

Delta Property Fund Limited  
(Incorporated in the Republic of South Africa)  
(Registration number 2002/005129/06)  
JSE Share code: DLT ISIN: ZAE000194049  
(Approved as a REIT by the JSE)  
("Delta" or "the Company" or "the Group")

#### SHORT-FORM ANNOUNCEMENT

REVIEWED CONDENSED CONSOLIDATED INTERIM RESULTS  
for the six months ended 31 August 2021

#### Performance

- NAV per share R5.23 (Aug 2020: R5.62)
- B-BBEE Level 1 (Aug 2020: Level 2)
- All-in-cost of debt: 7.1% (Aug 2020: 8.2%)
- Rental collections: 93.3% (Aug 2020: 89.4%)
- Disposed of one property 5 454m<sup>2</sup> for R25 million (Aug 2020: 2 properties 11 154m<sup>2</sup> R40 million)
- Weighted average rental R129.84 (Aug 2020: R127.98)

#### Introduction

The first half of the 2022 financial year saw Delta resume trading following the suspension on the JSE in December 2020. We are pleased to announce that we achieved a Level 1 B-BBEE scorecard. The Board approved strategy will address the execution of our capex programme as well as prioritising tenant needs.

Portfolio optimisation through disposals is a key strategic focus to address the reduction of debt and the concomitant reduction of LTV.

Management has increased its focus on both renewal of long outstanding leases together with the filling of vacancies.

We are delighted to have achieved an average collection rate of 93.3% in a period that has proven challenging for tenants in this strenuous economy.

We thank the Board for their support and our teams for their dedication and commitment.

#### Financial results

Rental income decreased marginally from R724.7 million to R724.0 million, largely driven by a R24.1 million decline in oncontractual rental income due to rental reversions mainly relating to the rebasing of the Polokwane portfolio to market related rentals. This decrease has been countered by an increase of R15.1 million in recoveries resulting from a return to the office post the lockdowns related to Covid-19.

Property operating expenses were well contained, reducing by 1.7% from R277.6 million to R272.8 million. The increase in utilities and the repair and maintenance costs were reduced by the decreased provision for bad debt compared to the prior period.

Administrative expenses contracted marginally by 1.8%. The primary contributors to this are an increase in audit and professional fees of R7.1 million off-set by lower directors' fees of R6.0 million.

Delta reported a R3.0 million loss on foreign exchange due to its investment in Grit Real Estate Income Group ("Grit"). In the comparative period the Group reported a foreign exchange loss of R11.3 million which included fluctuations relating to the dollar denominated loan from the Bank of China. This loan was converted to a rand-denominated facility and extended from November 2020 to December 2026. The Group received dividend income of R3.2 million from

its investment in Grit for the period.

|  | Reviewed<br>six months<br>ended<br>31 August<br>2021 | Reviewed<br>six months<br>ended<br>31 August<br>2020 | %<br>change |
|--|--|--|-------------|
| Financial results  |  |  |             |
| Rental income (R'000)  | 723 984  | 724 698  | -           |
| Basic and diluted earnings per share                               |  |  |             |
| Basic and diluted earnings/(loss) per share (cents)                | 20.71  | (12.68)  | 264.3       |
| Basic and diluted headline earnings/(loss) per share (cents)       | 20.81  | (9.63)   | 316.1       |
| SA REIT funds from operations per share (cents)*                   | 24.86  | 21.51  | 15.57       |
| SA REIT NAV per share (cents) (excluding non-controlling interest) | 523  | 562  | (6.9)       |

\* Previously distribution per share.

#### Major capital projects

The efforts of Delta's executive management team to rebuild trust is underpinned by the Company's ongoing delivery on capital expenditure commitments, which remain a top priority to ensure that assets meet tenants' requirements.

During the reporting period, capital expenditure on investment property amounted to R62.0 million. Management is well on track with its capex programme of R183 million.

#### Major projects completed and currently underway:

- Poynton (Pretoria) - Total spend R11.0 million  
The major components of the upgrade included, fire systems, lift replacements, faade and reception upgrade.
- Veritas (Pretoria) - Total spend R6.3 million  
The upgrade included the replacement of all air-conditioning systems, lifts, disability access and common area.
- Die Meent - Total spend R1.1 million  
The upgrade included the replacement of all common area carpets with vinyl flooring, the replacement of all office carpets, office blinds and the replacement of split air-conditioning units.
- Commissioner House (Bellville, Cape Town) - Total spend R901 000  
The upgrade included the replacement of all common area carpets with vinyl flooring, ceilings, office carpets, blinds, HVAC systems, internal painting and external faade.
- 56 Barrack Street (Cape Town) - Total spend R546 000  
The work (post the review period) included the upgrade of all kitchens, blinds, new vinyl flooring and waterproofing.
- 88 Field Street (Durban) - Total spend R12.4 million  
The upgrade included the re-sealing of the glass faade and replacement of cracked glass panes on two sides of the building, replacement of main chiller unit and the painting of offices and common areas.
- 2 Devonshire (Durban) - Total spend R3.9 million  
The upgrade included the replacement of the main chiller unit, main HVAC control unit, cooling tower and water pumps.
- Servamus (Durban) - Total spend R2.3 million  
The upgrade includes the replacement of the main chiller unit. Further fire damage is being corrected on the first floor and expected to be completed within the next month.
- SARS Kimberley - Total spend R3.2 million  
The upgrade included the roof replacement , air-conditioning and faade repairs.

- WB Centre (Kimberley) - Total spend R1.9 million

The upgrade included the installation of water tanks, replacement and repair of waterproofing, painting of the building and the replacement of blinds.

#### Letting and vacancies

Delta renewed 18 leases totalling 34 229m2 of which the majority relate to non-government commercial tenants followed by retail and state-owned enterprise tenants. Of the leases signed, two-thirds have a tenure of three years and the balance a tenure of between 12 and 18 months. Of the remaining 18 leases to be renewed with DPWI, four of these leases are in three buildings that constitute 96 502m2 combined.

#### Dividend

Delta's SA REIT Funds from operations per share amounts to 24.86 cents for the six months ended 31 August 2021 (31 August 2020: 21.51 cents per share). In performing the Solvency and Liquidity Test conducted in terms of S46 of the Companies Act, which takes into consideration the working capital cash flow forecast, expected working capital requirements, capital expenditure requirements and contracted tenant installations relating to historic lease renewals. The Board, resolved not to declare an interim dividend for the period ending 31 August 2021 (31 August 2020: Nil).

#### Events after the review period

Delta made significant traction with its debt reduction programme in the current period, concluding sales agreements on four properties at an aggregate sales price of R176.5 million. Proceeds from the disposals will be allocated towards settling debt.

#### We made traction on concluding three sales agreements

As part of the portfolio optimisation strategy and in line with the debt reduction programme Delta concluded disposals of three properties for an aggregate sales price of R150.5 million. The proceeds of which will be applied to the settling of debt facilities.

#### Details of the disposals are as follows:

- (i) Sale of Delta House, located in Pretoria, to The Independent Institute of Education Proprietary Limited T/A Property Division for a purchase consideration of R74 million
- (ii) Disposal of two properties being Fort Drury and Sediba, located in Bloemfontein to Central Plaza Investments 199 Proprietary Limited T/A Property Division for a total purchase consideration of R76.5 million.

The contents of this short-form announcement are the responsibility of the Board of directors of Delta. This short-form announcement is a condensed version of the full announcement in respect of the condensed reviewed interim Group results for the six months ended 31 August 2021 and do not contain full or complete details of the financial results.

Any investment decisions made by investors and/or shareholders should be based on consideration of the full announcement as a whole and shareholders are encouraged to review the full announcement, which is available on the JSE website at <https://senspdf.jse.co.za/documents/2021/jse/isse/HLT/ie2021.pdf> and can be found on the Group's website <https://www.deltafund.co.za/financials/>. The full announcement is available for inspection at the registered office, during business hours, at no charge and any requests to the Company Secretary for copies will be dealt with by referring the requester to the appropriate link on the Company's public website under the Investor Relations tab.

These reviewed condensed consolidated interim results for the period ended 31 August 2021 have been reviewed by the independent external auditor BDO South Africa Incorporated, who expressed an unqualified review conclusion in term of the International Standards on Review Engagements (ISRE) 2410: Review of Interim Financial Information Performed by the Independent Auditor of the Entity, including an emphasis of matter on a material uncertainty relating to going concern. The emphasis of matter relates to the material uncertainty in respect of the extension of the group's debt facilities. The emphasis of matter did not modify the auditor's conclusion. The reviewed report is available for inspection at Delta's registered office and via weblink <https://deltafund.co.za/financials/>. Comparative information

for the six months ended 31 August 2020 was reviewed; the information for the year ended 28 February 2021 was audited.

Prospects

Our focus remains on managing the sustainability of the business through portfolio optimisation, tenant retention and the execution of contractual capex commitments, within the context of a constrained economy.

By order of the Board

P Langeni  
(Chairman)

B Masinga  
(Interim CEO)

8 November 2021

Directors: P Langeni~ (Chairman), B Masinga\* (Interim CEO), M de Lange\* (CFO), N Khan~, DN Motau^, MJN Njeke#, MCR Rampheri^ P Stock^ \*Executive, ^Independent non-executive, ~Non-executive, #Lead independent director

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Sponsor: Nedbank Corporate and Investment Banking, a division of Nedbank Limited

<http://www.deltafund.co.za>