointed asset manager to Delta, in terms of an asset management agreement approved by the Delta shareholders on 16 June 2015
Atterbury Parkdev	Atterbury Parkdev Consortium Proprietary Limited (registration number: 2003/020481/07), a private company incorporated in South Africa and a wholly owned subsidiary of Delta
B-grade building	Generally older buildings, but accommodation and finishes close to modern standards as a result of refurbishments and renovation from time to time, air-conditioned; onsite parking, unless special circumstance pertain
B-grade tenants	National tenants, listed tenants, franchisees, medium to large professional firms
BDO	BDO South Africa Incorporated (registration number: 1995/002310/21), a private company incorporated in South Africa
B-BBEE	Broad-based black economic empowerment
BEE	Black economic empowerment as contemplated in the BEE Act
BEE Act	The BEE Act, No 53 of 2003, as amended from time to time
Board	Board of directors
CBD	Central business district
C-grade	Buildings with older style finishes, services and building systems. It may or may not be air-conditioned or have onsite parking
C-grade tenants	Tenants not classified as A-grade or B-grade
CEO	Chief Executive Officer

CFO	Chief Financial Officer
CGT	Capital gains tax
Choice Decisions 300	Choice Decisions 300 Proprietary Limited (registration number: 2001/009295/07), a private company incorporated in South Africa and a wholly owned subsidiary of Delta
CIPC	Companies and Intellectual Property Commission
Companies Act	The Companies Act, No 71 of 2008, as amended
Computershare	Computershare Investor Services Proprietary Limited
DCM	Debt capital markets
Delta or the Company or the Fund	Delta Property Fund Limited (registration number: 2002/005129/09), a public company registered and incorporated in South Africa, formerly a private company incorporated under the name Tuffsan 89 Investment Holdings Proprietary Limited
Delta Group or Group	Delta and its subsidiaries
DMTN programme	Domestic Medium-Term Note programme
DPAM or the asset manager	Delta Property Asset Management Proprietary Limited (registration number:| 2014/277367/07), a private company registered and incorporated in South Africa and which is the Delta appointed asset manager
DPW	The National Department of Public Works
Enterprise value	The sum of the Company's market capitalisation, based on the one-month volume weighted average price, and borrowings, being the aggregate of the Company's borrowings, excluding the value of any debentures forming part of any linked units issued by the Company.
Executive	CEO, CFO and COO
Gearing	Loans from financial institutions
GLA	Gross lettable area
Grit	Grit Real Estate Income Group Limited (previously known as Mara Delta Property Holdings Limited), registered by continuation in the Republic of Mauritius) (registration number: 128881 C1/GBL)
Hendisa Investments	Hendisa Investments Proprietary Limited (registration number: 2004/006456/07), a private company incorporated in South Africa and a wholly owned subsidiary of Delta

DEFINITIONS (continued)

Hestitrix	Hestitrix Proprietary Limited (registration number: 2010/0015274/07, a private company incorporated in South Africa and a wholly owned subsidiary of Delta
IFRS	International Financial Reporting Standards
Investec	Investec Private Bank, a division of Investec Bank Limited (registration number: 1969/004763/06), a public company registered and incorporated in South Africa
IT	Information Technology
ITA	Income Tax Act, No 58 of 1962, as amended from time to time
JIBAR	Johannesburg Interbank Agreed Rate
JSE	JSE Limited (registration number: 2005/022939/06), a public company registered and incorporated in South Africa, licensed as an exchange under the Securities Services Act
K2014000273	K2014000273 Proprietary Limited (registration number: 2014/000273/07), a private company incorporated in South Africa and a wholly owned subsidiary of Delta
King IV	King IV Report on Corporate Governance™ in South Africa, 2016
LIBOR	London Interbank Offered Rate
Listing date	2 November 2012
LTV	Loan to value
m^2 or sqm	Square metres
MOI	Memorandum of Incorporation
MSCI	Morgan Stanley Capital International
Nedbank Capital or sponsor	Nedbank Capital, a division of Nedbank Limited (registration number: 1951/000009/06), a public company registered and incorporated in South Africa and the bookrunner, investment bank and sponsor to Delta
Nedbank Corporate	A division of Nedbank Limited (registration number: 1951/000009/06, a public company registered and incorporated in South Africa
Ordinary share	An ordinary no par value share in the share capital of Delta
Phamog Properties	Phamog Properties Proprietary Limited (registration number: 2013/103000/07), a private company incorporated in South Africa and a wholly owned subsidiary of Delta
Rand or "R"	South African rand

REIT	Real Estate Investment Trust
SAICA	The South African Institute of Chartered Accountants
SAPOA	South African Property Owners Association
SARS	The South African Revenue Service
SENS	The JSE's real-time Securities Exchange News Service
Standard Bank	A division of The Standard Bank of South Africa Limited (registration number: 1962/000738/06), a public company registered and incorporated in South Africa
Subsidiaries	Comprises the following companies: 277 Vermeulen, Atterbury Parkdev, Choice Decisions 300, Hendisa Investments, Hestitrix, K2014000273 and Phamog
TI	Tenant installations
WALE	Weighted average lease expiry

GENERAL 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") Njeke	Lead Independent Director
	Moshiko Caswell Ramokgadi Rampheri	
Registered office	Silver Stream Office 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)	
Company registration number	2002/005129/06	
Level of assurance	These Group annual financial statements have been audited in compliance with section 30(2)(a) of the Companies Act of South Africa	
Preparer	The Group annual financial statements were compiled under the supervision of Marelise de Lange CA(SA)	
Published	22 April 2021	

DELTA

PROPERTY FUND

www.deltafund.co.za