10 YEARS

DELTA
PROPERTY FUND

Consolidated and Separate Financial Statements

for the year ended 28 February **2022**

WHO WE ARE

Delta is a JSE main board listed Real Estate Investment Trust ("REIT") with an independently valued property portfolio of R7.9 billion.

The Company is black managed and continues to be the dominant sovereign listed property fund in South Africa. Delta offers access to a unique portfolio of mainly government and parastatal tenanted buildings providing secure income streams and large single tenant occupancy.

CONTENTS

Consolidated and Separate Financial Statements

Supplementary and shareholder's information

Corporate information

DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required in terms of the Companies Act of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the consolidated and separate financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated and separate financial statements fairly present the state of affairs of the Group as at the end of the financial year and the results of its operations and cash flows for the financial period 2022 then ended, in conformity with International Financial Reporting Standards ("IFRS") and Financial Pronouncements as issued by the Financial Reporting Standards Council and Companies Act of South Africa. The external auditors are engaged to express an independent opinion on the Group financial statements.

The consolidated and separate financial statements are prepared in accordance with IFRS and Financial Pronouncements as issued by the Financial Reporting Standards Council and Companies Act of South Africa and are based on appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the Board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Group and all employees are required to maintain the highest ethical standards in ensuring the Group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Group is on identifying, assessing, managing and monitoring all known forms of risk across the Group. While operating risk cannot be fully eliminated, the Group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated and separate financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the Group's cash flow forecast for the year from the date of approval of this report and, in light of this review and the current financial position, they are satisfied that the Group has or has access to adequate resources to continue in operational existence for the foreseeable future.

S Mbanjwa
Chief Executive Officer
Authorised director

M de Lange
Chief Financial Officer
Authorised director

24 May 2022

CHIEF EXECUTIVE OFFICER AND FINANCIAL DIRECTOR RESPONSIBILITY STATEMENT

The directors, whose names are stated below, hereby confirm that:

(a) The consolidated and Company annual financial statements set out on pages 17 to 95, fairly present in all material respects the consolidated and Company financial position, financial performance and cash flows of Delta Property Fund Limited and its consolidated subsidiaries in terms of International Financial Reporting Standards;

(b) No facts have been omitted or untrue statements made that would make the consolidated and Company annual financial statements false or misleading;

(c) Internal financial controls have been put in place to ensure that material information relating to Delta Property Fund Limited and its consolidated subsidiaries have been provided to effectively prepare the consolidated and Company annual financial statements of Delta Property Fund Limited; and

(d) The internal financial controls are adequate and effective and can be relied upon in compiling the consolidated and Company annual financial statements, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King IV Code on Corporate Governance™ ("King IV"). Where we are not satisfied, we have disclosed to the Audit, Risk And Compliance Committee and the auditor the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors and have taken the necessary remedial action.

S Mbanjwa
Chief Executive Officer

M de Lange
Chief Financial Officer
and designated Financial Director

24 May 2022

The directors confirm that ongoing remedial actions in respect of the deficiencies reported to the Audit, Risk and Compliance Committee and the auditor has commenced and is ongoing. Refer to the report by the Audit, Risk and Compliance Committee on pages 08 to 11 for further details.

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 2021 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.

These consolidated and separate 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 Marelise de Lange CA(SA).

Sihle Ncube
on behalf of FluidRock Co Sec (Pty) Ltd
Company Secretary

24 May 2022

DIRECTORS' REPORT

Main business and operations

Delta is a listed REIT. As a REIT, the Company derives rental income from investments in office and retail properties, and distributions from other listed property securities. The Group has 99 properties valued at R7.9 billion situated in all nine provinces throughout South Africa. Three assets are held indirectly through wholly owned subsidiaries.

Delta is the dominant sovereign-listed property fund in South Africa. The primary focus of the Fund is long-term investment in quality rental income-generating properties situated in strategic nodes attractive to sovereign entities. Delta is a majority black-owned and managed property fund.

Governance

The Board remains aligned with the King IV recommendations and as previously reported continues to embed the six capitals (financial, manufactured, human, intellectual, natural and social and relationship) into the organisation's activities.

Directorate

At the date of this report, Delta has a unitary Board consisting of nine directors in total, three Executive Directors and six non-executive directors, four of whom are independent. Notwithstanding the fact that two non-executive directors are considered non-independent, the Board's conclusion is that they nonetheless act and exercise their minds independently in their roles on the Board and respective committees.

On 5 July 2021, Ms NN Afolayan resigned from the Board and Ms P Stock was appointed to the Board effective 7 July 2021.

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

Executive directors

- S Mbanjwa – CEO
- M de Lange – CFO
- B Masinga – Executive Director

Non-executive directors

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

* *Independent*

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

	Direct beneficial holding	**Indirect beneficial holding**	**Total 2022**	Direct beneficial holding	Indirect beneficial holding	Total 2021
Executive directors						
S Masinga[2]	**–**	**11 065 158**	**11 065 158**	–	11 007 908	11 007 908
Non-executive directors						
P Langeni[2]	**500 000**	**11 065 158**	**11 565 158**	500 000	11 007 908	11 507 908
N Khan[2]	**550 000**	**32 408 616**	**32 958 616**	550 000	32 484 616	33 034 616
D Motau	**1 860**	**–**	**1 860**	1 860	–	1 860
	1 051 860	**54 538 932**	**55 590 792**	1 051 860	54 500 432	55 552 292

[2] *As part of a B-BBEE transaction Cornwall Crescent Proprietary Limited ("Cornwall"), Cornwall purchased Delta shares from Redefine Properties Limited (off market) utilising a vendor loan.*
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 consolidated and separate financial statements have been recorded above.

The interest of the directors in the shares of the Company was misclassified in the prior period. The direct and indirect holding in the 2021 period for S Masinga and P Langeni have been corrected.

DIRECTORS' REPORT (continued)

Directors' emoluments and service contracts

The Executive Directors have service contracts with the Company which include a three-month notice period. The non-executive directors sign a formal letter of appointment on acceptance of their Board position. All the directors' emoluments are disclosed on pages 63 to 65 of this report.

Directors' interests in contracts

Asset Management

As at the date of this report none of the Board members have an interest in the Asset Management contract.

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

Property management

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

Financial results

	2022	2021	Year-on-year movement	% change year-on-year
Rental income	**1 388 704**	1 445 893	(51 513)	(3.6)
Net property income (excluding straight-line rental adjustment)	**817 880**	889 237	(71 878)	(8.1)
SA REIT Funds from operations per share (cents)	**36.91**	31.33	5.58	17.8
Investment property at fair value (including held for sale)	**7 888 200**	8 227 800	(339 600)	(4.1)
Net Asset Value ("NAV") per share (cents)	**4.76**	5.06	(0.3)	(5.9)

Litigation

In December 2020, MPI Property Asset Management Proprietary Limited ("MPI PAM") instituted two claims totalling R400 million against Delta. On 26 January 2022, during a pre-arbitration meeting, the original claims of R400 million were withdrawn and set aside. MPI filed a new statement of claim against Delta for a revised amount of R147.4 million.

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.

IFRS

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

Dividend

No dividends were declared during the 2022 financial year.

Subsequent events

No material events 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. Having considered the solvency and liquidity, scenario analysis, the business plans and the key assumptions utilised, the Board concluded that the Group is in a sound financial position to meet its foreseeable cash requirements and accordingly is able to continue trading as a going concern (refer note 4 of the consolidated and separate financial statements).

Company Secretary and registered office

Ms Mahlari, the Company Secretary, has resigned from the Group effective 31 March 2022. Fluidrock Co. Sec. Proprietary Limited was appointed effective 1 April 2022.

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 2022 financial year other than those passed at Delta's AGM held on 26 August 2021.

Preparation of financial statements

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

Prospects

Notwithstanding macro-economic headwinds and legacy challenges within the portfolio, the Group expects some of its initiatives to provide some greenshoots in the short to medium term. Focus will remain on significantly reducing vacancies in the portfolio, continuing to pursue retention of tenants and delivering on debt reduction and portfolio optimisation.

AUDIT, RISK AND COMPLIANCE COMMITTEE REPORT

The Audit, Risk and Compliance Committee is an independent statutory committee. It performed its function in terms of its mandate, as set by its Terms of reference, the King IV Report on Corporate Governance™ for South Africa 2016 and the Companies Act, No 71 of 2008, as amended. In addition to having specific statutory responsibilities to the shareholders it 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 consists 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 comprises the following directors:

Director	Period served
Mr MJN Njeke (Chairman)	25 May 2017 – current
Mr MCR Rampheri (Member)	1 September 2020 – current
Ms P Stock (Member)	7 July 2021 – current
Ms N Afolayan (Member) (Resigned)	13 May 2016 – 05 July 2021

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 internal and external auditors have unrestricted access to the committee. The committee met five times prior to the end of the financial year. The reason for the increased number of meetings was related to the suspension of the shares of Delta on 15 December 2020 and the subsequent resumption of trading of the shares in July 2021. This being in accordance with its charter, King IV and the Companies Act.

Statutory and delegated duties

In the execution of its statutory duties relating to the financial year under review, the Audit, Risk and Compliance Committee carried out its duties by reviewing the following on a quarterly basis:

- Internal audit reports
- External audit reports
- Financial management reports
- Key financial, property and operational metrics driving the business and decision making
- Risk management reports and confirmed that the risk management policy has been complied with in all material respects
- Tax governance and compliance as well as tax opinions
- Annual returns
- Legal reports
- Nomination and recommendation of external auditors for re-appointment 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
- Nomination and recommendation of new external auditor of the Group following the rotation of the existing external auditor
- 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
- Made submissions to the Board on any matter concerning the Company's accounting policies, financial controls, records and reporting
- Reviewed the effectiveness of the internal financial controls
- Reviewed reports received through the Group's whistleblowers' facilities
- Monitored compliance with REIT requirements, in accordance with the JSE Listings Requirements

Furthermore, the committee is satisfied:

- with the independence of the external auditor, including the provision of non-audit services and compliance with the Group policy in this regard;
- with the terms, nature, scope, quality and proposed fee of the external auditor for the financial year ended 28 February 2022;
- with the consolidated and separate financial statements and the accounting policies implemented, as well as the significant matters considered in the preparation thereof and have recommended the consolidated and separate financial statements for approval to the Board;
- with the Group's continuing viability as a going concern;
- that it has considered the findings of the JSE's report on proactive monitoring of financial statements;
- that the Group's Chief Financial Officer was appropriately qualified and had the necessary expertise and experience to carry out her duties;
- that the finance department is appropriately staffed and qualified;
- with the independence and effectiveness of Internal Audit and Risk Management and the internal audit function;
- with the effectiveness of collaboration between the external auditor and internal auditor;
- with the integrity of the integrated annual report and that it addresses all material issues and fairly presents the integrated performance of the organisation.

The committee assesses its performance every two years to determine whether or not it has delivered on its mandate and continuously enhanced its contribution to the Board. The assessment takes the form of a questionnaire, by way of a self-assessment and peer review, which is independently completed by each member of the committee.

The Company Secretary then collates and presents the results of the assessment to the Nominations Committee.

Regulatory compliance

The committee has complied with all the applicable regulatory and legal responsibilities.

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 requested from BDO South Africa Incorporated ("BDO") the information contained in JSE Listings Requirements paragraph 22.15(h) to assess suitability for the appointment of BDO and the designated individual partner.

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 12 years. The engagement partner is Bradley Jackson.

Delta has successfully completed the tender process for mandatory audit firm rotation and appointed KPMG Incorporated as its new external audit firm which will replace BDO in July 2022.

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

- The valuation of investment property has been identified as a key audit matter for the 28 February 2022 reporting period.

AUDIT, RISK AND COMPLIANCE COMMITTEE REPORT (continued)

- The emphasis of matter resulting from going concern uncertainty has been fully dealt with in the going concern commentary in the Directors' report going concern section included below and in note 4 in the consolidated and separate financial statements.

Internal audit

The committee oversees the internal audit function which is performed by Mazars.

The committee approved a new three-year rolling internal audit plan with an enhanced focus on key risk areas identified following the previous forensic reports.

Muren Naidoo, Senior Manager: Internal Audit & Risk Control 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.

Finance function

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

The committee and the Delta Board are satisfied that Ms Marelise de Lange, the Chief Financial Officer, 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 team. In making these assessments, the committee has obtained feedback from the external auditor.

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 the 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 Companies Act.
- That the Company and Group is able to generate sufficient cash flows to meet its requirements for the following 12 months.
- That the forecast cash flow projections for the 2022/2023 financial year are based on a detailed assessment and 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 R149.0 million and R102.9 million for the 2022 year, respectively. This loss is mainly attributed to the revaluation of investment property to its fair values. This position significantly improved from the prior period with a net loss of R456.1 million and R479.7 million for the Group and Company respectively.
- The Group and Company's total assets of R8.4 billion and R8.5 billion exceed the total liabilities of R5.0 billion and R5.0 billion at 28 February 2022, respectively.
- The Group and Company had a loan to value ratio of 57.0% and 55.7% respectively in comparison to 56.5% and 55.8% 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 1.9 and 2.1 times respectively in comparison to 1.9 and 2.0 times in the prior reporting period. The Group's interest cover ratio is slightly below the covenants set by the lenders of two times, while the Company exceeds the interest cover ratio.
- The Group's and Company's current liabilities of R3.6 billion and R3.5 billion respectively, exceeded its current assets by R2.4 billion and R2.5 billion respectively

at 28 February 2022. 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. Management has engaged with lenders in this regard and the following actions have been agreed:

- The Group is committed to reduce its debt exposure to acceptable levels being an LTV of 50% by disposing of assets that are non-core to the business. The Group has identified R787 million of assets for disposal and classified those assets as held for sale.
- The funders remain very supportive of the business.
- The filling of additional vacancies and the extension of the month-to-month leases post-year-end.
- A finalised strategic plan supporting 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.

The strategy of the Fund is to continue to be the landlord of choice for government tenanted buildings.

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

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

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

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

Basis for Opinion

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

Material Uncertainty Related To Going Concern

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

Key Audit Matters

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

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

Key audit matter	How our audit addressed the key audit matter
VALUATION OF INVESTMENT PROPERTIES (CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS) – NOTE 5. 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 valuation of the group's and company's investment property portfolio is inherently subjective due to the estimates and judgements used in determining the fair values. The inputs with the most significant impact on these valuations are disclosed in note 5 to the consolidated and separate financial statements. The significance of the balance, as well as the judgement and estimates applied by the independent valuers and management, together with the sensitivity of the valuations as a result of the key assumptions applied, results in the valuation of investment properties being a matter of most significance in our audit of the consolidated and separate financial statements of the current year.	Our audit procedures included, among others, the following: ▸ We assessed the design, and tested the implementation of key controls over the valuation process; ▸ We performed an assessment of management's experts in order to evaluate their competence, capabilities and objectivity; ▸ We engaged an independent and accredited property expert to assist us in evaluating the property valuations for the current period which included: • Assessing the forecast revenue applied in the 1st year of the discounted cash flow ("DCF") models, for reasonability. This was performed by agreeing the inputs used to generate the revenue forecast to underlying lease information or other available industry data for similar properties. The forecast revenue was also compared to the current year revenue for reasonability; • Assessing the projected property expenses applied in the 1st year of the DCF models, for reasonability. This was performed by comparison to actual expenses in the current financial period; • Assessing the reasonability of revenue and expense growth rates in the DCF models subsequent to the initial forecast year to underlying lease information, and to available industry data for similar investment properties; • Assessing the reasonability of the discount, exit and capitalisation rates applied by comparing these to available industry data in the Rode and SAPOA reports for similar investment properties and where larger than negligible differences noted, obtained further corroboration from the independent auditor's expert; • Re-computing the mathematical accuracy of the DCF models; • Evaluating the valuations for the properties valued by management's valuation experts in the current year and assessed whether the valuation approach was in accordance with International Financial Reporting Standards and suitable for use in determining the fair value of the investment properties for the purpose of the consolidated and separate financial statements. In addition, our expert has assessed whether the techniques used by the valuators were applied consistently; • Engaging with management's property experts in order to discuss assumptions and differences where relevant.

INDEPENDENT AUDITOR'S REPORT (continued)

Key audit matter	How our audit addressed the key audit matter
	▸ We evaluated the adequacy of the independent and accredited property expert's work, and specifically: • The relevance and reasonableness of the expert's findings and conclusions reached, and the consistency thereof with other audit evidence obtained; • The relevance and reasonableness of significant assumptions and methods used, by determining the discount and capitalisation rates applied and comparing these to available industry data for similar properties; and • The relevance, completeness, and accuracy of source data that was significant to the expert's work through assessing the forecasted revenue for the first year of the DCF for reasonability by comparing this against actual revenues at market related growth rates. ▸ We evaluated whether the disclosures in the consolidated and separate financial statements in accordance with the requirements of International Accounting Standard 40 Investment Properties.

Other Information

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

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

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

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and /or the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT (continued)

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

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

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

Report on Other Legal and Regulatory Requirements

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

BDO South Africa Inc.

BDO South Africa Incorporated
Registered Auditors

Bradley Jackson
Director
Registered Auditor

24 May 2022

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

STATEMENT OF FINANCIAL POSITION

as at 28 February 2022

		Group		Company	
	Notes	2022 R '000	2021 R '000	2022 R '000	2021 R '000
Assets					
Non-current assets					
Investment property		7 101 110	8 227 800	6 902 610	7 934 100
Fair value of investment property	5	7 001 462	8 123 987	6 803 186	7 830 715
Straight line rental income accrual	6	99 648	103 813	99 424	103 385
Property, plant and equipment	7	10 280	11 228	2 101	903
Investment in subsidiaries	8	—	—	62 274	62 274
Investment in listed security	10	110 984	157 072	110 984	157 072
Loans due from subsidiaries	11	—	—	351 095	288 754
		7 222 374	8 396 100	7 429 064	8 443 103
Current assets					
Loans receivable	12	12 563	10 372	12 563	10 372
Current tax receivable	31	—	526	—	—
Trade and other receivables	13	334 133	330 171	329 109	321 623
Cash and cash equivalents	14	7 820	49 562	5 100	46 190
		354 516	390 631	346 772	378 185
Non-current assets held-for-sale	15	787 090	—	717 090	—
Total assets		8 363 980	8 786 731	8 492 926	8 821 288
Equity					
Share capital	16	4 868 461	4 868 461	4 868 461	4 868 461
NCI		(10 831)	(6 800)	—	—
Accumulated loss		(1 509 394)	(1 364 424)	(1 393 099)	(1 290 106)
Total equity		3 348 236	3 497 237	3 475 362	3 578 356
Liabilities					
Non-current liabilities					
Derivative financial instruments	17	49 562	114 442	49 562	114 442
Interest-bearing borrowings	18	1 351 718	802 879	1 351 718	802 879
Lease liabilities	26	34 203	32 853	2 786	1 639
Loans due to subsidiaries	11	—	—	51 560	4 190
Other financial liabilities	19	4 916	5 844	4 916	5 844
		1 440 399	956 018	1 460 542	928 994
Current liabilities					
Interest-bearing borrowings	18	3 193 372	3 952 703	3 193 372	3 952 703
Lease liabilities	26	3 991	7 219	562	1 262
Trade and other payables	27	246 178	204 430	233 325	191 068
Current tax payable	31	124 033	161 737	122 367	160 959
Bank overdraft	14	7 771	7 387	7 396	7 947
		3 575 345	4 333 476	3 557 022	4 313 939
Total liabilities		5 015 744	5 289 494	5 017 564	5 242 933
Total equity and liabilities		8 363 980	8 786 731	8 492 926	8 821 288

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 28 February 2022

		Group		Company	
	Notes	**2022 R'000**	2021 R'000	**2022 R'000**	2021 R'000
Revenue					
Rental income	20	**1 388 704**	1 445 893	**1 367 359**	1 403 998
Straight line rental income accrual		**521**	(37 624)	**678**	(33 210)
		1 389 225	1 408 268	**1 368 037**	1 370 788
Property operating expenses		**(571 345)**	(556 656)	**(582 992)**	(563 303)
Net property rental and related income		**817 880**	851 613	**785 045**	807 485
Other income		**1 205**	708	**1 490**	1 326
Dividend income	25	**9 023**	13 809	**9 023**	13 809
Gain/(loss) on foreign exchange movements		**2 579**	(3 709)	**2 579**	(3 709)
Administration expenses		**(97 824)**	(116 433)	**(68 570)**	(98 344)
Net operating profit		**732 863**	745 988	**729 567**	720 567
Fair value adjustments	23	**(412 624)**	(636 895)	**(394 207)**	(653 163)
ECL provisions	21	**928**	429	**(10 377)**	(24 871)
Profit from operations	21	**321 167**	109 522	**324 983**	42 533
Finance costs	24	**(411 473)**	(435 308)	**(407 600)**	(431 516)
Interest income	25	**23 078**	21 696	**60 710**	58 063
(Loss) before taxation		**(67 228)**	(304 090)	**(21 907)**	(330 920)
Taxation	28	**(81 773)**	(152 016)	**(81 086)**	(148 727)
(Loss) for the year		**(149 001)**	(456 106)	**(102 993)**	(479 647)
Other comprehensive income:		**–**	–	**–**	–
Total comprehensive (loss) for the year		**(149 001)**	(456 106)	**(102 993)**	(479 647)
Loss for the year attributable to:					
Owners of the parent		**(144 970)**	(454 456)	**(102 993)**	(479 647)
Non-controlling interest		**(4 031)**	(1 652)		–
		(149 001)	(456 107)	**(102 993)**	(479 647)
Total comprehensive loss attributable to:					
Owners of the parent		**(144 970)**	(454 456)	**(102 993)**	(479 647)
Non-controlling interest		**(4 031)**	(1 652)		
Basic and diluted loss per share:					
Basic and diluted loss per share (cents)	30	**(20.30)**	(63.63)		

STATEMENT OF CHANGES IN EQUITY

for the year ended 28 February 2022

Group (R'000)	Share capital	Accumu-lated loss	Non-controlling interest	Total equity
Balance as at 1 March 2020	4 868 461	(909 968)	(5 148)	3 953 345
Total comprehensive loss for the year	–	(454 456)	(1 652)	(456 108)
Loss for the year	–	(454 456)	(1 652)	(456 108)
Balance at 28 February 2021	4 868 461	(1 364 424)	(6 800)	3 497 237
Total comprehensive loss for the year	**–**	**(144 970)**	**(4 031)**	**(149 001)**
Loss for the year	**–**	**(144 970)**	**(4 031)**	**(149 001)**
Balance at 28 February 2022	**4 868 461**	**(1 509 394)**	**(10 831)**	**3 348 236**
Note	16		8	

Company (R'000)	Share capital	Accumu-lated loss	Non-controlling interest	Total equity
Balance as at 1 March 2020	4 868 461	(810 459)	–	4 058 002
Total comprehensive loss for the year	–	(479 647)	–	(479 647)
Loss for the year	–	(479 647)	–	(479 647)
Balance at 28 February 2021	4 868 461	(1 290 106)	–	3 578 355
Total comprehensive loss for the year	**–**	**(102 993)**	**–**	**(102 993)**
Loss for the year	**–**	**(102 993)**	**–**	**(102 993)**
Balance at 28 February 2022	**4 868 461**	**(1 393 099)**	**–**	**3 475 362**
Note	16			

STATEMENT OF CASH FLOW

for the year ended 28 February 2022

	Notes	Group 2022 R'000	Group 2021 R'000	Company 2022 R'000	Company 2021 R'000
Cash flows from operating activities					
Cash generated from operations	29	**773 017**	705 264	**761 377**	672 789
Interest received		**1 652**	21 696	**1 652**	44 907
Dividend received		**–**	13 809	**–**	13 809
Finance costs		**(400 453)**	(462 402)	**(393 593)**	(462 402)
Taxation paid	31	**(119 477)**	(42 680)	**(118 339)**	(42 680)
Net cash inflow from operating activities		**254 739**	235 687	**251 097**	226 423
Cash flows from investing activities					
Acquisition of property, plant and equipment		**(439)**	(452)	**–**	(452)
Capital expenditure on investment property		**(93 340)**	(37 596)	**(92 836)**	(27 923)
Proceeds on disposal of investment property		**–**	14 966	**–**	14 966
Settlement of loans with related parties		**–**	30	**–**	30
Settlement of loans receivable		**5 000**	–	**5 000**	–
Repayments of loan from subsidiaries		**–**	–	**(37 849)**	(57 322)
Loan advances to subsidiaries		**–**	–	**39 521**	53 605
Proceeds on disposal of property, plant and equipment		**–**	112	**–**	112
Net cash outflow from investing activities		**(88 779)**	(22 940)	**(86 164)**	(16 984)
Cash flows from financing activities					
Proceeds from other financial liabilities current	32	**–**	5 750	**–**	5 750
Repayment of lease liabilities	32	**(3 738)**	(6 484)	**(1 124)**	(1 141)
Repayment of interest-bearing borrowings	32	**(285 407)**	(189 098)	**(285 407)**	(189 099)
Advance of interest-bearing borrowings		**81 060**	–	**81 060**	–
Net outflow from financing activities		**(208 085)**	(189 832)	**(205 471)**	(184 490)
Net movement in cash and cash equivalents		**(42 126)**	22 915	**(40 538)**	24 949
Cash at the beginning of the year		**42 175**	19 260	**38 243**	13 294
Total cash at the end of the year	14	**49**	42 175	**(2 295)**	38 243

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

ACCOUNTING POLICIES

1. PRESENTATION OF CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

The consolidated and separate financial statements are prepared in accordance with IFRS 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 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 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.

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 consolidated and separate 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 consolidated and separate 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.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

ACCOUNTING POLICIES (continued)

1. PRESENTATION OF CONSOLIDATED AND SEPARATE 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.

ACCOUNTING POLICIES (continued)

1. PRESENTATION OF CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

1.4 Investment property (continued)

Investment properties are valued at financial year-end, unless circumstances have materially changed during the period, that indicate a material change from the previous valuation and are 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.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

ACCOUNTING POLICIES (continued)

1. PRESENTATION OF CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

1.4 Investment property (continued)

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.

1.5 Property, plant and equipment

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.

ACCOUNTING POLICIES (continued)

1. PRESENTATION OF CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

1.6 Property, plant and equipment (continued)

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.

1.7 Non-current assets held-for-sale and discontinued operations

A non-current asset or a disposal group comprising assets and liabilities is classified as held-for-sale if it is expected that its carrying amount will be recovered principally through sale rather than through continuing use, it is available for immediate sale and the sale is highly probable to occur within one year. 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.

Where the Group is committed to a sale plan involving the loss of control of a subsidiary, it classifies all the assets and liabilities of that subsidiary as held-for-sale when the criteria set out above and detailed in IFRS 5: Non-current Assets Held-for-Sale and Discontinued Operations are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets and disposal groups held-for-sale are measured at the lower of their carrying amount and fair value less costs of disposal, with any impairment losses recognised in profit or loss. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets on a pro rata basis. However, certain items, such as financial assets within the scope of IFRS 9: Financial Instruments, deferred tax assets and investment property, which is measured in accordance with the fair value model, continue to be measured in accordance with the Group's accounting policies.

Assets classified as held-for-sale are not depreciated or amortised, and any equity-accounted investee or a portion thereof is no longer equity-accounted.

Non-current assets held-for-sale are presented separately from other assets and liabilities on the statement of financial position. Prior periods are not reclassified.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

ACCOUNTING POLICIES (continued)

1. PRESENTATION OF CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

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.

(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

ACCOUNTING POLICIES (continued)

1. PRESENTATION OF CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

1.8 Financial instruments (continued)

(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 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 receivables, inter-company and related party loans were valued based on the risk of the counterparty under the general approach.

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 CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

ACCOUNTING POLICIES (continued)

1. PRESENTATION OF CONSOLIDATED AND SEPARATE 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 forward-looking information.

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 not at default stage.

Trade receivables

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 are standard credit terms.

A specific provision is made for all debtors in the following circumstances where:

- A debtor has vacated and is in arrears.
- Legal action has been taken and the assessment of recovering the debt is doubtful.
- Debtors that are active and in arrears greater than 90 days.

The ECL (general) provision is applied to all remaining balances that are not subject to a specific provision.

ACCOUNTING POLICIES (continued)

1. PRESENTATION OF CONSOLIDATED AND SEPARATE 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; and
- COVID-19 impact on tenants.

Financial guarantees

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 following factors:

- Financial performance.
- Market-related information.
- Regional macro-economic factors.
- Credit rating agencies.

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.

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.

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 CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

ACCOUNTING POLICIES (continued)

1. PRESENTATION OF CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

1.8 Financial instruments (continued)

Default (continued)

The Group considers trade and other receivables to be unrecoverable and are derecognised (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.

Loan receivables

Loan 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 receivables with the objective to collect the contractual cash flows.

Investment in listed investments

At initial recognition, the Group recognises equity instruments at fair value. After initial recognition, changes in fair value are recognised in profit or loss. Dividends from such investments continue to be recognised in profit or loss as investment income when the Group's right to receive payment is established.

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.

Financial liabilities

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 CONSOLIDATED AND SEPARATE 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 CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

ACCOUNTING POLICIES (continued)

1. PRESENTATION OF CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

1.9 Taxation (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 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.

1.10.2 The Group as a lessee

Lease liability

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.

ACCOUNTING POLICIES (continued)

1. PRESENTATION OF CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

1.10 Leases (continued)

1.10.2 The Group as a lessee (continued)

Lease assets

At initial recognition the ROU asset is measured at its cost, which includes:

- The amount of the initial measurement of the lease liability.
- Any initial direct costs incurred by the Group.
- Any lease payments made at or before the commencement date (less any lease incentives received).

The Group's leasehold land meets the definition of investment property per IAS 40 and is subsequently measured to fair value. Right-of-use assets considered as property, plant and equipment are subsequently measured in accordance with IAS 16.

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.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

ACCOUNTING POLICIES (continued)

1. PRESENTATION OF CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

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.

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.

ACCOUNTING POLICIES (continued)

1. PRESENTATION OF CONSOLIDATED AND SEPARATE 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. The property classification is a function of the majority of tenants occupying the premises.

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.

1.17 Earnings, headline earnings and SA REIT funds from operations (previously 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 01/2021 issued by SAICA. SA REIT funds from operations (previously distributable earnings) per share are calculated based on the recommendation provided by the REIT's best practice guideline.

1.18 Significant judgements and estimation 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. Judgements are opinions and decisions about substance, facts and circumstances relating to a transaction and event. Estimates in these areas are 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.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

ACCOUNTING POLICIES (continued)

1. PRESENTATION OF CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

1.18 Significant judgements and estimation uncertainties (continued)

Estimation uncertainties

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

Management assesses impairments of trade and other receivables on an ongoing basis. See policy note 1.8 (iv) above and notes 11, 12 and 13. In determining the recoverability of the trade receivables, judgement on the current economic environment and COVID-19 is taken into account.

The following indicators are especially assessed:

- Actual or expected significant adverse changes in business, financial or economic conditions due to COVID-19 restrictions that are expected to cause a significant change to the tenants' ability to meet its rental obligations.

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 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.

1.18.4 Controlled entities

DPAM is the managing agent of the Group's property assets. While the Group does not own any of the ordinary shares of DPAM, management has concluded that the Group can exercise control over DPAM as a result of common directorship. DPAM is therefore consolidated into the Group.

Significant judgements

1.18.5 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 operational results are reviewed regularly by the Exco to make decisions about resources to be allocated to the segments and assess its performance for which discrete financial information is available.

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

ACCOUNTING POLICIES (continued)

2. STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE AS AT 28 FEBRUARY 2022

The Group applies all applicable IFRS as issued by the International Accounting Standards Board in preparation of the financial statements. Consequently, all IFRS statements that were effective at the date of issuing these financial statements, and are relevant to the Group's operations, have been applied.

New standards and interpretations adopted by the group

During the current financial year, the below standards and interpretations were adopted by the Group.

- Definition of material – amendment to IAS 1: Presentation of Financial Statements and IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors.
- COVID-19-related rent concessions – amendment to IFRS 16: Leases.
- Interest rate benchmark interbank offered rate ("IBOR") reform (phase 2) – amendments to IFRS 9: Financial Instruments, IAS 39: Financial Instruments: Recognition and Measurement and IFRS 7: Financial Instruments: Disclosure, IFRS 16: Leases. As at year-end, there have been no liabilities affected by the transition.

Disclosure: The above standards had no material impact during the current financial year.

At the date of authorisation of these financial statements, the following applicable standards were in issue but not yet effective:

IFRS	Description	Effective date	Impact on financial statements
IFRS 3	Business Combinations Amendments updating a reference to the Conceptual Framework	Annual periods beginning on or after 1 January 2022	The amendments will be applied going forward for all business combinations post-effective date.
IFRS 9	Financial Instruments Amendments resulting from Annual Improvements to IFRS Standards 2018 – 2022 (fees in the "10%" test for derecognition of financial liabilities).	Annual periods beginning on or after 1 January 2022	The group is in the process of assessing the impact and does not expect the impact to be material.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

ACCOUNTING POLICIES (continued)

2. STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE AS AT 28 FEBRUARY 2022 (continued)

IAS	Description	Effective date	Impact on financial statements
IAS 1	Presentation of Financial Statements Amendments regarding the classification of liabilities. Presentation of Financial Statements Amendments to defer the effective date of the January 2020 amendments. Presentation of Financial Statements Amendments regarding the disclosure of accounting policies	Annual periods beginning on or after 1 January 2023	The Group is in the process of assessing the impact, given the focus on reducing loan-to-value, it is not expected that the impact will be material.
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors Amendments regarding the definition of accounting estimates	Annual periods beginning on or after 1 January 2023	Not expected to materially impact the group.
IAS 12	Income Taxes Amendments regarding deferred tax on leases and decommissioning obligations	Annual periods beginning on or after 1 January 2022	Not expected to materially impact the group.
IAS 28	Investments in Associates and Joint Ventures Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture.	Deferred indefinitely	Not expected to materially impact the group.
IAS 37	Provisions, Contingent Liabilities and Contingent Assets Amendments regarding the costs to include when assessing whether a contract is onerous	Annual periods beginning on or after 1 January 2022	Not expected to materially impact the group.

3. EVENTS AFTER THE REPORTING PERIOD

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

Change in Company Secretary

On 31 March 2022, Ms Maditshaba Mahlari resigned as the Company Secretary. Fluidrock Cosec Proprietary Limited has been appointed as the Company Secretary effective 1 April 2022.

4. GOING CONCERN

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

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

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

- The Group and Company reported a net loss of R149.0 million and R102.9 million for the 2022 reporting period, respectively. This loss is mainly attributed to the revaluation 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 position significantly improved from the prior period with a net loss of R456.1 million and R479.7 million for the Group and Company respectively
- The Group and Company's total assets of R8.4 billion and R8.5 billion exceed the total liabilities of R5.0 billion and R5.0 billion at 28 February 2022, respectively.
- The Group and Company had a loan to value ratio of 57.0% and 55.7% respectively in comparison to 56.5% and 55.8% 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 1.9 and 2.1 times respectively in comparison to 1.9 and 2.0 times in the prior reporting period. The Group's interest cover ratio is slightly below the covenants set by the lenders, while the Company's interest cover ratio exceeded the covenant set by the lenders.
- The Group's and Company's current liabilities of R3.6 billion and R3.5 billion respectively, exceeded its current assets by R2.4 billion and R2.5 billion respectively at 28 February 2022. This is mainly due to the structural tenure of the Group's funding facilities. Management has engaged with lenders in this regard and the following actions have been agreed:
  - The Group will reduce its debt exposure to acceptable levels by disposing of assets that are non-core to the business.
  - The funders remain supportive of the business.
  - The expedited filling of increased vacancies and the extension of expiring leases.
  - A strategic plan to support the above initiatives.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

4. GOING CONCERN (continued)

Solvency

At 28 February 2022, independent valuations of the investment property portfolio indicate that their fair values exceed the external debt of the Group. The loan-to-value ratio of 57.0% 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 31 May 2023, 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. Operational cash flows are strong and evident from the cash flow statement.

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

- Continued positive engagement and support from the Group's lenders including amending and extending repayment terms of facilities beyond scheduled maturity dates despite exceeding certain loan covenant ratios.
  - The Standard Bank facility comprising two tranches, has been extended for three years to November 2024.
  - Nedbank agreed to extend facilities for a further four months to June 2022. Currently engaging to extend for a longer period.
  - Investec facility extended to June 2022, with the longest-term facility extended to July 2023. Engagements are ongoing to renew the facilities for a longer period.
- The reduction in debt through the sale of properties. These have been earmarked as indicated in note 15.
- Continued performance of the property portfolio within expected vacancy not greater than 25%.

4. GOING CONCERN (continued)

Conclusion

The Board is of the view that given the significant headroom in the fair value of the assets over the fair value of the liabilities, the Group and Company remain solvent as at 28 February 2022 and at the date of this report.

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

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

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

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

5. INVESTMENT PROPERTY

		Group		Company	
	Notes	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Carrying amount					
Cost		**8 326 200**	9 862 489	**8 036 301**	9 428 545
Fair value adjustments		**(1 324 738)**	(1 738 502)	**(1 233 115)**	(1 597 830)
Balance at end of year		**7 001 462**	8 123 987	**6 803 186**	7 830 715
Movement for the year:					
Balance at beginning of year		**8 123 987**	8 639 496	**7 830 715**	8 372 436
Fair value adjustments		**(428 237)**	(493 785)	**(409 820)**	(510 054)
Disposals^		**(24 671)**	(55 100)	**(24 671)**	(55 100)
Capital expenditure		**112 787**	37 596	**119 412**	27 652
Commission capitalised		**–**	4 309	**–**	4 309
Commission Amortised		**–**	(8 529)	**–**	(8 529)
Transfer to non-current assets held-for-sale	15	**(782 404)**	–	**(712 450)**	–
Balance at end of year		**7 001 462**	8 123 987	**6 803 186**	7 830 715
Reconciliation to valuations:					
Fair value of investment property		**7 001 462**	8 123 987	**6 803 186**	7 830 715
Straight-line rental income accrual	6	**99 648**	103 813	**99 424**	103 385
Valuations at end of year		**7 101 110**	8 227 800	**6 902 610**	7 934 100

^ *The proceeds from the disposal are not reflected on the statement of cash flows as the amount was paid directly into the Group's debt facility.*

Direct property operating expenses including repairs and maintenance arising from properties that did not generate rental income during the period amounts to R8.5 million.

Direct property operating expenses including repairs and maintenance arising from properties that generated rental income during the period amounts to R452.4 million.

The Investment Property includes two right-of-use assets, being Hestritrix Proprietary Limited (Block GDTi) and K2014000273 Proprietary Limited (Capital Towers).

5. INVESTMENT PROPERTY (continued)

Investment properties have been encumbered as security for interest-bearing borrowings (refer note 18) as follows;

	2022 R'000	2021 R'000
Standard Bank of South Africa		
Investment property pledged as security	**1 474 740**	1 532 750
Facilities	**(807 813)**	(834 208)
Nedbank Limited*		
Investment property pledged as security	**5 040 910**	5 201 030
Facilities	**(2 754 049)**	(2 861 162)
Investec Limited		
Investment property pledged as security	**1 372 550**	1 469 020
Facilities	**(737 138)**	(788 812)
Bank of China^		
Facilities	**(246 090)**	(271 421)

* *Included in the Nedbank facility are loans syndicated to State Bank of India and Bank of China. Likewise, these funders share in the Nedbank security pool.*

^ *Bank of China, in addition to the syndicated loan, provide a direct facility to the Group. The security over this facility is included in the Nedbank security pool.*

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. The valuations are then reviewed internally and presented at various forums within the Group. The Investment Committee, a sub-committee of the Board of directors, recommend the valuations to the Board who then provide final approval.

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

5. INVESTMENT PROPERTY (continued)

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
Realworx Property Valuations	Stanton Alberts	Professional Associate Valuer (without restrictions)
Real Insight	Theuns Behrens	NDip (Prop Val), Professional Associate Valuer (without restrictions)
CBRE Excellerate	Riaan Fourie (Senior Valuer)	MSc Real Estate, Professional Associated Valuer, RICS Registered Valuer (without restrictions)
JLL	Shaun Crous	MRICS/RICS Registered Valuer (without restrictions)

The independent valuations were performed using the discounted cash flow and income capitalisation methodology. These methods are based on open market values with consideration given to future earnings potential and applying an appropriate discount rate to the property (refer to note 1.4).

5. 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	
	2022	2021	**2022**	2021
All sectors				
Expected market rental growth	**2.5%-5%**	1% - 5%	**2.5%-5%**	4% - 5%
Expected expense growth	**5%-7%**	6% - 7.5%	**5%-7%**	6% - 7.5%
Vacancy period	**0-18 Months**	0 - 12 months	**0-18 Months**	0 - 12 months
Rent-free periods	**0-18 Months**	0 - 6 months	**0-18 Months**	0 - 12 months
Office - sovereign				
Number of buildings	**79**	80	**77**	77
Discount rate	**12%-17.75%**	12% - 18%	**12%-17.75%**	12% - 18%
Market capitalisation rate	**9%-13%**	9% - 13%	**9%-13%**	10.5% - 11%
Office - other				
Number of buildings	**15**	15	**15**	15
Discount rate	**10%-19%**	12% - 18%	**10%-19%**	12% - 18%
Market capitalisation rate	**8.75%-13%**	9% - 13%	**8.75%-13%**	9% - 13%
Retail				
Number of buildings	**3**	3	**3**	3
Discount rate	**14.25%-16%**	15% - 16.5%	**14.25%-16%**	15% - 16.5%
Market capitalisation rate	**10%-11.50%**	10% - 11.5%	**10%-11.5%**	10% - 11.5%
Industrial				
Number of buildings	**2**	2	**2**	2
Discount rate	**13%-16%**	13% - 16%	**13%-16%**	13% - 16%
Market capitalisation rate	**10%-11%**	10.5% - 11%	**10%-11%**	10.5% - 11%

The fair value adjustments on investment property (refer to note 23), which are excluded from the calculation of SA REIT funds from operations (previously distributable earnings), are included in profit and loss and categorised as level 3 under the fair value hierarchy (refer to note 38) based on the inputs to the valuation technique used. Capital commitments are set out in note 33.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

5. 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	**2022 R'000**	2021 R'000	**2022 R'000**	2021 R'000
Increase in discount rate	0.25	**(179.0)**	(131.8)	**(172.4)**	(127.2)
Decrease in discount rate	0.25	**185.5**	136.2	**180.6**	131.4
Increase in market capitalisation rate	0.25	**(124.7)**	(186.2)	**(120.1)**	(179.4)
Decrease in market capitalisation rate	0.25	**128.8**	195.0	**124.1**	187.9

The Group's leasehold land held as lessee meets the definition of investment property per IAS 40 and is subsequently measured at 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.

6. STRAIGHT-LINE RENTAL INCOME ACCRUAL

	Group		Company	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Balance at beginning of year	**103 813**	141 437	**103 385**	136 595
Straight-line lease adjustment for the year	**850**	(41 267)	**1 008**	(36 853)
Disposal of investment property	**(329)**	3 643	**(329)**	3 643
Transfer to non-current assets held-for-sale	**(4 686)**	–	**(4 640)**	–
Balance at end of year	**99 648**	103 813	**99 424**	103 385

7. PROPERTY, PLANT AND EQUIPMENT

	Right of use asset*	Computer equipment	Furniture and fittings	Motor vehicles	Total
Group – 2022					
Carrying amount					
Cost	**15 291**	**3 074**	**3 918**	**1 368**	**23 651**
Accumulated depreciation	**(6 857)**	**(2 486)**	**(3 512)**	**(516)**	**(13 371)**
Balance at end of year	**8 434**	**588**	**406**	**852**	**10 280**
Movement for the year:					
Balance at beginning of year	**9 263**	**384**	**477**	**1 105**	**11 229**
Additions	**1 565**	**439**	**–**	**–**	**2 004**
Depreciation	**(2 394)**	**(235)**	**(71)**	**(253)**	**(2 953)**
Balance at end of year	**8 434**	**588**	**406**	**852**	**10 280**
Group – 2021					
Carrying amount					
Cost	13 726	2 635	3 916	1 369	21 644
Accumulated depreciation	(4 463)	(2 251)	(3 439)	(263)	(10 416)
Balance at end of year	9 263	384	477	1 105	11 228
Movement for the year:					
Balance at beginning of year	12 445	158	879	81	13 563
Additions	–	434	20	1 088	1 542
Disposals	–	(88)	–	–	(88)
Depreciation	(3 182)	(120)	(422)	(65)	(3 789)
Balance at end of year	9 263	384	477	1 105	11 228
Company – 2022					
Carrying amount					
Cost	**1 561**	**2 643**	**3 918**	**280**	**8 402**
Accumulated depreciation	**(79)**	**(2 430)**	**(3 512)**	**(280)**	**(6 301)**
Balance at end of year	**1 482**	**213**	**406**	**–**	**2 101**
Movement for the year:					
Balance at beginning of year	**–**	**391**	**477**	**35**	**903**
Additions	**1 561**	**–**	**–**	**–**	**1 561**
Depreciation	**(79)**	**(178)**	**(71)**	**(35)**	**(363)**
Balance at end of year	**1 482**	**213**	**406**	**–**	**2 101**
Company – 2021					
Carrying amount					
Cost	–	2 643	3 916	280	6 839
Accumulated depreciation	–	(2 252)	(3 439)	(245)	(5 936)
Balance at end of year	–	391	477	35	903
Movement for the year:	–				
Balance at beginning of year	–	158	881	81	1 120
Additions	–	434	18	–	452
Disposals	–	(82)	–	–	(82)
Depreciation	–	(119)	(422)	(46)	(587)
Balance at end of year	–	391	477	35	903

* *Right of use asset relates to the lease between Delta Property Asset Management ("DPAM") and the joint operation between Silverstream Office Park and Redefine. Refer to note 9.*

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

8. INVESTMENT IN SUBSIDIARIES

		Shareholding		Carrying amount^	
Name of company		**2022 %**	2021 %	**2022 R'000**	2021 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.*

^ *The investments in these subsidiaries are held at a nominal value of R100 each.*

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 being government tenanted office buildings.

Delta Property Asset Management ("DPAM") is the managing agent of the Group's assets. While the Group does not own any of the ordinary shares of DPAM it does exercise control via common directorship.

The non-controlling interest included in the total equity as at end of the financial period is R10.8 million (2021: R6.8 million)

The non-controlling interest included in the total comprehensive loss for the year is R4.0 million loss (2021: R1.6 million loss).

9. 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.

The portion of the rental paid by DPAM to the joint operation is eliminated against the rental income received by the Company.

Summarised financial information of the 50% portion of Delta.

	Group		Company	
Name of company	**2022 R'000**	2021 R'000	**2022 R'000**	2021 R'000
Rental income	**11 243**	6 941	**11 243**	6 941
Property expenses	**(2 649)**	(2 550)	**(2 649)**	(2 550)
Net property income	**8 594**	4 391	**8 594**	4 391
Investment property value	**47 400**	42 950	**47 400**	42 950

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

10. INVESTMENT IN LISTED SECURITY

	Group		Company	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Grit Real Estate Income Group Limited	**110 984**	157 072	**110 984**	157 072
Reconciliation of investment in Grit				
Balance at beginning of year	**157 072**	277 734	**157 072**	277 734
Disposal of shares	**–**	(37 250)	**–**	(37 250)
Current year fair value adjustment of investment	**(48 667)**	(67 548)	**(48 667)**	(67 548)
Current year forex value adjustment of investment	**2 579**	(15 864)	**2 579**	(15 864)
Balance at end of year	**110 984**	157 072	**110 984**	157 072

	Group		Company	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
USD/ZAR	**15.55**	14.54	**15.55**	14.54
Share price (USD)	**0.48**	0.70	**0.48**	0.70
Dividends per share (USD)	**0.025**	0.015	**0.025**	0.015
Dividend income (R000's)	**9 023**	13 809	**9 023**	13 809
Percentage holding	**3.11%**	4.49%	**3.11%**	4.49%
Number of shares held	**14 869 210**	14 869 210	**14 869 210**	14 869 210
Number of shares in issue	**477 577 858**	331 235 546	**477 577 858**	331 235 546

Grit is an African focused property income fund listed on the Stock Exchange of Mauritius ("SEM") and London Stock Exchange ("LSE"). All Dividends received from Grit are applied to Investec facilities.

During the period Grit had a capital raise of which Delta did not participate in. This resulted in the lower holding observed.

The changes in fair value to the carrying value of this investment is recognised in profit and loss according to the requirements of IFRS 9.

This investment is categorised as level 1 under the fair value hierarchy in note 38.

11. LOANS DUE FROM/(TO) SUBSIDIARIES

	Note	Group 2022 R'000	Group 2021 R'000	Company 2022 R'000	Company 2021 R'000
Subsidiaries					
Choice Decisions 300 Proprietary Limited		–	–	(2 177)	(2 177)
Hestitrix Proprietary Limited*		–	–	242 756	235 391
Hendisa Investments Proprietary Limited		–	–	34	34
Atterbury Parkdev Consortium Proprietary Limited		–	–	(1 917)	(1 917)
Phamog Properties Proprietary Limited		–	–	(96)	(96)
K2014000273 Proprietary Limited*		–	–	196 585	178 493
277 Vermeulen Street Properties Proprietary Limited*		–	–	16 213	16 551
Delta Property Asset Management Proprietary Limited		–	–	16 677	15 521
Balance at the end of the year		–	–	468 075	441 798
Expected credit loss allowance	35.4.1	–	–	(168 540)	(157 235)
		–	–	299 535	284 564
Non-current assets		–	–	351 095	288 754
Non-current liabilities		–	–	(51 560)	(4 190)
		–	–	299 535	284 564

* *Loans are secured by investment property.*

Loans to wholly owned subsidiaries bear interest at a fixed rate of 7.5% (2021: 7.5%) and are repayable within 30 years from November 2012.

Loans from subsidiaries bear interest at the Group's weighted average cost of debt. These loans have no repayment date.

The DPAM loan is subject to interest at the weighted average cost of debt of Delta. The loan is repayable on demand. There is no intention to call on this in the next 12 months.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTSS (continued)

12. LOANS RECEIVABLE

	Note	Group 2022 R'000	Group 2021 R'000	Company 2022 R'000	Company 2021 R'000
Educor Property Holdings Proprietary Limited ("Educor")		**16 751**	16 750	**16 751**	16 750
Expected credit loss allowance	35.4.2	**(4 188)**	(6 378)	**(4 188)**	(6 378)
Educor		**12 563**	10 372	**12 563**	10 372

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 legal litigation for the recovery of the amount outstanding. On the strength of the case, management believes the litigation will be successful in the recovery of the amount due.

The credit risk on the loan due from Educor remained on Stage 3 based on the performance assessment.

	Note	Group 2022 R'000	Group 2021 R'000	Company 2022 R'000	Company 2021 R'000
Somnipoint		**20 988**	25 988	**20 988**	25 988
Expected credit loss allowance	35.4.2	**(20 988)**	(25 988)	**(20 988)**	(25 988)
Total	–	**–**	–	**–**	–

During the 2015 financial year Delta entered into an option agreement with Somnipoint to acquire the asset held in Somnipoint (known as Absa Towers). A R40 million refundable deposit was agreed to be paid to Somnipoint. The asset (Absa Towers) 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 were 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 Somnipoint. On the 6 April 2021, Mr JB Magwaza (former Chairman) settled R5 million of the loan. The liquidators of Somnipoint have filed a notice to defend the claim instituted by Delta.

The credit risk on the loan due from Somnipoint remained on Stage 3 based on the performance assessment.

13. TRADE AND OTHER RECEIVABLES

	Note	Group 2022 R'000	Group 2021 R'000	Company 2022 R'000	Company 2021 R'000
Trade receivables at amortised cost		**185 575**	224 276	**181 880**	217 235
Trade receivables		**283 283**	421 990	**279 480**	414 452
Expected credit loss allowance		**(97 708)**	(197 714)	**(97 600)**	(197 217)
		148 558	124 359	**147 229**	122 851
Amounts due from vendors^		**25 390**	24 455	**25 390**	24 452
Expected credit loss allowance	35.4.3	**(14 289)**	–	**(14 289)**	–
Value added taxation		**16 880**	–	**16 956**	–
Other receivables#		**48 673**	30 545	**48 415**	29 945
Expected credit loss allowance	35.4.3	**(4 174)**	–	**(4 174)**	–
Accrued income*		**47 791**	42 323	**46 962**	41 658
Deposits paid		**28 287**	27 035	**27 969**	26 796
		334 133	330 171	**329 109**	321 623

^ *Includes receivables relating to adjustment accounts.*
# *Includes prepayments and accrued reinstatement costs and dividend income accrued.*
* *Relates to municipal recoveries accrued.*

Categorisation of trade and other receivables

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

	Group 2022 R'000	Group 2021 R'000	Company 2022 R'000	Company 2021 R'000
At amortised cost	**309 807**	313 084	**304 758**	304 341
Non-financial instruments	**24 326**	17 087	**24 351**	17 281
	334 133	330 171	**329 109**	321 623

Movement in expected credit loss allowance – trade receivables

	Note	Group 2022 R'000	Group 2021 R'000	Company 2022 R'000	Company 2021 R'000
Balance at the beginning of year		**(197 714)**	(85 481)	**(197 217)**	(84 805)
Bad debts written off		**170 112**	490	**168 660**	490
Increase in allowance		**(70 106)**	(112 723)	**(69 043)**	(112 902)
Balance at end of year	35.4.3	**(97 708)**	(197 714)	**(97 600)**	(197 217)

Trade receivables have been assessed in terms of IFRS 9 simplified approach, which entailed formulating a matrix provision 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 as well as forward looking economic and company-specific risk assessments such as: credit rating, public debt % of GDP, economic growth, political risk and property sector outlook. Risks were weighted against low/medium/high assessment, resulting in a cumulative ECL risk percentage which has been applied to trade receivables net of VAT and any security held.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

14. CASH AND CASH EQUIVALENTS

	Group		Company	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Cash at bank	**7 820**	49 562	**5 100**	46 190
Bank overdraft utilised	**(7 771)**	(7 387)	**(7 396)**	(7 947)
	49	42 175	**(2 295)**	38 243
Current assets	**7 820**	49 562	**5 100**	46 190
Current liabilities	**(7 771)**	(7 387)	**(7 396)**	(7 947)
	49	42 175	**(2 295)**	38 243

The Group has available working capital facilities with The Standard Bank of South Africa Limited and Nedbank Limited totalling R105 million (2021: R105 million), bearing interest at prime less 1% and prime respectively.

Bank rating

Nedbank ZaAA
Standard Bank Ba1

15. NON-CURRENT ASSETS HELD-FOR-SALE

	Group		Company	
Carrying Amount	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Cost	**1 606 012**	–	**1 469 999**	–
Fair value adjustments	**(823 608)**	–	**(757 549)**	–
Balance at end of year	**782 404**	–	**712 450**	–
Movement for the year				
Balance at beginning of year	**–**	–	**–**	–
Transfer from investment property	**782 404**	–	**712 450**	–
Cost	**1 514 586**	–	**1 389 023**	–
Fair value adjustments	**(823 608)**	–	**(757 549)**	–
Capital expenditure	**91 159**	–	**79 302**	–
Lease commission costs	**267**	–	**1 674**	–
Disposals	**–**	–	**–**	–
Balance at end of year	**782 404**	–	**712 450**	–
Reconciliation to valuations				
Fair value of investment property	**782 404**	–	**712 450**	–
Straight-line rental income accrual	**4 686**	–	**4 640**	–
Valuation at end of year	**787 090**	–	**717 090**	–

The amounts relating to cost, fair value adjustment, capital expenditure and lease commission costs represent the re-allocated amounts from Investment Property to Non-current Assets held-for-sale at year-end and not the movement in those categories for the current year.

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

The Following investment properties have been classified as non-current assets held-for-sale

Building	Location	GLA
13 Elliot Street	Kimberley	4 400
22 and 24 George Lubbe – SAPS Vehicle	Bloemfontein	6 200
5/7 Elliot	Kimberley	2 300
ABSA United	Bloemfontein	6 129
African Life	Bloemfontein	8 567
Anchor House	Bloemfontein	2 645
Beaconsfield	Kimberley	5 801
C.N.A	Bloemfontein	2 489
Campus	Kimberley	4 700
Capital Towers	Pietermaritzburg	11 102
Delta House	Pretoria	11 439
Du Toitspan	Kimberley	9 485
Ford Drury	Bloemfontein	10 476
Katleho	Bloemfontein	5 910
Laboria	Bloemfontein	3 995
Nedbank	Bloemfontein	2 746
Old Mutual	Bloemfontein	3 055
SA Eagle	Bloemfontein	3 689
SARS Kimberley	Kimberley	2 950
Sediba Fountains Towers & VLU	Bloemfontein	10 947
Thuto House	Bloemfontein	2 111
Trustfontein	Bloemfontein	6 369
WB Centre	Kimberley	7 639
Lobedu House	Johannesburg	5 375
3 Simba Road	Johannesburg	3 696
Enterprise Park – Leeuwkop	Johannesburg	11 860

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

15. NON-CURRENT ASSETS HELD-FOR-SALE (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 non-current assets held-for-sale:

Capitalisation and discount rate breakdown by sector	Group 2022	Group 2021	Company 2022	Company 2021
All sectors				
Expected market rental growth	2.5%-5.0%	–	2.5%-5.0%	–
Expected expense growth	5.0%-7.0%	–	5.0%-7.0%	–
Vacancy periods	0-18 Months	–	0-18 Months	–
Rent-free periods	0-18 Months	–	0-18 Months	–
Office – Sovereign	24 Properties	–	23 Properties	–
Discount rate	14.5%-16.8%	–	14.5%-16.8%	–
Market capitalisation rate	10.3%-13.0%	–	10.3%-13.0%	–
Office – Other	1 Property	–	1 Property	–
Discount rate	15.0%	–	15.0%	–
Market capitalisation rate	10.5%	–	10.5%	–
Retail	1 Property	–	1 Property	–
Discount rate	15.0%	–	15.0%	–
Market capitalisation rate	10.3%	–	10.3%	–

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 will be 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 18 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 38 based on the inputs to the valuation technique used.

The directors are committed to the disposal of non-current assets held-for-sale and envisage conclusion of sale agreements within 12 months following financial year-end.

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

16. SHARE CAPITAL

	Group		Company	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Authorised				
3 000 000 000 ordinary shares of no par value				
Issued				
714 229 718 ordinary shares of no par value (2021: 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**	4 868 461	**4 868 461**	4 868 461
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.

17. DERIVATIVE FINANCIAL INSTRUMENTS

	Group		Company	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Standard Bank of South Africa Limited				
Non-current liabilities				
Interest rate swap	**(40 236)**	(82 226)	**(40 236)**	(82 226)
Nedbank Limited				
Non-current liabilities				
Interest rate swap	**(9 326)**	(32 216)	**(9 326)**	(32 216)
	(49 562)	(114 442)	**(49 562)**	(114 442)

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

The Group uses a combination of interest rate swaps, and fixed bank facilities to hedge its exposure to interest rate risk. The Group pays the nominal interest rate and receives three-month JIBAR as the floating rate. As at year-end, the Group does not expect the bank loans to transition to alternative interest rate benchmarks. The table below reflects the Group's interest rate swaps at financial year-end:

			Group		Company	
Bank	**Nominal interest rate %**	**Maturity**	**2022 R'000**	2021 R'000	**2022 R'000**	2021 R'000
Standard Bank interest rate swap	7.64	Mar-24	**350 000**	350 000	**350 000**	350 000
Standard Bank interest rate swap	7.65	Jan-24	**650 000**	650 000	**650 000**	650 000
Nedbank interest rate swap	4.95	Aug-23	**200 000**	200 000	**200 000**	200 000
Nedbank interest rate swap	5.84	Aug-23	**200 000**	200 000	**200 000**	200 000
Nedbank interest rate swap	6.81	Aug-23	**460 000**	460 000	**460 000**	460 000
			1 860 000	1 860 000	**1 860 000**	1 860 000

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

18. INTEREST-BEARING BORROWINGS

Bank	Nominal Interest rate %	Maturity	Group 2022 R'000	Group 2021 R'000	Company 2022 R'000	Company 2021 R'000
Nedbank	3mth Jibar + 4.01%	Jun-22	**1 103 660**	1 103 378	**1 103 660**	1 103 378
Nedbank	3mth Jibar + 4.01%	Jun-22	**518 350**	631 276	**518 350**	631 276
Nedbank	3mth Jibar + 4.01%	Jun-22	**351 285**	350 772	**351 285**	350 772
Nedbank$	3mth Jibar + 3.75%	Dec-26	**178 260**	191 170	**178 260**	191 170
Nedbank	3mth Jibar + 4.01%	Jun-22	**150 712**	150 672	**150 712**	150 672
Nedbank	3mth Jibar + 4.01%	Jun-22	**150 706**	150 672	**150 706**	150 672
Nedbank	3mth Jibar + 4.01%	Jun-22	**124 882**	124 850	**124 882**	124 850
Nedbank	3mth Jibar + 4.01%	Jun-22	**124 184**	124 152	**124 184**	124 152
Nedbank^	3mth Jibar + 1.97%	Jul-22	**96 464**	97 251	**96 464**	97 251
Nedbank	3mth Jibar + 4.01%	Jun-22	**52 022**	34 219	**52 022**	34 219
Standard Bank*	3mth Jibar + 2.65%	Nov-24	**523 727**	–	**523 727**	–
Standard Bank*	3mth Jibar + 0.3%	Nov-24	**284 087**	–	**284 087**	–
Standard Bank	*	*	**–**	46 565	**–**	46 565
Standard Bank	*	*	**–**	46 326	**–**	46 326
Standard Bank	*	*	**–**	28 115	**–**	28 115
Standard Bank	*	*	**–**	276 978	**–**	276 978
Standard Bank	*	*	**–**	436 224	**–**	436 224
Investec Facility	Prime	Jun-22	**302 765**	350 224	**302 765**	350 224
Investec Facility	Prime - 0.25%	Jun-23	**293 702**	294 746	**293 702**	294 746
Investec Facility	Prime - 0.25%	Mar-22	**140 671**	143 842	**140 671**	143 842
Bank of China	3mth Jibar + 2.5%	Dec-26	**149 613**	174 170	**149 613**	174 170
			4 545 090	4 755 603	**4 545 090**	4 755 603

Facilities are reducing balance facilities with a total average monthly amortisation of R17.6 million.
* *Closed and refinanced, refer below.*
^ *The facility is a syndicated loan shared with Bank of China.*
$ *The facility is a syndicated loan shared with State Bank of India.*

18. INTEREST-BEARING BORROWINGS (continued)

	Group		Company	
Non-current liabilities	**2022 R'000**	2021 R'000	**2022 R'000**	2021 R'000
At amortised cost	**1 351 718**	802 879	**1 351 718**	802 879
Current liabilities				
At amortised cost	**3 193 372**	3 952 703	**3 193 372**	3 952 703
	4 545 090	4 755 582	**4 545 090**	4 755 582

Interest-bearing borrowings are secured over investment properties (refer to note 5) and non-current assets held-for-sale (refer to note 15) with a carrying value of R7.9 billion (2021: R8.2 billion).

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

- The Standard Bank facility comprises of two tranches. Tranche 1 is a R520 million interest only tranche and Tranche 2 is a R296 million three-year amortising tranche. The maturity date for both tranches is November 2024.
- Extending R2.5 billion in expiring facilities with Nedbank to 7 June 2022, furthermore, interest rates have been renegotiated across the facilities to a 3-month Jibar + 4.01%. A syndicated facility with State Bank of India of R178 million has been extended to December 2026. 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.

The Group has been negotiating longer dated facilities with both Nedbank and Investec. 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 to acceptable levels. The Group's funders continue to be very supportive and negotiations continue to be very positive and transparent.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

19. OTHER FINANCIAL LIABILITIES

	Group		Company	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Financial guarantee liability	**4 916**	5 844	**4 916**	5 844
Recognition of financial guarantee liability				
Liability at the beginning of year	**5 844**	6 273	**5 844**	6 273
ECL gain on guarantee	**(928)**	(429)	**(928)**	(429)
Balance at the end of the year	**4 916**	5 844	**4 916**	5 844

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 Delta for the release from this guarantee. The guarantee has no term (it is perpetual) but is linked to the borrowing facilities provided by Investec to Freedom Properties for 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 Probability of Defaults ("PD") (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, which corresponds to the doubtful category. The below table contains the credit risk rating grades applied to this financial guarantee contract.

Category	Description	Basis for recognition 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 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 of

20. RENTAL INCOME

	Group		Company	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Contractual	**1 016 930**	1 090 092	**1 002 822**	1 064 020
Recoveries	**244 467**	242 569	**238 901**	229 432
Parking	**100 992**	97 219	**99 723**	95 104
Storage	**20 602**	10 727	**20 354**	10 304
Antennae	**4 714**	5 134	**4 560**	4 987
Turnover rental	**781**	—	**781**	—
Signage	**218**	151	**218**	151
	1 388 704	1 445 893	**1 367 359**	1 403 998

Rental income comprises gross rental income and recoveries from tenants.

	Group		Company	
Lease Maturity Analysis	**2022 R'000**	2021 R'000	**2022 R'000**	2021 R'000
Operating Lease payments receivable as lessor				
- Year one	**472 280**	507 826	**465 946**	499 973
- Year two	**348 272**	383 134	**346 004**	381 918
- Year three	**171 596**	268 065	**171 538**	268 012
- Year four	**112 929**	94 061	**112 866**	94 003
- Year five	**74 367**	34 865	**74 299**	34 803
- Later than five years	**258 467**	102 409	**258 362**	102 237
	1 437 911	1 390 360	**1 429 015**	1 380 946

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

21. PROFIT FROM OPERATIONS

	Group		Company	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Profit from operations is stated after recognising:				
Dividend income from listed investment	**9 023**	13 809	**9 023**	13 809
Profit from operations is stated after charging:				
Fair value adjustments	**(412 624)**	(636 895)	**(394 207)**	(653 163)
Municipal expenses	**331 394**	334 982	**325 855**	326 197
Service contracts	**91 254**	81 632	**88 457**	79 770
Repairs and maintenance	**32 376**	25 641	**31 915**	24 192
Asset management fees	**–**	–	**16 767**	17 971
Property management services	**3 354**	4 851	**24 047**	24 962
Depreciation of property, plant and equipment	**2 952**	3 788	**286**	585
Directors' emoluments	**7 999**	13 821	**7 999**	13 821
Commissions	**3 389**	4 103	**4 537**	4 094
External audit fees	**5 478**	1 399	**5 478**	1 399
Tax and secretarial services	**484**	50	**484**	50
Internal audit fees	**625**	244	**625**	244
Increase/(decrease) in expected credit loss allowances	**(83 982)**	111 828	**(72 288)**	137 307
	(928)	(429)	**10 377**	24 872
ECL provisions – subsidiary loans	**–**	–	**11 305**	25 301
ECL provisions – financial guarantee	**(928)**	(429)	**(928)**	(429)
ECL provisions – loan receivable	**(7 190)**	24	**(7 190)**	24
ECL provision – trade receivables	**(75 864)**	112 233	**(75 475)**	112 412

22. DIRECTORS' EMOLUMENTS AND SHARE-BASED PAYMENT

Executive directors

2022 (R'000)	Salary	Other benefits	Retirement benefits	Short-term incentives#	Long-term incentives^	Total
S Mbanjwa (Appointed 1 February 2022)	**272**	**10**	**18**	**–**	**–**	**300**
S Masinga$	**4 130**	**–**	**–**	**–**	**–**	**4 130**
M de Lange	**3 135**	**–**	**165**	**–**	**–**	**3 300**
	7 537	**10**	**183**	**–**	**–**	**7 730**

\# *No short-term incentive ("STI") payments were awarded for year ended 28 February 2022.*
^ *No long-term incentives ("LTI") were awarded for year ended 28 February 2022.*
$ *The directors' fees paid to B Masinga have been paid in terms of a secondment agreement between Delta and Afropulse Group.*

2021 (R'000)	Salary	Other benefits*	Retirement benefits	Short-term incentives#	Long-term incentives^	Total
SH Nomvete#$	4 001	81	163	–	–	4 245
S Maharaj$	2 116	60	89	–	–	2 265
ON Tshabalala$	2 327	46	93	–	–	2 466
S Masinga (Appointed 6 July 2020)	2 181	–	–	–	–	2 181
M de Lange	1 757	–	28	–	–	1 785
	12 382	187	373	–	–	12 942

* *Other benefits comprise car-related allowances and cellphone.*
$ *Resigned 24 August 2020.*
\# *No STI payments were awarded for 28 February 2021.*
^ *No LTIs were awarded for year ended 28 February 2021.*

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

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

Non-executive directors

	Group		Company	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
P Langeni (Appointed 6 July 2020)	**991**	495	**991**	495
JJ Njeke	**684**	519	**684**	519
N Khan	**622**	491	**622**	491
DN Motau	**520**	441	**520**	441
C Rampheri	**553**	488	**553**	488
P Stock (Appointed 7 July 2021)	**244**	–	**244**	–
N Afolayan (Resigned 5 July 2021)	**166**	491	**166**	491
S Masinga	**–**	40	**–**	40
M de Lange (appointed 9 April 2019)	**–**	236	**–**	236
JB Magwaza (Resigned 31 August 2020)	**–**	368	**–**	368
ID Macleod (Deceased 14 June 2020)	**–**	141	**–**	141
	3 780	3 710	**3 780**	3 710

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

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.

An estimate is required at each reporting date of the number of units that are expected to vest on vesting date.

There were no awards made during the 2021 or 2022 financial years.

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

Share-based payment

VWAP	Group		Company	
Rand	**2022**	2021	**2022**	2021
Shares expected to vest	**–**	–	**–**	–
Vesting period	**3 years**	3 years	**3 years**	3 years
Weighted average share				

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

2022	Opening balance	Granted	Forfeited	Vested	Closing balance	IFRS 2 charge R'000
S Mbanjwa (Appointed 1 February 2022)	**–**	**–**	**–**	**–**	**–**	**–**
S Masinga	**–**	**–**	**–**	**–**	**–**	**–**
M de Lange	**–**	**–**	**–**	**–**	**–**	**–**
	–	**–**	**–**	**–**	**–**	**–**

2021						
SH Nomvete	1 591 426	–	(1 591 426)	–	–	–
S Maharaj	624 268	–	(624 268)	–	–	–
ON Tshabalala	652 065	–	(652 065)	–	–	–
	2 867 759	–	(2 867 759)	–	–	–

23. FAIR VALUE ADJUSTMENTS

	Notes	Group 2022 R'000	Group 2021 R'000	Company 2022 R'000	Company 2021 R'000
Investment property	5	**(428 323)**	(493 785)	**(409 906)**	(510 054)
Investment property disposed		**(514)**	(23 351)	**(514)**	(23 351)
Fair value adjustment to investment property		**(428 837)**	(517 137)	**(410 420)**	(533 405)
Investment in listed security	10	**(48 667)**	(67 548)	**(48 667)**	(67 548)
Derivative financial instruments	17	**64 880**	(52 210)	**64 880**	(52 210)
		(412 624)	(636 895)	**(394 207)**	(653 163)

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

24. FINANCE COSTS

		Group		Company	
	Note	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Interest-bearing borrowings		**335 985**	366 096	**335 985**	366 096
Interest – swaps		**64 626**	47 945	**64 626**	47 945
Debt structuring fees amortised		**6 615**	15 325	**6 615**	15 325
Interest on lease liabilities		**4 169**	4 236	**301**	346
Other		**78**	1 707	**73**	1 804
		411 473	435 309	**407 600**	431 516

25. INVESTMENT INCOME

	Group		Company	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Dividend income				
Dividend income from listed investment	**9 023**	13 809	**9 023**	13 809
	9 023	13 809	**9 023**	13 809
Interest income				
Bank and cash guarantee	**1 644**	1 974	**1 653**	1 974
Loans to subsidiaries	**–**	–	**37 955**	36 556
Trade receivables (tenants)	**21 432**	19 445	**21 100**	19 256
Bank and cash deposits	**2**	277	**2**	277
	23 078	21 696	**60 710**	58 063

26. LEASE LIABILITIES

	Notes	Group 2022 R'000	Group 2021 R'000	Company 2022 R'000	Company 2021 R'000
Investment property	5	**27 658**	29 058	**1 821**	2 901
Property, plant and equipment	7	**10 536**	11 014	**1 527**	—
Balance at end of year		**38 194**	40 072	**3 348**	2 901
Non-current liabilities					
Lease liabilities		**34 203**	32 853	**2 786**	1 639
Current liabilities					
Lease liabilities		**3 991**	7 219	**562**	1 262
		38 194	40 072	**3 348**	2 901
Reconciliation of lease liability					
Balance at the beginning of the year		**40 072**	46 556	**2 901**	3 835
Addition to lease liability		**1 565**	—	**1 565**	—
Repayment of lease liability		**(3 738)**	(9 925)	**(1 124)**	(1 283)
Effect of modification of lease terms		**—**	(2 419)	**—**	—
Accrued interest		**295**	5 860	**6**	349
Balance at end of year		**38 194**	40 072	**3 348**	2 901

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.

The addition to the lease liability relates to a new lease agreement entered into for the use of printers by Delta Property Fund Limited.

Lease liabilities have been measured at the present value of the lease payments discounted using the Group's incremental borrowing rate. 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 Group is not potentially exposed to future cash outflows not reflected in the measurement of the lease liability.

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
- Delta Property Asset Management – 28 February 2025

* *The lease expired in January 2022. Negotiations are ongoing and management is confident the lease will be extended for a further period, by August 2022.*

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

26. LEASE LIABILITIES (continued)

	Group		Company	
Lease maturity analysis	**2022 R'000**	2021	**2022 R'000**	2021
Lease payments payable as lessee				
– Year one	**7 752**	7 411	**948**	1 329
– Year two	**7 997**	6 889	**1 023**	565
– Year three	**8 687**	7 351	**1 145**	622
– Year four	**4 990**	7 963	**844**	684
– Year five	**5 002**	8 232	**441**	313
– Later than five years	**21 532**	20 073	**—**	—
	55 960	57 919	**4 401**	3 513

27. TRADE AND OTHER PAYABLES

	Group		Company	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Trade payables	**40 602**	21 989	**41 068**	22 476
Income received in advance	**77 053**	40 668	**76 802**	40 148
Accrued expenses	**104 704**	104 747	**92 295**	92 621
Accrual for audit fees	**709**	1 404	**384**	1 228
Tenant deposits	**23 110**	23 695	**22 776**	23 461
Value added taxation	**—**	11 927	**—**	11 134
	246 178	204 430	**233 325**	191 068

28. TAXATION

	Group		Company	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Major components of the tax expense				
Current				
Current year tax recognised in profit and loss as previously reported	**81 773**	152 016	**81 086**	148 727
Reconciliation of the tax expense				
Reconciliation between accounting (loss)/profit and tax expense:				
Accounting (loss) before tax	**(67 228)**	(304 090)	**(21 904)**	(330 919)
Tax at the applicable tax rate of 28% (2021: 28%)	**(18 824)**	(85 146)	**(6 133)**	(92 657)
Tax effect of adjustments on taxable income:				
Fair Value Movement	**125 513**	178 331	**110 378**	182 886
Fair value adjustment to investment property	**130 052**	144 798	**114 917**	149 353
Fair value adjustment to investment in Grit	**13 627**	18 914	**13 627**	18 914
Fair value adjustment to investment to derivative financial instruments	**(18 166)**	14 619	**(18 166)**	14 619
ECL Provision movement	**(38 041)**	42 567	**(37 932)**	42 497
Non-taxable income	**(722)**	(1 105)	**(722)**	(1 105)
Dividend received	**(722)**	(1 105)	**(722)**	(1 105)
Non-deductible expenditure	**5 257**	11 800	**5 255**	11 800
Temporary differences	**8 589**	5 569	**10 239**	5 306
Tax expense	**81 773**	152 016	**81 086**	148 727

The Company did not distribute further dividends for the year ending February 2022 and 2021.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

29. CASH GENERATED FROM OPERATIONS

	Notes	Group 2022 R'000	Group 2021 R'000	Company 2022 R'000	Company 2021 R'000
Cash generated from operations					
Loss before taxation		**(67 228)**	(304 091)	**(21 907)**	(330 919)
Adjustments – non-cash flow items:					
Depreciation of property, plant and equipment	7	**2 952**	3 788	**363**	585
Tax penalty	31	**–**	15 529	**–**	15 529
Unrealised loss on foreign exchange differences		**(2 579)**	3 709	**(2 579)**	3 709
Dividend income from subsidiaries and listed investment	25	**(9 023)**	(13 809)	**(9 023)**	(13 809)
Interest income	26	**(23 078)**	(21 696)	**(60 710)**	(58 063)
Finance costs	24	**411 473**	435 308	**407 600**	431 516
Fair value adjustments	23	**412 624**	636 895	**394 207**	653 163
ECL allowance – inter-company loans		**–**	–	**11 305**	24 872
ECL allowance – financial guarantee	19	**(928)**	(429)	**(928)**	–
ECL allowance – impairment of loans	35.4.2	**7 190**	2 160	**7 190**	2 160
Deferred tax		**2 252**	–	**–**	–
Straight-line rental income accrual	6	**(521)**	37 624	**(678)**	33 210
Amortisation of letting commission		**(3 389)**	–	**(4 537)**	–
Operating profit before working capital changes		**729 745**	794 988	**720 303**	761 953
Changes in working capital:		**43 272**	(89 724)	**41 074**	(89 162)
Increase in trade and other receivables		**(3 962)**	(56 119)	**(7 485)**	(57 386)
Decrease in trade and other payables		**47 234**	(33 605)	**48 559**	(31 777)
Cash generated from operations*		**773 017**	705 264	**761 377**	672 789

* *In the prior year, repayments of loan from subsidiaries and loan advances to subsidiaries were classified under cash flows from financing activities. These have been re-classified in the current financial period to cash flows from investing activities.*

30. EARNINGS AND HEADLINE EARNINGS

	Group	
	2022 R'000	2021 R'000
Loss attributable to owners of the parent	**(144 970)**	(454 456)
Change in fair values of investment properties	**428 837**	517 137
Headline earnings attributable to owners of the parent	**283 867**	62 681
Shares in issue at beginning and end of the year	**714 229 718**	714 229 718
Number of shares in issue	**714 229 718**	714 229 718
Weighted average number of shares in issue	**714 229 718**	714 229 718
Basic and diluted loss and headline earnings per share (cents)		
Basic and diluted loss per share	**(20.30)**	(63.63)
Basic and diluted headline earnings per share	**39.74**	8.78

The Group has no dilutionary instruments in issue. No shares were issued during the year.

31. TAXATION PAID

	Group		Company	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Taxation payable at beginning of year	**(161 737)**	(37 590)	**(160 959)**	(38 112)
Current tax for the year recognised in profit or loss	**(81 773)**	(152 016)	**(81 086)**	(148 727)
Taxation penalty recognised in profit or loss	**–**	(15 529)	**–**	(15 529)
Deferred tax and taxation accruals reversed	**–**	–	**1 339**	–
Taxation payable at end of year	**124 033**	161 737	**122 367**	160 959
Tax paid	**(119 477)**	(43 398)	**(118 339)**	(41 409)

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 28.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

32. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Group (R'000) 2022	Interest-bearing borrowings	Bank overdraft	Lease liabilities	Other financial liabilities	Total
Balance at beginning of year	**4 755 582**	**7 387**	**40 072**	**5 844**	**4 808 885**
Cash flows:					
- Repayment	**(285 407)**	**384**	**(3 738)**	**–**	**(288 761)**
- Proceeds	**81 060**	**–**	**–**	**–**	**81 060**
Non-cash:					
- ECL Adjustment	**–**	**–**	**–**	**(928)**	**(928)**
- Additions	**17 710**	**–**	**1 565**	**–**	**19 275**
- Fees capitalised	**2 148**	**–**	**–**	**–**	**2 148**
- Reduction of facilities*	**(27 414)**	**–**	**–**	**–**	**(27 414)**
- Interest charges	**1 411**	**–**	**295**	**–**	**1 706**
Balance at end of year	**4 545 090**	**7 771**	**38 194**	**4 916**	**4 595 971**

* *These were direct payments made to the bank from the purchaser.*

Group (R'000) 2021	Interest-bearing borrowings	Bank overdraft	Lease liabilities	Other financial liabilities*	Total
Balance at beginning of year	5 034 077	27 152	46 556	6 273	5 114 058
Cash flows:					
- Repayment	(189 098)	(19 765)	(6 484)	–	(215 347)
- Proceeds	5 750	–	–	–	5 750
Non-cash:					
- Effect of modification of lease terms	–	–	(2 419)	–	(2 419)
- Accrual raised	–	–	(3 441)	–	(3 441)
- Foreign exchange movement	(12 154)	–	–	–	(12 154)
- Fair value	–	–	–	(429)	(429)
- Fees capitalised	8 625	–	–	–	8 625
- Reduction of facilities*	(61 322)	–	–	–	(61 322)
- Interest accrued	(30 296)	–	5 860	–	(24 436)
Balance at end of year	4 755 582	7 387	40 072	5 844	4 808 885

* *These were direct payments made to the bank from the purchaser.*

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

Company (R'000) 2022	Interest-bearing borrowings	Bank overdraft	Lease liabilities	Other financial liabilities	Total
Balance at beginning of year	4 755 582	7 947	2 901	5 844	4 772 274
Cash flows:					
- Repayment	(285 407)	(5 652)	(1 124)	–	(292 183)
- Proceeds	81 060	–	–	–	81 060
Non-cash:					
- ECL Adjustment	–	–	–	(928)	(928)
- Additions	17 710	–	1 565	–	19 275
- Fees capitalised	2 148	–	–	–	2 148
- Reduction of facilities*	(27 414)	–	–	–	(27 414)
- Interest charges	1 411	–	6	–	1 417
Balance at end of year	4 545 090	2 295	3 348	4 916	4 555 649

* *These were direct payments made to the bank from the purchaser.*

Company (R'000) 2021	Interest-bearing borrowings	Bank overdraft	Lease liabilities	Other financial liabilities	Total
Balance at beginning of year	5 034 077	30 899	3 835	6 273	5 075 084
Cash flows:					
- Repayment	(189 099)	(22 952)	(1 141)	–	(213 192)
- Proceeds	5 750	–	–	–	5 750
Non-cash:					
- Foreign exchange movement	(12 154)	–	–	–	(12 154)
- Accrual raised	–	–	(142)	–	(142)
- Fair value	–	–	–	(429)	(429)
- Fees capitalised	8 625	–	–	–	8 625
- Reduction of facilities*	(61 322)	–	–	–	(61 322)
- Interest accrued	(30 295)	–	349	–	(29 946)
Balance at end of year	4 755 582	7 947	2 901	5 844	4 772 273

* *These were direct payments made to the bank from the purchaser.*

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

33. COMMITMENTS

33.1 Capital commitments

	Group		Company	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
– Approved and committed	**33 600**	111 520	**33 600**	111 520
– Approved but not yet committed	**7 341**	71 970	**7 341**	71 970
	40 941	183 490	**40 941**	183 490

34. 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	Delta Property Asset Management ("DPAM") Choice Decisions 300 Proprietary Limited Hendisa Investments Proprietary Limited Atterbury Parkdev Consortium Proprietary Limited K2014000273 Proprietary Limited Phamog Properties Proprietary Limited 277 Vermeulen Street Properties Proprietary Limited Hestitrix Proprietary Limited
Board of Directors	S Mbanjwa – Chief Executive Officer (appointed 1 February 2022) M de Lange – Chief Financial Officer S Masinga – Executive Director (change of role effective 1 February 2022) P Langeni - Chairman* N Khan* D Motau* P Stock* JJ Njeke* C Rampheri*
Common directors	Afropulse Group Proprietary Limited Cornwall Crescent Proprietary Limited Somnipoint^

* *Non-executives.*

^ *With the resignation of the previous executives, August 2020, Somnipoint ceased to be a related party.*

34. RELATED PARTIES (continued)

	Group		Company	
Related party	**2022 R'000**	2021 R'000	**2022 R'000**	2021 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	**–**	–	**246 436**	235 931
Interest income	**–**	–	**(17 816)**	(17 843)
K2014000273				
Loan receivable	**–**	–	**196 855**	178 493
Interest income	**–**	–	**(14 167)**	(13 156)
Phamog Properties				
Loan payable	**–**	–	**(96)**	(96)
277 Vermeulen Street Properties				
Loan receivable	**–**	–	**63 312**	16 551
Interest income	**–**	–	**(4 505)**	(3 745)
Delta Property Asset Management				
Loan receivable	**–**	–	**16 679**	15 521
Trade and other receivables	**–**	–	**43**	55
Trade and other payables	**–**	–	**(1 398)**	(1 525)
Interest income	**–**	–	**(1 467)**	(1 811)
Asset management fees paid*	**–**	–	**16 767**	17 971
Property management fees paid*	**–**	–	**21 144**	20 896
Recoveries and letting commission	**–**	–	**18 820**	12 046
Somnipoint				
Interest income	**–**	(2 634)	**–**	(2 634)
Afropulse				
Secondment Fee – Executive	**4 130**	2 181	**4 130**	2 181
Directors Fee – Non-executive	**–**	40	**–**	40

* *The fees are not paid in cash but reduced against the loan.*

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

35. FINANCIAL RISK MANAGEMENT

The Board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Audit, Risk and Compliance 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 Risk Management Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Risk Management 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 both the Audit Committee and the Risk Management 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, derivatives, trade and other receivables and trade and other payables.

35.1 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.

35. FINANCIAL RISK MANAGEMENT (continued)

35.1 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 2022 (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)	–	269 397	–	–	269 397
Cash and cash equivalents	3.5 - 4.45	7 820	–	–	7 820
Loan receivable	9.2 - prime + 2.0	12 563	–	–	12 563
		289 780	–	–	289 780
Financial liabilities					
Interest-bearing borrowings*	7.52	3 522 808	1 507 982	–	5 030 790
Trade and other payables#	–	169 125	–	–	169 125
Financial guarantee liability	–	4 916	–	–	4 916
Bank overdraft	Prime - 1	7 771	–	–	7 771
Derivative financial instruments	6.95	63 831	28 018	–	91 849
		3 768 451	1 536 000	–	5 304 451

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

Group 2021 (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)	–	311 273	–	–	311 273
Cash and cash equivalents	0.0 - 6.0	49 562	–	–	49 562
Loan receivable	9.2 – Prime + 2.0	10 372	–	–	10 372
		371 207			371 207
Financial liabilities					
Interest-bearing borrowings*	10.3^	3 952 703	802 879	–	4 755 582
Trade and other payables#	–	148 966	–	–	148 966
Other financial liabilities	–	5 844	–	–	5 844
Bank overdraft	Prime - 1	7 387	–	–	7 387
Derivative financial instruments	–	–	114 442	–	114 442
		4 114 900	917 321	–	5 032 221

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

35. FINANCIAL RISK MANAGEMENT (continued)

35.1 Liquidity risk (continued)

Company 2022 (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)	–	265 007	–	–	265 007
Cash and cash equivalents	3.5 - 4.45	5 100	–	–	5 100
Loan receivable	Prime + 2	12 563	–	–	12 563
Loans to subsidiaries	7.5	–	351 095	–	351 095
		282 670	351 095	–	633 765
Financial liabilities					
Loans from subsidiaries	7.5	–	51 560	–	51 560
Interest-bearing borrowings*	7.52	3 522 808	1 507 982	–	5 030 790
Trade and other payables#	–	156 526	–	–	156 526
Financial guarantee liability	–	4 916	–	–	4 916
Bank overdraft	Prime - 2	7 396	–	–	7 396
Derivative financial instruments	6.95	63 831	28 018	–	91 849
		3 755 477	1 587 560	–	5 343 037

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

Company 2021 (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)	–	304 341	–	–	304 341
Cash and cash equivalents	0 - 60	46 190	–	–	46 190
Loan receivable	prime + 2	10 372	–	–	10 372
Loans to subsidiaries	7.5	–	288 754	–	288 754
		360 903	288 754	–	649 657
Financial liabilities					
Loans from subsidiaries	7.5	–	4 190	–	4 190
Interest-bearing borrowings*	10.3	3 952 703	802 879	–	4 755 582
Trade and other payables#	–	136 854	–	–	136 854
Other financial liabilities	–	5 844	–	–	5 844
Derivative financial instruments	–	–	114 442	–	114 442
Bank overdraft	Prime - 1	7 947		–	7 947
		4 103 348	921 511	–	5 024 859

35. FINANCIAL RISK MANAGEMENT (continued)

35.2 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 41% (2021: 44%) of total borrowings, excluding revolving facilities, were hedged. See note 17 for disclosure regarding the interest rate swaps.

The all-in weighted average cost of interest-bearing borrowings (including debt derivatives) is 7.4% (2021: 10.3%).

Interest rate sensitivity analysis

		Group		Company	
	Change	**2022**	2021	**2022**	2021
Increase in interest rate	1.00%	**(43 985)**	(11 888)	**(43 985)**	(11 888)
Decrease in interest rate	1.00%	**46 917**	11 888	**46 917**	11 888
Increase in swop fair value	0.25%	**6 599**	10 295	**6 599**	10 295
Decrease in swop fair value	0.25%	**(6 599)**	(10 295)	**(6 599)**	(10 295)

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.

Equity price sensitivity analysis

		Group		Company	
	Change in share price	**2022 R'000**	2021 R'000	**2022 R'000**	2021 R'000
Increase in share price	10%	**11 098**	56 097	**11 098**	56 097
Increase in share price	10%	**(10 089)**	(56 097)	**(10 089)**	(56 097)

In the prior period, a sensitivity change of 0.25 USD was used, however, due to the performance and nature of the investment and it being denominated in USD, a percentage change in the share price is used.

Currency risk

The Group is exposed to currency risk through the investment in Grit shares, which are denominated in US currency. The shares have been valued at an exchange rate of R15.55 (2021: R15.09) at year end with a dollar exposure of USD7 137 221 (2021: 1 0 408 447)

Currency risk sensitivity analysis

		Group		Company	
	Change ZAR	**2022 R'000**	2021 R'000	**2022 R'000**	2021 R'000
Increase in exchange rate	R1	**7 137**	10 408	**7 137**	10 408
Increase in exchange rate	R1	**(7 137)**	(10 408)	**(7 137)**	(10 408)

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

35. FINANCIAL RISK MANAGEMENT (continued)

35.3 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	
Financial instruments	**2022 R'000**	2021 R'000	**2022 R'000**	2021 R'000
	–	–	**299 535**	284 564
Loans due from subsidiaries	**–**	–	**468 075**	441 798
ECL allowance	**–**	–	**(168 540)**	(157 235)
	–	–	**354 775**	288 754
Loans due from related parties	**–**	–	**523 315**	445 989
ECL allowance	**–**	–	**(168 540)**	(157 235)
	12 563	10 372	**12 563**	10 372
Loan receivable	**37 738**	42 738	**37 738**	42 738
ECL allowance	**(25 175)**	(32 366)	**(25 175)**	(32 366)
	334 133	330 171	**329 109**	321 623
Trade and other receivables	**431 841**	546 348	**426 709**	537 304
ECL allowance	**(97 708)**	(216 177)	**(97 600)**	(215 681)
Cash and cash equivalents	**49**	42 175	**(2 295)**	38 243

35.4 Credit risk management

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 expected credit losses 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 expected credit loss (ECL) provision is determined for each of those categories.

35. FINANCIAL RISK MANAGEMENT (continued)

35.4 Credit risk management (continued)

Loans and other receivables (continued)

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 is as follows:

Category	Definition of category	Recognition of ECL provision
Performing	Loans whose credit risk is in line with original expectations	12-month expected credit losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime (stage 1)
Underperforming	Loans for which a significant increase in credit risk has occurred compared to original expectations; a significant increase in credit risk is presumed if interest and/or principal payments are 90 days past due	Lifetime expected losses (stage 2)
Non-performing	Interest and/or principal repayments are 120 days past due or it becomes probable a customer will enter business rescue or bankruptcy	Lifetime expected losses (stage 3)

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

35. FINANCIAL RISK MANAGEMENT (continued)

35.4 Credit risk management (continued)

35.4.1 Loans due from subsidiaries

The credit risk associated with 277 Vermeulen Street Properties Proprietary Limited has been assessed as not significant, stage 1, as the subsidiary has an income generating asset.

There is a significant increase in the risk associated with Hestitrix Proprietary Limited and K2014000273 Proprietary Limited given the revaluation of the underlying assets resulting in technical insolvency that increases risk of default.

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

At 28 February 2022, the exposure to credit risk for loans due from connected parties 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.

	2022		2021	
	Loan balance R'000	12-month ECL / Lifetime ECL – not credit-impaired	Loan balance R'000	12-month ECL / Lifetime ECL – not credit-impaired
277 Vermeulen Street Proprietary Limited^	**16 213**	**5^**	16 551	7^
Hestitrix Proprietary Limited#	**242 756**	**43 180#**	235 391	42 802#
K2014000273 Proprietary Limited#	**196 585**	**125 355#**	178 493	114 425#
Gross carrying amount	**455 554**	**168 540**	430 435	157 234
Loss allowance	**(168 540)**	**–**	(157 234)	–
Carrying amount	**287 014**	**–**	273 200	–

^ *12 month ECL.*
# *Lifetime ECL – not credit-impaired.*

35. FINANCIAL RISK MANAGEMENT (continued)

35.4 Credit risk management (continued)

35.4.1 Loans due from subsidiaries

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

	2022 R'000	2021 R'000
Balance as at 1 March	**157 234**	131 934
Net remeasurement of loss allowance	**11 306**	25 300
Balance at 28 February	**168 540**	157 234

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.

	2022				
R'000	Opening balance	Impact: Increase/(Decrease) – Stage 1	Stage 2	Stage 3	Closing balance
277 Vermeulen Street Proprietary Limited	**16 551**	**(338)**			**16 213**
Hestitrix Proprietary Limited	**235 391**		**7 365**		**242 756**
K2014000273 Proprietary Limited	**178 493**		**18 092**		**196 585**

	2021				
R'000	Opening balance	Impact: Increase/(Decrease) – Stage 1	Stage 2	Stage 3	Closing balance
Increase/(decrease) in loans advanced for the year					
277 Vermeulen Street Proprietary Limited	18 173	(1 622)	–	–	16 551
Hestitrix Proprietary Limited	241 430	–	(6 039)	–	235 391
K2014000273 Proprietary Limited	150 290	–	28 203	–	178 493

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

35. FINANCIAL RISK MANAGEMENT (continued)

35.4 Credit risk management (continued)

35.4.1 Loans due from subsidiaries

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

2022 Counterparty	Location	Performance category	Gross carrying amount R'000	Probability of default (PD)	Loss given default (LGD)	Expected credit loss (ECL)
277 Vermeulen Street Proprietary Limited	South Africa	Performing	16 213	0.75%	5.00%	0.03%
Hestitrix Proprietary Limited	South Africa	Performing	242 756	6.37%	73.88%	17.55%
K2014000273 Proprietary Limited	South Africa	Under-Performing	196 585	100%	63.76%	63.76%
Delta Property Asset Management Proprietary Limited	South Africa	Performing	16 679	1%	1%	–

Expected credit loss allowance (R'000)	Performing	Under performing	Non-performing	Total
Balance at beginning of year	42 810	114 425	–	157 235
Current year ECL provision	375	10 930	–	11 305
Balance at end of year	43 185	125 355	–	168 540

2021 Counterparty	Location	Performance category	Gross carrying amount R'000	Probability of default (PD)	Loss given default (LGD)	Expected credit loss (ECL)
277 Vermeulen Street Proprietary Limited	South Africa	Performing	16 551	0.72%	5.00%	0.05%
Hestitrix Proprietary Limited	South Africa	Performing	235 391	8.43%	75.50%	18.14%
K2014000273 Proprietary Limited	South Africa	Under-performing	178 493	17.98%	76.10%	64.10%
Delta Property Asset Management Proprietary Limited	South Africa	Performing	15 521	1.00%	1.00%	

35. FINANCIAL RISK MANAGEMENT (continued)

35.4 Credit risk management (continued)

35.4.2 Loans due from related parties and loans receivable

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 remained on stage 3, based on the performance assessment. The movement in the ECL is due to the repayment of part of the Somnipoint loan.

Counterparty	Location	Performance category	Gross carrying amount R'000	Probability of default (PD)	Loss given default (LGD)	Expected credit loss (ECL) R'000
Somnipoint	South Africa	Non-performing	20 988	100%	100%	20 988
Educor	South Africa	Non-performing	16 750	50%	50%	4 187
					Total ECL	25 175

Expected credit loss allowance (R'000)	**Performing**	**Under performing**	**Non-performing**	**Total**
Balance at beginning of year	–	–	32 365	32 365
Loss allowance reversed	–	–	(7 190)	(7 190)
Balance at end of year	–	–	25 175	25 175

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

35. FINANCIAL RISK MANAGEMENT (continued)

35.4 Credit risk management (continued)

35.4.3 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 credit loss allowance of R97.7 million was raised in terms of IFRS 9.

Group 2022	Current	30 days	60 days	Over 90 days	Total
Gross trade receivables (R'000)*	**6 189**	**15 319**	**33 152**	**184 151**	**238 811**
Expected loss %	**0.22%**	**0.44%**	**0.18%**	**0.22%**	**–**
Expected credit loss (R'000)					
	(14)	**(67)**	**(60)**	**(403)**	**(543)**
Net trade receivables (R'000)	**6 175**	**15 252**	**33 092**	**183 748**	**238 268**
Expected credit loss allowance specifically identified (R'000)	**(1 815)**	**(1 914)**	**(5 913)**	**(87 523)**	**(97 165)**

* *The Gross trade receivables excludes credit balances and VAT. Deposits received from tenants were appropriated.*

2021	Current	30 days	60 days	Over 90 days	Total
Gross trade receivables (R'000)	13 662	14 235	10 340	318 663	356 900
Loss Allowance matrix %	2.10%	2.20%	2.45%	2.95%	–
Expected credit loss (R'000)	(287)	(313)	(253)	(9 401)	(10 254)
Net trade receivables (R'000)	13 375	13 922	10 087	309 262	346 646
ECL allowance for specific debtor identified (R'000)	(13 910)	(9 836)	(11 726)	(151 988)	(187 460)

35. FINANCIAL RISK MANAGEMENT (continued)

35.4 Credit risk management (continued)

35.4.3 Trade receivables (continued)

Group	2022	2021
Balance as at 1 March	**309 948**	85 480
Net remeasurement of loss allowance	**(212 240)**	112 234
– Utilised	**(170 112)**	(702)
– Raised	**(42 128)**	112 936
Balance as at 28 February	**97 708**	309 948

Company 2022	Current	30 days	60 days	Over 90 days	Total
Gross trade receivables (R'000)*	**6 189**	**15 319**	**33 152**	**181 449**	**236 109**
Expected loss %	**0.22%**	**0.44%**	**0.18%**	**0.22%**	**–**
Expected credit loss (R'000)	**(14)**	**(67)**	**(60)**	**(391)**	**(532)**
Net trade receivables (R'000)	**6175**	**15 252**	**33 092**	**181 058**	**235 577**
Expected credit loss allowance specifically identified (R'000)	**(1 815)**	**(1 914)**	**(5 913)**	**(87 427)**	**(97 063)**

* *The Gross trade receivables excludes credit balances and VAT. Deposits received from tenants were appropriated.*

2021					
Gross trade receivables (R'000)	12 265	13 730	10 340	316 672	353 007
Expected loss %	2.10%	2.20%	2.45%	2.95%	–
Expected credit loss	(258)	(302)	(253)	(9 342	(10 155)
Net trade receivables (R'000)	12 007	13 428	10 087	307 330	342 852
Expected credit loss allowance specifically identified (R'000)	(13 939)	(9 848)	(11 726)	(151 550)	(187 063)

Company

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

	2022	2021
Balance as at 1 March	**197 217**	82 469
Net remeasurement of loss allowance	**(99 616)**	114 748
– Raised	**69 043**	115 238
– Utilised	**(168 660)**	(490)
Balance at 28 February	**97 601**	197 217

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

35. FINANCIAL RISK MANAGEMENT (continued)

35.4 Credit risk management (continued)

Other receivables and amounts due from vendors

Other receivables and amounts due from vendors were analysed in terms of the forward looking 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 remained on 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 R'000	Probability of default (PD)	Loss given default (LGD)	Expected credit loss (ECL) R'000
Educor	South Africa	Non-performing	5 683	50%	50%	1 421
Orthotouch	South Africa	Non-performing	12 868	100%	100%	12 868
Delta Heights – reinstatement costs	South Africa	Non-performing	8 429	25%	100%	2 107
Forum Building – reinstatement costs	South Africa	Non-performing	8 268	25%	100%	2 067
					Total ECL	18 463

Expected credit loss allowance (R'000)	Performing	Under performing	Non-performing	Total
Balance at beginning of year	–	–	18 463	18 463
Reversed in the current year	–	–	–	–
Balance at end of year	–	–	18 463	18 463

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

35.4.4 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.

36. FINANCIAL INSTRUMENTS BY CATEGORY

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

Financial assets

Group 2022 (R'000)	At amortised cost	At fair value through profit or loss	Total
Listed security	–	110 984	110 984
Loan receivable	12 563	–	12 563
Trade and other receivables (excluding VAT)	238 811	–	238 811
Cash and cash equivalents	7 820	–	7 820
	259 194	110 984	370 178
2021 (R'000)			
Listed security	–	157 072	157 072
Loan receivable	10 372	–	10 372
Trade and other receivables (excluding VAT)	304 341	–	304 341
Cash and cash equivalents	49 562	–	49 562
	364 275	157 072	521 347

Company 2022 (R'000)	At amortised cost	At fair value through profit or loss	Total
Listed security	–	110 984	110 984
Loans due from subsidiaries	351 095	–	351 095
Loan receivable	12 563	–	12 563
Trade and other receivables (excluding VAT)	236 109	–	236 109
Cash and cash equivalents	5 100	–	5 100
	604 867	110 984	715 851
2021 (R'000)			
Listed security	–	157 072	157 072
Loans due from subsidiaries	288 754	–	288 754
Loan receivable	10 372	–	10 372
Trade and other receivables (excluding VAT)	304 341	–	304 341
Cash and cash equivalents	46 190	–	46 190
	649 657	157 072	806 729

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

36. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

Financial liabilities

Group 2022 (R'000)	At amortised cost	At fair value through profit or loss	Total
Interest-bearing borrowings	4 545 090	–	4 545 090
Trade and other payables#	169 125	–	169 125
Grit guarantee liability	4 916	–	4 916
Bank overdraft	7 771	–	7 771
Derivative financial instruments	–	49 562	49 562
	4 726 902	49 562	4 776 464
2021 (R'000)			
Interest-bearing borrowings	4 755 582	–	4 755 582
Trade and other payables#	148 967	–	148 967
Grit guarantee liability	5 844	–	5 844
Bank overdraft	7 387	–	7 387
Derivative financial instruments	–	114 442	114 442
	4 917 780	114 442	5 032 222

Company 2022 (R'000)	At amortised cost	At fair value through profit or loss	Total
Interest-bearing borrowings	4 545 090	–	4 545 090
Trade and other payables#	156 526	–	156 526
Grit guarantee liability	4 916	–	4 916
Loans due to subsidiaries	4 190	–	4 190
Bank overdraft	7 396	–	7 396
Derivative financial instruments	–	49 562	49 562
	4 718 118	49 562	4 767 680
2021 (R'000)			
Interest-bearing borrowings	4 755 582	–	4 755 582
Trade and other payables#	136 854	–	136 854
Grit guarantee liability	5 844	–	5 844
Loans due to subsidiaries	4 190	–	4 190
Bank overdraft	7 947	–	7 947
Derivative financial instruments	–	114 442	114 412
	4 910 418	114 442	5 024 859

Excludes income received in advance and VAT.

37. 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, issue new shares or sell assets to reduce debt.

		Group		Company	
	Notes	**2022 R'000**	2021 R'000	**2022 R'000**	2021 R'000
Loan-to-value					
Gross debt		**4 583 284**	4 795 654	**4 548 438**	4 758 483
Less cash and cash equivalents		**(7 771)**	(42 175)	**(7 396)**	(38 243)
Net debt	A	**4 575 513**	4 753 479	**4 541 043**	4 720 241
Total assets		**8 363 980**	8 786 731	**8 492 926**	8 821 288
Less cash and cash equivalents	13	**(7 820)**	(49 562)	**(5 100)**	(46 190)
Less trade and other receivables	12	**(334 133)**	(330 171)	**(329 109)**	(321 623)
Carrying amount of property-related assets	B	**8 022 027**	8 406 998	**8 158 717**	8 453 475
Loan-to-value ("LTV") (%)	A/B	**57.0%**	56.5%	**55.8%**	55.8%

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 reducing the current LTV and maintaining an LTV ratio for the Group of 50% of Delta's property portfolio including listed property securities and loans receivable. The Group's LTV ratio is above the bank covenants of 50% and yet remains below the JSE Listings Requirements of a REIT being a maximum of 60%.

38. 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.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

38. FAIR VALUE HIERARCHY (continued)

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).

2022 (R'000)	Notes	Level 1	Level 2	Level 3	Fair value
Assets					
Investment property	5	–	–	7 101 110	7 101 110
Listed Security	10	110 984	–	–	110 984
Non-current assets held-for-sale	15	–	–	787 090	787 090
		110 984	–	7 888 200	7 999 184
Liabilities					
Derivative Financial Instruments	17	–	49 562	–	49 562
		–	49 562	–	49 562

Level 3 reconciliation		Balance at the beginning of the year	Additions/ (disposals)	Loss in profit or loss for the year	Balance at end of year
Investment property	5	8 227 800	(698 453)	(428 237)	7 101 110
Non-current assets held-for-sale		–	787 090	–	787 090
		8 227 800	88 637	(428 837)	7 888 200

2021 (R'000)		Level 1	Level 2	Level 3	Fair value
Assets					
Investment property	5	–	–	8 227 800	8 227 800
Listed security	10	157 072	–	–	157 072
		157 072	–	8 227 800	8 384 872
Liabilities					
Derivative Financial Instruments	17	–	114 442	–	114 442

Level 3 reconciliation		Balance at the beginning of the year	Additions/ (disposals)	Loss in profit or loss for the year	Balance at end of year
Investment property	5	8 780 933	(50 819)	(502 314)	8 227 800

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

39. CONTINGENT LIABILITY

Orthotouch Proprietary Limited (in business rescue) ("Orthotouch") has instituted a second action against Delta Property Fund Limited ("Delta") out of the High Court of South Africa, following the dismissal in April 2021 of an initial action that was instituted by Orthotouch in 2019. The present action seeks payment from Delta of R177.5 million arising from alleged penalties in relation to Delta's purchase of Orthotouch's Bloemfontein property portfolio. Delta has entered an appearance to defend the present action, but Orthotouch has not taken steps to pursue the action. We have been advised by our attorney ("Bowmans") that, in its assessment Delta has strong prospects of defeating the claim. It is difficult to estimate the legal costs to defend the action, which are calculated on time spent. However, current legal cost estimates range between R2 million to R3 million (if the matter proceeds to trial). Delta will seek to recover the legal costs from Orthotouch. Bowmans has advised that it is uncertain as to the recoverability of these costs, as Orthotouch is in business rescue.

40. SEGMENTAL INFORMATION

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

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

40. SEGMENTAL INFORMATION (continued)

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

2022 (R'000) Revenue	Head office	Industrial	Office Govern-ment	Office - Other	Retail	Total
Rental income	–	1 470	1 076 822	276 831	33 581	1 388 704
Straight line rental income accrual	–	111	(751)	(121)	1 282	521
Property operating expenses	20 930	(5 257)	(381 799)	(179 253)	(25 966)	(571 345)
Net property rental and related income	20 930	(3 676)	694 272	97 457	8 897	817 880
Other income	16	–	632	150	406	1 205
Dividend income	9 023	–	–	–	–	9 023
Gain on foreign exchange movements	2 579	–	–	–	–	2 579
Administration expenses	(82 823)	(21)	(8 835)	(6 056)	(89)	(97 824)
Net operating profit	(50 275)	(3 697)	686 070	91 551	9 214	732 863
Fair value adjustments	15 699	(10 994)	(300 457)	(122 920)	6 048	(412 624)
ECL Provisions	928	–	–	–	–	928
Profit from operations	(33 648)	(14 691)	385 613	(31 369)	15 262	321 167
Finance costs	(409 368)	–	(1 764)	(115)	(226)	(411 473)
Interest income	1 605	81	16 817	3 495	1 080	23 078
(Loss)/profit before taxation	(441 411)	(14 610)	400 666	(27 989)	16 116	(67 228)
Taxation	(81 773)	–	–	–	–	(81 773)
(Loss)/profit for the year	(523 184)	(14 610)	400 666	(27 989)	16 116	(149 001)
Reportable segments assets and liabilities	–	–	–	–	–	–
Assets						
Fair value investment property	–	59 939	1 738 965	5 020 233	182 325	7 001 462
Straight line rental accrual	–	111	20 295	59 667	19 575	99 648
NCAHFS	–	–	184 440	528 910	73 740	787 090
Other assets	155 915	(1 481)	(700 724)	982 446	39 621	475 780
Total assets	155 915	58 569	1 242 976	6 591 256	315 261	8 363 980
Total liabilities	4 954 058	716	48 593	7 521	4 856	5 015 744

40. SEGMENTAL INFORMATION (continued)

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

2021 (R'000) Revenue	Head office	Industrial	Office Govern-ment	Office - Other	Retail	Total
Rental income	(2 825)	6 919	1 100 748	312 151	28 900	1 445 893
Straight-line rental income accrual	–	(103)	(38 179)	(1 478)	2 136	(37 624)
Property operating expenses	(43 478)	(2 361)	(329 105)	(166 940)	(14 772)	(556 656)
Net property rental and related income	(46 303)	4 455	733 464	143 733	16 263	851 612
Other income	(38)	–	391	343	12	708
Dividend income	13 809	–	–	–	–	13 809
Loss on foreign exchange movements	(3 709)	–	–	–	–	(3 709)
Administration expenses	(93 293)	(157)	(14 724)	(8 152)	(107)	(116 433)
Net operating profit/(loss)	(118 896)	4 297	719 131	135 924	16 168	756 625
Fair value adjustments	(143 110)	(27 347)	(314 442)	(147 740)	(4 256)	(636 895)
ECL provisions	429	–	–	–	–	429
Profit/(loss) from operations	(272 215)	(23 049)	404 689	(11 816)	11 913	109 522
Finance costs	(434 822)	(1)	(455)	(217)	187	(435 308)
Interest income	2 063	2	14 632	3 983	1 016	21 696
Loss/profit before taxation	(704 974)	(23 049)	418 866	(8 050)	13 116	(304 090)
Taxation	(152 016)	–	–	–		(152 016)
(Loss)/profit for the year	(856 990)	(23 048)	418 866	(8 050)	13 116	(426 106)
Reportable segment assets and liabilities						
Assets						
Fair value of investment property	–	70 850	5 782 700	2 021 451	248 986	8 123 987
Straight-line rental income accrual	–	–	64 100	20 999	18 714	103 813
Other assets	136 952	(1 271)	806 415	(419 216)	36 051	558 931
Total assets	136 952	69 579	6 653 215	1 623 234	303 751	8 786 731
Total liabilities	1 110 227	16 812	3 038 616	988 147	135 692	5 289 494

SUPPLEMENTARY AND SHAREHOLDER'S INFORMATION

SA REIT FUNDS FROM OPERATIONS
(PREVIOUSLY DISTRIBUTABLE EARNINGS)

		Group	
		2022 R'000	2021 R'000
Loss per IFRS Statement	**A**	**(144 970)**	(454 456)
Fair value adjustment loss/(gain) to:			
– Investment property		**428 323**	517 137
– Debt and equity instrument held at fair value		**48 667**	67 548
Straight-lining operating lease adjustments		**(521)**	37 624
Adjustment to dividends from equity interests held		**—**	—
	B	**476 469**	622 309
Adjustment arising from investing activities			
Gains or losses on disposal of:			
Investment property, plant and equipment		**514**	—
Debt and Equity Instruments — Grit		**—**	—
Foreign exchange and hedging activities	**C**	**514**	—
Fair value adjustments on derivative financial instruments employed solely for hedging purposes		**(64 879)**	52 210
Reclassification of currency translation reserve upon disposal of a foreign operation		**—**	—
Foreign exchange gains or losses relating to capital items - realised and unrealised		**(2 579)**	3 709
	D	**(67 458)**	55 919
Other adjustments:			
Tax impact of the above adjustments		**—**	—
Adjustment made from equity-accounted entities		**(928)**	—
Non-controlling interest in respect of the above adjustments		**—**	—
	E	**(928)**	—
SA REIT: A+B+C+D+E		**263 627**	223 773
Number of shares in issue ('000)		**714 230**	714 230
SA REIT funds from operations per share (cents)		**36.91**	31.33

ANALYSIS OF ORDINARY SHAREHOLDERS
as at 28 February 2022

Shareholder spread	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
1 - 1 000	3 540	65.27	429 448	—
1 001 - 10 000	834	15.38	3 398 233	—
10 001 - 100 000	689	12.70	26 893 843	—
100 001 - 1 000 000	287	5.29	96 691 987	—
Over 1 000 000	74	1.36	586 816 207	—
Total	**5 424**	**100.00**	**714 229 718**	**100.00**
Distribution of shareholders				
Assurance companies	3	0.06	331 460	0.05
Close corporations	35	0.65	21 413 839	3.00
Collective investment schemes	29	0.53	138 293 661	19.36
Control accounts	1	0.02	1	0.00
Custodians	4	0.07	37 435 147	5.24
Foundations and charitable funds	9	0.17	1 220 597	0.17
Investment partnerships	8	0.15	212 080	0.03
Managed funds	9	0.17	2 123 166	0.30
Organs of state	3	0.06	70 178 251	9.83
Private companies	85	1.57	219 731 402	30.76
Public companies	1	0.02	4 269	0.00
Retail shareholders	5 094	93.92	158 038 820	22.13
Retirement benefit funds	32	0.59	34 403 480	4.82
Scrip lending	2	0.04	5 214	0.00
Stockbrokers and nominees	8	0.15	6 412 766	0.90
Trusts	100	1.84	24 213 625	3.39
Unclaimed script	1	0.02	212 000	0.03
Total	**3 171**	**100.00**	**714 229 718**	**100.00**
Shareholder type				
Non-public shareholders	5	0.09	163 349 439	22.87
Directors and associates of the Company (direct holdings)	3	0.06	1 051 860	0.15
Directors and associates of the Company (indirect holdings)	1	0.02	254 500	0.04
Holders holding more than 10%				
Cornwall Crescent (Pty) Ltd	1	0.02	162 043 079	22.69
Public Shareholders	5 419	99.91	550 880 279	69.53
Total	**5 424**	**100.00**	**714 229 718**	**100.00**

ANALYSIS OF ORDINARY SHAREHOLDERS (continued)

as at 28 February 2022

Fund managers with a holding greater than 3% of the issued shares	Number of shares	% of issued capital
Bridge Fund Managers	97 739 462	13.68
Public Investment Corporation	70 178 251	9.83
Camissa Asset Management	33 075 226	4.63
Total	**200 992 939**	**28.14**
Beneficial shareholders with a holding greater than 3% of the issued shares		
Cornwall Crescent (Pty) Ltd	162 043 079	22.69
Bridge Fund Managers	97 739 462	13.68
Nedbank Group	66 156 106	9.26
Government Employees Pension Fund	63 951 415	8.95
Saxo Bank	36 778 564	5.15
Total	**426 668 626**	**59.73**
Total number of shareholdings	**5 424**	
Total number of shares in issue	**714 229 718**	
Share price performance		
Opening price 01 March 2021	R0.35	
Closing price 28 February 2022	R0.60	
Closing high for period	R0.74	
Closing low for period	R0.35	
Number of shares in issue	714 229 718	
Volume traded during period	95 554 849	
Ratio of volume traded to shares issued (%)	13.38	
Rand value traded during the period	R47 912 223	
Price/earnings ratio as at 26 February 2022	1.53	
Earnings yield as at 26 February 2022	65.37	
Dividend yield as at 26 February 2022	0.00	
Market capitalisation at 26 February 2022	R428 537 831	

SHAREHOLDERS' DIARY

	Date
Financial year-end	28 February 2022
Announcement of annual results	24 May 2022
Annual report posted	30 June 2022
Annual General Meeting	26 August 2022
Announcement of interim results	8 November 2022

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.

PROPERTY PORTFOLIO

No	Property name (Non-repeat)	Physical address	Province
1	101 De Korte	101 De Korte Street, Braamfontein	Gauteng
2	110 Hamilton	110 Hamilton Street, Pretoria	Gauteng
3	13 Elliot Street	13 Elliot Street, Kimberley	Northern Cape
4	142 - 144 4th Street	142 - 144 4th Street, Parkmore	Gauteng
5	17 Harrison Street Building and Kay Street Parkade	17 Harrison Street and Kay Street, Johannesburg	Gauteng
6	2 Devonshire Place	2 Devonshire Place, Durban	KwaZulu-Natal
7	22 and 24 George Lubbe Str	22 and 24 George Lubbe Street, Hamilton, Bloemfontein	Free State
8	Eskom Sunninghill	3 Simba Road, Sunninghill, Johannesburg	Gauteng
9	5 Simba Road	5 Simba Road, Sunninghill, Johannesburg	Gauteng
10	5 Walnut Road	5 Walnut Road, Durban	KwaZulu-Natal
11	5/7 Elliot Street	7 Elliot Street, Kimberley	Northern Cape
12	539 Church Street	539 Church Street, Arcadia, Pretoria	Gauteng
13	54 and 56 Barrack Street	56 Barrack Street, Cape Town	Western Cape
14	88 Field Street	88 Field Street, Durban	KwaZulu-Natal
15	ABSA Florida	18E and 20 Goldman Street, Florida	Gauteng
16	Absa United	64 Maitland Street ,Bloemfontein	Free State
17	African Life Building	Corner of St Andrew and Church Street, Bloemfontein	Free State
18	Anchor House	63 Maitand Street, Bloemfontein	Free State
19	Auditor General Polokwane	32 Dimitri Crescent, Platinum Park, Polokwane	Limpopo
20	Azmo Place	49 Joubert Street, Polokwane	Limpopo
21	Beacon Hill	Corner of Hargreaves and Hockley Close, Buffalo Industrial Area, King Williams Town	Eastern Cape
22	Beaconsfield	28 Central Road, Kimberley	Northern Cape
23	Bestmed Building	36 Hamilton Street, Arcadia	Gauteng
24	Block G	Corner of Schoeman Street, Nelson Mandela Drive and Meintjies Street, Pretoria	Gauteng
25	Campus Building	14 Abbitor Road, Kimberley	Northern Cape
26	Cape Road	Corner of CJ Langenhoven Drive and Cape Road, Port Elizabeth	Eastern Cape
27	Capital Towers	121 Chief Albert Luthuli Road, Pietermaritzburg	KwaZulu-Natal

A single-tenanted property is defined as a building where 90% or more of the GLA is occupied by one tenant.
† *Excludes parking and storage.*

Property description	Building sector	Tenancy (multi/ single)#	Effective date of acquisition	Total GLA (m^2)	Weighted† average rental/m^2	Vacancy (%)
7 storey office	Office — Other	V	2013/12/19	6 610	0.00	100.0%
6 storey single tenant office	Office — Government	S	2012/08/01	4 511	278.69	0.0%
1 storey single tenant office	Office — Government	S	2013/05/01	4 400	35.00	48.5%
Two 2-storey office buildings	Office — Government	V	2015/04/29	2 812	0.00	100.0%
12 storey single tenanted office building	Office — Government	S	2016/04/01	12 379	150.12	4.3%
5 storey multi-tenanted office building	Office — Government	M	2016/04/01	8 122	102.55	14.6%
1 storey single tenant office	Office — Government	S	2015/06/01	6 200	47.19	0.0%
2 storey office	Office — Government	V	2013/07/18	3 696	0.00	100.0%
2 storey single tenant office	Office — Government	S	2013/12/12	5 375	95.85	0.0%
6 storey multi-tenant office	Office — Other	M	2012/11/02	13 677	69.15	59.7%
1 storey office	Office — Government	V	2013/05/01	2 300	0.00	100.0%
7 storey single tenant office	Office — Government	S	2013/03/01	4 488	149.00	97.1%
7 storey multi-tenant office	Office — Government	M	2015/08/01	4 309	206.02	0.0%
27 storey multi-tenant office tower with arcade and high street retail	Office — Government	M	2012/11/06	21 793	122.87	34.7%
3 storey multi-tenant office	Office — Government	M	2015/03/10	6 531	212.75	7.7%
7 storey multi tenant office	Office — Government	M	2015/06/01	6 129	80.28	9.6%
5 storey multi-tenanted office building	Office — Government	M	2015/06/01	8 567	71.18	75.9%
6 storey single tenant office	Office — Government	S	2013/03/01	2 645	175.47	0.0%
2 storey single tenant office	Office — Government	S	2014/10/13	2 130	183.76	0.0%
Part 3 and 4 storey single tenant office	Office — Government	S	2013/09/16	5 339	118.52	2.2%
3 storey single tenant office	Office — Government	V	2012/11/06	13 648	0.00	100.0%
Single tenant complex of five office buildings	Office — Government	S	2013/12/01	5 801	116.29	39.9%
3 storey single tenant office	Office — Government	S	2013/03/25	3 684	244.19	0.0%
4 storey multi-tenant office	Office — Government	M	2012/11/02	7 992	142.46	68.9%
Single tenant complex of nine office buildings	Office — Government	V	2013/12/01	4 700	0.00	100.0%
5 storey multi-tenant office	Office — Government	M	2012/11/05	5 135	118.83	62.3%
14 storey single tenant office	Office — Government	V	2013/12/01	11 102		100.0%

PROPERTY PORTFOLIO (continued)

No	Property name (Non-repeat)	Physical address	Province
28	CCMA House	192 Hans van Rensburg, Polokwane	Limpopo
29	Chambers of Change	62 – 72 Pritchard Street, Johannesburg CBD	Gauteng
30	CMH Building	196–206 West Street/119 – 123 Proes Street, Durban	KwaZulu-Natal
31	CNA Building	Maitland Street, Bloemfontein	Free State
32	Commission House	566 Ziervogel Street, Pretoria	Gauteng
33	Commissioner House, Bellville	Rem Ext of Erf 10877, Bellville	Western Cape
34	Continental Building	Corner of Bosman and Visagie Steet, Pretoria	Gauteng
35	Defence Force — Old Pretoria Road	16 Old Pretoria Road, Nelspruit	Mpumalanga
36	Defence Force Headquarters	8 Spruit Street, Nelspruit	Mpumalanga
37	Defence Force Logistics	15 – 17 Cruse Circle, Nelspruit	Mpumalanga
38	Defence Force Transport	2 – 4 Davie Street, Nelspruit	Mpumalanga
39	Delta Heights	167 Andries Street, Pretoria	Gauteng
40	Delta House	Corner of Pretorius and Thabu Sehume (Andries) Streets, Pretoria	Gauteng
41	Delta Towers	City block bounded by Doctor Pixley Kaseme Street, Dorothy Nyembe Street, Anton Lembede Street and Mercury Lane, Durban	KwaZulu-Natal
42	Department of Statistics	11 Samora Machel (ex-Louis Trichardt Street), Nelspruit	Mpumalanga
43	Die Meent	123 Peter Mokaba Street, Potchefstroom	North West
44	Domitek Building	Corner of De Kaap and Ryk Street, Welkom, CBD, Welkom	Free State
45	Du Toitspan	95 Du Toitspan Street, Kimberley	Northern Cape
46	Edgars Kroonstad	Corner of Brand and Murray Street, CBD, Kroonstad	Free State
47	Embassy Building	Corner of Anton Lembede and Samora Machel Streets, Durban	KwaZulu-Natal
48	Enterprise Park	15 Simba Road, Sunninghill, Johannesburg	Gauteng
49	Fort Drury	Corner of Markgraaf and St Andrews, Bloemfontein	Free State
50	Forum Building	Bosman Street, Pretoria	Gauteng
51	Hallmark Building	233 Proes Street, Pretoria	Gauteng

A single-tenanted property is defined as a building where 90% or more of the GLA is occupied by one tenant.

† *Excludes parking and storage.*

Property description	Building sector	Tenancy (multi/ single)#	Effective date of acquisition	Total GLA (m^2)	Weighted† average rental/m^2	Vacancy (%)
Single storey single tenant office	Office — Government	S	2013/09/16	1 063	166.00	0.0%
4 adjacent multi-storey buildings	Office — Other	M	2015/12/18	7 915	175.00	65.0%
Motor showroom and parkade	Retail	S	2013/05/17	13 091	68.55	0.0%
6 storey multi-tenant office	Office — Government	M	2015/06/01	2 489	45.18	73.3%
5 storey office	Office — Government	S	2013/09/13	6 011	140.21	0.0%
4 and 5 storey single tenanted office building with ground floor retail	Office — Government	M	2016/04/01	4 019	96.98	8.6%
10 storey single tenant office	Office — Government	S	2013/05/02	4 133	96.99	0.0%
1 storey single tenant office and industrial structure	Office — Government	S	2014/02/11	2 504	85.15	0.0%
4 storey single tenant office	Office — Government	S	2014/02/11	2 174	108.91	0.0%
1 storey single tenant office and industrial structure	Office — Government	S	2014/02/11	2 430	79.36	0.0%
1 storey single tenant office and parking structures	Office — Government	S	2014/02/11	841	82.35	0.0%
21 storey multi-tenant office tower with high street retail	Office — Government	S	2013/05/02	19 122	130.28	2.4%
10 storey multi-tenant office with ground floor retail	Office — Government	M	2013/05/02	11 439	102.28	35.9%
33 storey multi-tenant office tower with ground floor retail	Office — Other	M	2014/09/26	41 713	112.00	41.7%
4 storey multi-tenant office with ground floor retail	Office — Government	M	2014/02/11	2 827	150.81	60.8%
4 storey single tenant office	Office — Government	S	2014/11/25	3 705	90.99	14.4%
4 storey multi-tenant office	Office — Government	M	2015/06/01	1 729	78.33	43.4%
13 storey multi-tenant office	Office — Government	M	2013/05/01	9 485	107.32	49.2%
4 storey multi-tenant office	Office — Government	M	2015/06/01	5 968	54.23	18.9%
29 storey multi-tenant office tower with high street retail	Office — Government	M	2013/05/23	32 723	88.59	10.6%
Office park of four 2-storey buildings	Office — Government	S	2013/12/13	11 860	75.27	83.7%
Four 3 storey multi-tenanted offices	Office — Government	M	2015/06/01	10 476	113.41	18.3%
6 storey single tenant office	Office — Government	M	2010/02/04	35 905	220.10	0.3%
25 storey single tenant office tower with ground floor retail	Office — Government	S	2013/05/02	26 255	223.66	0.0%

PROPERTY PORTFOLIO (continued)

No	Property name (Non-repeat)	Physical address	Province
52	Harlequins Office Park	164 Tortius Street, Groenkloof, Pretoria	Gauteng
53	Hatfield Forum East	1077 Arcadia Street, Hatfield, Pretoria	Gauteng
54	Hensa Towers	Corner of Landros Mare and Rabie Streets, Polokwane	Limpopo
55	Hollard House and Parkade	Corner of Sauer and Marshall Streets, Marshallstown	Gauteng
56	In 2 Fruit Building	67 Middle Road, Bartlett, Boksburg	Gauteng
57	Isivunyo House	135 Van Der Walt Street, Pretoria	Gauteng
58	Katleho Building	Corner of Selborne and Markgraaff Street, Bloemfontein	Free State
59	Laboria House	43 Maitland Street, Bloemfontein	Free State
60	Land Claims Court Nelspruit	30 Samora Machel (ex Louis Trichardt) Street, Nelspruit	Mpumalanga
61	Liberty Towers	214 Dr Pixley Kaseme Street, Durban	KwaZulu-Natal
62	Mayors Walk	174 Mayors Walk, Pietermaritzburg	KwaZulu-Natal
63	Military Hospital	21 Bell Street, Nelspruit	Mpumalanga
64	Nedbank Building	36 Maitland Street, CBD, Bloemfontein	Free State
65	North Ridge Road	215 Peter Mokaba Road, Morningside, Durban	KwaZulu-Natal
66	Nosa	508 Proes Street, Arcadia, Pretoria	Gauteng
67	NPA Cape Town	115 Buitengracht Street, Cape Town	Western Cape
68	Old Mutual Building	27 – 29 Maitland Street, Bloemfontein	Free State
69	Phomoko Towers	37 Kerk Street, Polokwane	Limpopo
70	Pine Parkade	260 Monty Naicker Road, Durban	KwaZulu-Natal
71	Poyntons	Church Street, Pretoria	Gauteng
72	Protea Coin Pretoria	20 Vonkprop Street, Samcore Park, Silverton, Pretoria East	Gauteng
73	PWC Polokwane	73 Biccard Street, Polokwane	Limpopo
74	Regents Place	277 Madiba Street (formerly Vermeulen Street), Pretoria	Gauteng

A single-tenanted property is defined as a building where 90% or more of the GLA is occupied by one tenant.

† *Excludes parking and storage.*

Property description	Building sector	Tenancy (multi/ single)#	Effective date of acquisition	Total GLA (m^2)	Weighted† average rental/m^2	Vacancy (%)
2 storey multi-tenant office	Office — Government	M	2013/07/01	5 450	131.50	0.0%
6 storey multi-tenanted office building with ground floor retail	Office — Government	M	2016/04/01	6 390	118.32	36.9%
8 storey single tenant office	Office — Government	S	2013/03/15	13 675	135.00	0.0%
9 storey single tenanted office building with ground floor retail and connected 8 storey parking structure	Office — Government	S	2016/04/01	10 415	87.00	2.9%
Single tenant food processing complex	Industrial	V	2013/05/10	11 177	0.00	100.0%
22 storey single tenanted office building with ground floor retail	Office — Government	M	2016/04/01	23 694	229.23	90.1%
6 storey single tenant office	Office — Government	V	2015/06/01	5 910	0.00	100.0%
7 storey single tenant office	Office — Government	M	2015/06/01	3 995	64.97	0.0%
5 storey single tenant office	Office — Government	S	2014/02/11	2 910	189.48	0.0%
14 and 11 storey offices with ground floor retail	Office — Other	M	2012/10/31	40 078	105.30	47.5%
2 storey multi-tenant office	Office — Government	M	2013/12/01	5 507	135.07	0.0%
5 storey single tenant office	Office — Government	S	2014/02/11	3 000	109.31	0.0%
6 storey multi-tenanted, office building	Office — Government	M	2015/06/01	2 746	92.65	74.2%
4 storey single tenant office	Office — Other	S	2012/11/06	3 354	125.94	0.0%
6 storey single tenanted office building	Office — Government	S	2016/04/01	3 770	132.51	0.0%
4 storey single tenant office	Office — Government	S	2012/08/01	10 552	207.30	0.0%
5 storey single tenant office	Office — Other	M	2012/11/05	3 055	84.11	85.1%
7 storey single tenant office	Office — Government	S	2013/09/18	13 058	131.24	0.0%
7 storey parking structure with retail	Retail	M	2016/04/11	2 986	219.31	46.8%
Office, parking and ancillary structures of between 2 and 33 storeys with ground floor retail	Office — Government	M	2016/04/01	73 396	121.51	13.4%
2 storey office and warehouse	Industrial	S	2013/05/07	2 090	13.25	0.0%
4 storey multi-tenant office	Office — Other	M	2012/10/02	1 951	156.27	68.3%
14 storey multi-tenant office with ground floor retail	Office — Government	M	2014/12/09	10 289	69.19	81.4%

PROPERTY PORTFOLIO (continued)

No	Property name (Non-repeat)	Physical address	Province
75	SA Eagle	136 Maitland Street, Bloemfontein	Free State
76	SAPS — Ferreira Street	4 Ehmke Street and 9 Ferreira Street, Nelspruit	Mpumalanga
77	SAPS Flying Squad	19 Danie Joubert Street, White River	Mpumalanga
78	SARS Bellville	Corner of Voortrekker Road and Durban Road, Bellville, Cape Town	Western Cape
79	SARS Kimberley	14 – 16 Bean Street and 6 – 10 Crossman Road, Kimberley	Northern Cape
80	SARS Randburg	Corner of Hill and Kent Street, Randburg	Gauteng
81	SARS Springs	20 8th Street, Springs	Gauteng
82	Sediba, Fountain and VLU Building	Corner of Markgraaf and Zastron, Bloemfontein	Free State
83	Servamus Building	15 – 19 Bram Fischer Road, Durban	KwaZulu-Natal
84	Shell House	221 Smith Street, Durban	KwaZulu-Natal
85	Shorburg	429 Church Street, Arcadia, Pretoria	Gauteng
86	Silver Stream Office Park	10 Muswell Rd South, Bryanston	Gauteng
87	Sleepy Hollow	9 Armitage Road, Pietermaritzburg	KwaZulu-Natal
88	Standard Bank Greyville	96 First Avenue, Greyville, Durban	KwaZulu-Natal
89	Standard Bank Nelspruit	29 Brown Street, Nelspruit	Mpumalanga
90	Standard Bank Unisa	31 Brown Street, Nelspruit	Mpumalanga
91	Temo Towers	67 Biccard Street, Polokwane	Limpopo
92	The Marine Building	22 Dorothy Nyembe (ex-Gardiner Street), Durban	KwaZulu-Natal
93	Thuto House	155 St Andrews Street, Bloemfontein	Free State
94	Tivoli	58 OR Tambo Street, Klerksdorp	North West
95	Treasury House	145 Commercial Road, Pietermaritzburg	KwaZulu-Natal
96	Trustfontein/Transtel	149 – 151 St Andrews Street, Bloemfontein	Free State
97	Unisa House	29 Rissik Street, Johannesburg	Gauteng
98	Veritas Building	275 Volkstem Road, Pretoria	Gauteng
99	WB Centre	48 – 54 Chapel Street, Kimberley	Northern Cape

A single-tenanted property is defined as a building where 90% or more of the GLA is occupied by one tenant.
† *Excludes parking and storage.*

Property description	Building sector	Tenancy (multi/single)#	Effective date of acquisition	Total GLA (m^2)	Weighted† average rental/m^2	Vacancy (%)
7 storey single tenant office	Office — Government	M	2015/06/01	3 689	72.00	0.0%
7 storey single tenant linked offices	Office — Government	S	2014/02/11	4 637	116.29	0.0%
Single storey single tenant office	Office — Government	S	2014/02/11	1 125	150.40	0.0%
3 storey single tenant office with ground floor retail	Office — Government	S	2013/07/01	17 309	110.97	0.0%
2 storey single tenant office	Office — Government	S	2012/08/01	2 950	115.23	0.0%
4 storey single tenant office	Office — Government	S	2013/08/30	8 496	100.37	31.4%
2 storey single tenant office	Office — Government	S	2012/08/01	1 922	105.49	0.0%
5 storey, 3 storey and 7 storey offices	Office — Government	M	2015/06/01	10 947	100.38	85.8%
22 storey single tenant office tower	Office — Government	S	2014/04/24	13 788	104.60	2.7%
16 storey single tenant office building	Office — Government	S	2016/04/01	13 828	112.87	0.0%
9 storey multi-tenanted office building with ground floor retail	Office — Government	M	2016/04/01	14 015	133.57	29.6%
2 storey office building with basement and outdoor parking	Office — Other	M	2016/05/03	2 333	180.23	1.2%
3 storey multi-tenant linked office buildings	Office — Other	M	2013/12/01	6 360	132.40	8.4%
8 storey multi-tenant office	Office — Other	M	2013/12/13	14 188	67.10	64.5%
4 storey multi-tenanted office with ground floor retail	Office — Other	M	2016/04/01	2 213	132.67	63.6%
3 storey multi-tenanted office building with ground floor retail	Office — Other	M	2015/06/01	5 589	119.06	22.4%
9 storey single tenant office	Office — Government	S	2013/09/18	7 668	183.67	0.0%
21 storey multi-tenant office tower with ground floor retail	Office — Other	M	2014/09/26	24 676	103.29	32.6%
6 storey single tenant office	Office — Government	S	2012/08/01	2 111	141.41	0.4%
5 storey single tenant office	Office — Government	S	2012/08/01	2 075	109.54	0.0%
10 storey single tenanted office with ground floor retail	Office — Government	S	2016/05/01	8 874	132.66	3.7%
7 storey single tenant office	Office — Government	S	2015/06/01	6 369	0.00	99.0%
10 storey single tenant office with ground floor retail	Office — Other	M	2013/05/17	10 055	124.39	91.2%
8 storey single tenant office	Office — Government	S	2015/04/29	8 272	150.43	0.0%
Retail with 2nd floor offices	Retail	M	2012/11/05	7 639	109.55	47.2%

PROPERTY PORTFOLIO STATISTICS

Geographic profile

Province	Geographic profile (GLA %)	Geographic profile (rental %)
Gauteng	41.2	48.4
KwaZulu-Natal	30.5	25.1
Free State	9.2	4.5
Limpopo	5.0	8.0
Western Cape	4.0	6.8
Northern Cape	4.1	2.3
Mpumalanga	3.3	3.9
Eastern Cape	2.1	0.3
North West	0.6	0.76

Weighted average rental and escalations per sector

Sector	Weighted average (escalation %)	Weighted average (rental per R/m^2)
Office - sovereign	5.9	110
Office - other	6.1	113
Retail	6.5	82
Industrial	0.13	13

Tenant grading profile

Tenant grade	Tenant grade (GLA %)
A	87.6
B	3.7
C	8.7
	100.0

Vacancy profile

Sector	Vacancy by sector (GLA %)
Office - sovereign	62.6
Office - other	31.7
Retail	1.8
Industrial	3.9
	100.0

Tenants are classified as follows:

A: Large national, large listed, government and major franchisee tenants
B: National tenants, listed tenants, franchisees
C: Other (312 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	75.6	84.6
Office - other	20.3	13.2
Retail	2.6	2.1
Industrial	1.5	0.04
	100.0	100.0

Lease expiry profile
Building sectoral split by rental (%)

Sector	Vacant	Month to month	28 Feb 23	28 Feb 24	28 Feb 25	28 Feb 26	28 Feb 27	28 Feb 28 and beyond	Total
Office – sovereign	0.0	45.1	11.2	5.3	16.0	4.2	0.5	2.9	85.1
Office – other	0.0	4.0	4.4	1.6	1.4	0.1	0.3	0.9	12.7
Retail	0.0	0.0	0.2	0.3	0.1	0.0	0.0	1.1	2.2
Industrial	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Grand total	0.0	49.4	15.8	7.2	17.6	4.3	0.8	4.9	100.0

Lease expiry profile
Building sectoral split by GLA (%)

Segment	Vacant	Month to month	28 Feb 23	28 Feb 24	28 Feb 25	28 Feb 26	28 Feb 27	28 Feb 28 and beyond
Office – sovereign	19.6	24.7	9.1	2.8	12.1	3.0	0.4	4.0
Office – other	9.9	3.3	2.8	1.1	1.2	0.2	0.3	1.3
Retail	0.6	0.2	0.1	0.2	0.1	—	—	1.4
Industrial	1.2	—	—	0.2	—	—	—	—
Grand total	31.3	28.2	12.0	4.4	13.4	3.2	0.7	6.7

The weighted average annualised property yield for the portfolio is 9.5%.

CORPORATE INFORMATION

CORPORATE INFORMATION AND ADVISERS

Share code: DLT
ISIN: ZAE000194049
JSE sector: Real Estate
Real Estate holdings and development
Year-end: 28 February

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 Business Park 10 Muswell Road
South Bryanston 2021
(Postnet Suite 210, Private Bag X21
Bryanston, 2021)

Legal adviser
Webber Wentzel Partnership
90 Rivonia Road Sandton Johannesburg
2196

Tshisevhe Gwina Ratshimbilani
Incorporated (TGR Attorneys)
6th Floor, Vdara, 41 Rivonia Road,
Sandhurst, 2146

Tugendhaft Wapnick Banchetti
and Partners (TWB Attorneys)
Sandton City Office Tower, 20th Floor,
5th Street, Sandown, 2196

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

CBRE Excellerate Proprietary Limited
(Registration number: 2007/014372/07
3A Summit Road
Dunkeld West Johannesburg 2196

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

Jones Lang La Salle Proprietary Limited, JLL
(Registration number: 1995/000505/07)
Office 303, 3rd Floor, The Firs,
Rosebank, 2196

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)
Morné Reinders
morne@articulatepartners.com

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 INFORMATION AND ADVISERS (continued)

Corporate adviser and sponsor
Nedbank Corporate and Investment Banking, a division of Nedbank Limited
(Registration number: 1951/000009/06) 1
35 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)

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
Fluidrock Co. Sec. Proprietary Limited
Silver Stream Office Park
10 Muswell Road South Bryanston 2021
(Postnet Suite 210, Private Bag X21
Bryanston 2021)

Enquiries relating to the financial statements
Siyabonga Mbanjwa –
siyabonga.mbanjwa@deltafund.co.za

Marelise de Lange –
marelise.delange@deltafund.co.za

Investor relations
Morné Reinders –
morne@articulatepartners.com

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
CIPC	Companies and Intellectual Property Commission
Companies Act	The Companies Act, No 71 of 2008, as amended
Computershare	Computershare Investor Services Proprietary Limited

DEFINITIONS (continued)

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
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
DPWI	The Department of Public Works and Infrastructure
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 and CFO
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)
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
m² 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
Previous Executive	CEO, COO and CFO
PAIA	Promotion of Access to Information Act
POPIA	Protection of Personal Information Act
Rand or R	South African rand
REIT	Real Estate Investment Trust
SA REIT FFO	SA REIT Funds From Operations. Metric used to measure the operational performance of a REIT by assessing the income return on investments that it has made with equity and debt capital employed, which has been computed consistently by South African REITs.
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, Phamog and Delta Property Asset Management
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 Siyabonga "Siya" Mbanjwa – Chief Executive Officer Marelise de Lange – Chief Financial Officer Sibongile ("Bongi") Masinga – Executive Director Nooraya Khan Davina Nodumo ("Dumo") Motau Patricia Stock Mfundiso Johnson Ntabankulu ("JJ") Njeke Lead independent director Moshiko Caswell Ramokgadi Rampheri
Registered office	Silver Stream Business Park 10 Muswell Road South Bryanston Johannesburg 2021
Postal address	Postnet Suite 210 Private Bag X21 Bryanston 2021
Auditor	BDO South Africa Incorporated Chartered Accountants (SA) Registered Auditors
Company Secretary	Maditshaba Mahlari, resignation effective 31 March 2022 Fluidrock Co. Sec. Proprietary Limited, appointed effective 1 April 2022
Company registration number	2002/005129/06
Level of assurance	These consolidated and separate financial statements have been audited in compliance with section 30(2)(a) of the Companies Act of South Africa
Preparer	The consolidated and separate financial statements were compiled under the supervision of Marelise de Lange CA(SA)
Notice of AGM and Condensed Consolidated Financial Statements published	24 May 2022
Integrated Annual Report published	30 June 2022

Bastion

DELTA

PROPERTY FUND

www.deltafund.co.za

10

YEARS