
ATTACQ

*Creating investment opportunities.*

# Unaudited condensed consolidated interim results

for the six months ended

**31 December 2014**

# Condensed consolidated statement of financial position

| | Unaudited 31 December 2014 R'000 | Restated 31 December 2013 R'000 | Audited 30 June 2014 R'000 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | **11 599** | 8 714 | 11 061 |
| Investment property | **14 046 936** | 10 682 229 | 12 829 337 |
| Per valuation | **14 450 766** | 10 876 355 | 13 138 938 |
| Straight-line lease debtor | **(403 830)** | (194 126) | (309 601) |
| Straight-line lease debtor | **403 830** | 194 126 | 309 601 |
| Deferred initial lease expenditure | **8 097** | 1 902 | 7 174 |
| Intangible assets | **355 069** | 294 469 | 284 826 |
| Goodwill | **62 847** | 60 658 | 62 847 |
| Investment in associates | **2 835 966** | 1 554 337 | 2 950 274 |
| Other investments | **406 909** | 410 453 | 523 750 |
| Other financial assets | **471 134** | – | – |
| Deferred tax assets | **15 385** | 15 710 | 11 570 |
| **Total non-current assets** | **18 617 772** | 13 222 598 | 16 990 440 |
| **Current assets** | | | |
| Inventory | **–** | 177 698 | – |
| Taxation receivable | **5 490** | 15 966 | 896 |
| Trade and other receivables | **219 532** | 131 713 | 167 302 |
| Loans to associates | **705 159** | 714 769 | 771 936 |
| Other financial assets | **1 084** | 69 088 | 6 173 |
| Cash and cash equivalents | **929 797** | 187 686 | 389 293 |
| **Total current assets** | **1 861 062** | 1 296 920 | 1 335 600 |
| Non-current assets held for sale | **–** | 200 299 | 138 846 |
| **Total assets** | **20 478 834** | 14 719 817 | 18 464 886 |
| **Equity and liabilities** | | | |
| **Equity** | | | |
| Stated capital/Issued share capital and share premium | **6 439 418** | 4 205 186 | 5 798 843 |
| Distributable reserves | **4 201 209** | 3 246 786 | 3 836 930 |
| Available-for-sale reserve | **160 566** | – | 83 746 |
| Share-based payment reserve | **86 623** | 8 873 | 83 317 |
| Foreign currency translation reserve | **105 156** | 227 | 111 929 |
| Acquisition of non-controlling interest reserve | **(116 483)** | (3 183) | (2 574) |
| **Equity attributable to owners of the holding company** | **10 876 489** | 7 457 889 | 9 912 191 |
| Non-controlling interests | **(2 706)** | 157 719 | 214 567 |
| **Total equity** | **10 873 783** | 7 615 608 | 10 126 758 |
| **Non-current liabilities** | | | |
| Long-term borrowings | **6 954 013** | 4 003 365 | 6 226 221 |
| Deferred tax liabilities | **1 070 857** | 830 317 | 900 811 |
| Other financial liabilities | **151 458** | 182 505 | 48 026 |
| Provisions for liabilities relating to associates | **8 834** | 71 353 | 8 844 |
| Finance lease obligation | **70 263** | 58 858 | 56 009 |
| **Total non-current liabilities** | **8 255 425** | 5 146 398 | 7 239 911 |
| **Current liabilities** | | | |
| Other financial liabilities | **3 171** | 2 029 | 5 851 |
| Loans from associates | **141 140** | 215 355 | 246 079 |
| Taxation payable | **6 282** | 11 879 | 11 158 |
| Trade and other payables | **272 684** | 149 148 | 375 960 |
| Provisions | **1 932** | 7 205 | 10 142 |
| Long-term borrowings | **924 417** | 1 471 514 | 449 027 |
| **Total current liabilities** | **1 349 626** | 1 857 130 | 1 098 217 |
| Non-current liabilities directly associated with assets held for sale | **–** | 100 681 | – |
| **Total liabilities** | **9 605 051** | 7 104 209 | 8 338 128 |
| **Total equity and liabilities** | **20 478 834** | 14 719 817 | 18 464 886 |

| | Cents | Cents | Cents |
|---|---|---|---|
| Net asset value per share | **1 552** | 1 285 | 1 477 |
| Net asset value per share excluding deferred tax | **1 702** | 1 425 | 1 610 |

## Condensed consolidated statement of comprehensive income

| | Unaudited 31 December 2014 R'000 | Restated 31 December 2013 R'000 | Audited 30 June 2014 R'000 |
|---|---|---|---|
| **Gross rental income** | **609 161** | 368 696 | 876 850 |
| Rental income | **514 932** | 346 059 | 769 199 |
| Straight-line lease income adjustments | **94 229** | 22 637 | 107 651 |
| Property expenses | **(185 940)** | (130 966) | (230 300) |
| **Net rental income** | **423 221** | 237 730 | 646 550 |
| Gross profit on sale of inventory | **–** | – | 41 332 |
| Sale of inventory | **–** | – | 263 209 |
| Cost of sales | **–** | – | (221 877) |
| Bargain purchase on acquisition of subsidiary | **–** | – | 43 783 |
| Other income | **70 073** | 7 669 | 59 325 |
| Operating and other expenses | **(61 005)** | (155 341) | (283 743) |
| **Operating profit** | **432 289** | 90 058 | 507 247 |
| Amortisation of intangible asset | **(9 756)** | (4 878) | (14 634) |
| Fair value adjustments | **306 512** | 571 857 | 953 192 |
| Investment properties | **310 499** | 466 226 | 919 094 |
| Other financial (liabilities) assets | **(2 362)** | 16 092 | 34 098 |
| Other investments | **(1 625)** | 89 539 | – |
| Net (loss) income from associates | **(24 960)** | 55 573 | (58 069) |
| Investment income | **73 542** | 61 187 | 424 796 |
| Finance costs | **(301 103)** | (334 860) | (582 122) |
| **Profit before taxation** | **476 524** | 438 937 | 1 230 410 |
| Income tax expense | **(116 696)** | (77 886) | (218 156) |
| **Profit for the period** | **359 828** | 361 051 | 1 012 254 |
| Attributable to: | | | |
| Owners of the company | **364 279** | 356 003 | 946 147 |
| Non-controlling interests | **(4 451)** | 5 048 | 66 107 |
| **Other comprehensive income** | | | |
| **Items that will be reclassified subsequently to profit or loss** | | | |
| Gain on available-for-sale financial assets | **67 804** | – | 104 950 |
| Taxation relating to components of other comprehensive income | **9 016** | – | (21 204) |
| **Other comprehensive income for the period net of taxation** | **76 820** | – | 83 746 |
| **Total comprehensive income for the period** | **436 648** | 361 051 | 1 096 000 |
| Attributable to: | | | |
| Owners of the company | **441 099** | 356 003 | 1 029 893 |
| Non-controlling interests | **(4 451)** | 5 048 | 66 107 |
| **Earnings per share** | | | |
| Basic (cents) | **54.1** | 67.9 | 163.4 |
| Diluted (cents) | **54.0** | 67.7 | 163.1 |

| | Unaudited 31 December 2014 R'000 | Restated 31 December 2013 R'000 | Audited 30 June 2014 R'000 |
|---|---|---|---|
| **Reconciliation between earnings, headline earnings (loss) and distributable earnings (loss)** | | | |
| **Profit for the period** | **364 279** | 356 003 | 946 147 |
| Headline earnings adjustments | **(263 388)** | (422 209) | (640 350) |
| Profit on disposal of associates | **(331)** | (7 543) | (7 790) |
| (Profit) loss on disposal of other investments | **(956)** | 65 153 | 65 150 |
| Loss (profit) on disposal of investment property | **1 277** | (2 651) | (8 567) |
| (Reversal of impairment) impairment of associates and other investments | **(14 838)** | 4 954 | 14 995 |
| Fair value adjustments | **(306 512)** | (571 857) | (953 192) |
| Gain arising from bargain purchase | **–** | – | (43 783) |
| Net loss (income) from associates | **24 960** | (55 573) | 58 069 |
| Tax effect of adjustments | **52 226** | 105 831 | 153 575 |
| Non-controlling interests share | **(19 214)** | 39 477 | 81 193 |
| **Headline earnings (loss)** | **100 891** | (66 206) | 305 797 |
| Distributable earnings adjustments | **(64 701)** | 72 200 | 28 780 |
| Straight-line lease income adjustments | **(64 965)** | (15 999) | (94 358) |
| Interest in respect of Attvest transaction | **–** | 88 971 | 123 571 |
| Finance lease interest | **638** | – | – |
| Actual finance lease payments | **(374)** | (772) | (433) |
| **Distributable earnings** | **36 190** | 5 994 | 334 577 |
| Number of shares in issue* | **700 995 224** | 580 416 250 | 670 965 594 |
| Weighted average number of shares in issue* | **673 324 370** | 524 687 572 | 578 976 838 |
| Diluted weighted average number of shares in issue* | **674 741 882** | 526 050 170 | 580 271 131 |
| **Headline earnings (loss) per share** | | | |
| Basic (cents) | **15.0** | (12.6) | 52.8 |
| Diluted (cents) | **15.0** | (12.6) | 52.7 |

** December 2014 and June 2014: Adjusted for 46 427 553 treasury shares (December 2013: 73 583 735)*

## Condensed consolidated statement of cash flows

| | Unaudited 31 December 2014 R'000 | Restated 31 December 2013 R'000 | Audited 30 June 2014 R'000 |
|---|---|---|---|
| **Net cash flow (utilised in) generated from operating activities** | **(179 164)** | (287 017) | 276 516 |
| Cash generated from (utilised in) operating activities | **76 808** | (84 143) | 503 050 |
| Investment income | **73 542** | 61 187 | 424 796 |
| Finance costs | **(298 071)** | (184 997) | (582 122) |
| Taxation paid | **(31 443)** | (79 064) | (69 208) |
| **Net cash flow utilised in investing activities** | **(1 026 557)** | (1 127 497) | (3 970 959) |
| **Net cash flow from financing activities** | **1 746 225** | 1 598 894 | 3 751 402 |
| Total cash movement for the period | **540 504** | 184 380 | 56 959 |
| Cash at the beginning of the period | **389 293** | 44 389 | 44 389 |
| Cash (disposed) acquired with subsidiaries | **–** | (41 083) | 287 945 |
| **Total cash at the end of the period** | **929 797** | 187 686 | 389 293 |

## Condensed consolidated statement of changes in equity

| | Share capital and share premium/ Stated capital R'000 | Foreign currency translation reserve R'000 | Share-based payment reserve R'000 |
|---|---|---|---|
| **Balance at 1 July 2013 – as previously reported** | 2 196 594 | 159 | 5 488 |
| Restatement | – | – | – |
| **Balance at 1 July 2013 – restated** | 2 196 594 | 159 | 5 488 |
| Issue of shares | 2 167 265 | – | – |
| Issue of shares – adjustment | (136 373) | – | – |
| Share buy-back through reserves | (22 300) | – | – |
| Total comprehensive income | – | – | – |
| Derecognition of FCTR and non-controlling interests | – | – | – |
| Foreign currency translation reserve | – | 68 | – |
| Recognition of change in ownership reserve | – | – | – |
| Recognition of share-based payments | – | – | 3 385 |
| **Balance at 31 December 2013 – restated** | **4 205 186** | **227** | **8 873** |
| Balance at 31 December 2013 – as previously reported | **4 205 186** | **227** | **8 873** |
| Restatement | **–** | **–** | **–** |
| Issue of shares | **1 593 657** | **–** | **–** |
| Total comprehensive income | **–** | **–** | **–** |
| Derecognition of non-controlling interest | **–** | **–** | **–** |
| Foreign currency translation reserve | **–** | **111 702** | **–** |
| Recognition of change in ownership reserve | **–** | **–** | **–** |
| Recognition of share-based payments | **–** | **–** | **74 444** |
| **Audited balance at 30 June 2014** | **5 798 843** | **111 929** | **83 317** |
| Issue of shares | **640 575** | **–** | **–** |
| Total comprehensive income | **–** | **–** | **–** |
| Recognition of change in ownership reserve | **–** | **–** | **–** |
| Foreign currency translation reserve | **–** | **(6 773)** | **–** |
| Derecognition of non-controlling interest | **–** | **–** | **–** |
| Recognition of share-based payments | **–** | **–** | **3 306** |
| **Unaudited balance at 31 December 2014** | **6 439 418** | **105 156** | **86 623** |

| Available-for-sale reserve R'000 | Distributable reserves R'000 | Acquisition of non-controlling interest reserve R'000 | Equity attributable to owners of the company R'000 | Non-controlling interests R'000 | Total R'000 |
|---|---|---|---|---|---|
| – | 3 170 832 | – | 5 373 073 | 355 831 | 5 728 904 |
| – | (20 106) | – | (20 106) | (3 548) | (23 654) |
| – | 3 150 726 | – | 5 352 967 | 352 283 | 5 705 250 |
| – | – | – | 2 167 265 | – | 2 167 265 |
| – | – | – | (136 373) | – | (136 373) |
| – | (259 943) | – | (282 243) | – | (282 243) |
| – | 356 003 | – | 356 003 | 5 048 | 361 051 |
| – | – | – | – | (199 612) | (199 612) |
| – | – | – | 68 | – | 68 |
| – | – | (3 183) | (3 183) | – | (3 183) |
| – | – | – | 3 385 | – | 3 385 |
| **–** | **3 246 786** | **(3 183)** | **7 457 889** | **157 719** | **7 615 608** |
| **–** | **3 268 435** | **(3 183)** | **7 479 538** | **157 991** | **7 637 529** |
| **–** | **(21 649)** | **–** | **(21 649)** | **(272)** | **(21 921)** |
| **–** | **–** | **–** | **1 593 657** | **–** | **1 593 657** |
| **83 746** | **590 144** | **–** | **673 890** | **61 059** | **734 949** |
| **–** | **–** | **–** | **–** | **(4 211)** | **(4 211)** |
| **–** | **–** | **–** | **111 702** | **–** | **111 702** |
| **–** | **–** | **609** | **609** | **–** | **609** |
| **–** | **–** | **–** | **74 444** | **–** | **74 444** |
| **83 746** | **3 836 930** | **(2 574)** | **9 912 191** | **214 567** | **10 126 758** |
| **–** | **–** | **–** | **640 575** | **–** | **640 575** |
| **76 820** | **364 279** | **–** | **441 099** | **(4 451)** | **436 648** |
| **–** | **–** | **(113 909)** | **(113 909)** | **–** | **(113 909)** |
| **–** | **–** | **–** | **(6 773)** | **–** | **(6 773)** |
| **–** | **–** | **–** | **–** | **(212 822)** | **(212 822)** |
| **–** | **–** | **–** | **3 306** | **–** | **3 306** |
| **160 566** | **4 201 209** | **(116 483)** | **10 876 489** | **(2 706)** | **10 873 783** |

## Summarised segmental analysis

| Business segment | Unaudited 31 December 2014 Revenue R'000 | Net profit (loss) R'000 | Investment properties R'000 | Net asset value R'000 |
|---|---|---|---|---|
| Atterbury House | – | – | – | – |
| Brooklyn Bridge Office Park | 34 140 | 4 020 | 608 227 | 207 397 |
| Great Westerford | 15 972 | 8 304 | 261 303 | 189 867 |
| Harlequins Office Park | – | – | – | – |
| Lynnwood Bridge | 76 511 | 26 746 | 1 208 727 | 327 501 |
| Aurecon Building | 48 827 | 9 668 | 637 822 | 162 360 |
| Majestic Offices | 4 551 | 9 722 | 144 468 | 33 910 |
| Waterfall – Altech Building | 3 181 | 1 251 | 41 412 | 17 171 |
| Waterfall – Cell C Campus | 59 872 | 13 654 | 762 722 | 896 420 |
| Waterfall – City Lodge | – | (1 205) | 100 092 | 59 550 |
| Waterfall – Group 5 | 41 239 | 23 546 | 520 922 | 237 831 |
| Waterfall – Maxwell Office Park – Phase I & II | 11 890 | (4 434) | 221 797 | 92 070 |
| **Office and mixed use** | **296 183** | **91 272** | **4 507 492** | **2 224 077** |
| De Ville Shopping Centre | – | – | – | – |
| Glenfair Boulevard Shopping Centre | 23 595 | 13 585 | 338 791 | 295 283 |
| Sanridge Square | – | – | – | – |
| Garden Route Mall | 64 710 | 24 314 | 1 131 866 | 386 946 |
| Brooklyn Mall | 36 744 | 23 017 | 663 526 | 262 304 |
| Mooirivier Mall | 60 086 | 32 508 | 1 019 424 | 472 720 |
| Andringa Walk | 11 740 | (3 179) | 164 354 | (113 695) |
| Eikestad Mall | 32 433 | 10 535 | 512 971 | 107 870 |
| Mill Square | 3 660 | 438 | 77 431 | 9 803 |
| Newtown Junction | 32 808 | (45 800) | 1 220 920 | 141 523 |
| Waterfall Corner | 14 240 | (3 122) | 169 528 | 40 544 |
| Waterfall Lifestyle | 6 802 | 2 340 | 100 497 | 87 207 |
| **Retail** | **286 818** | **54 636** | **5 399 308** | **1 690 505** |
| Waterfall – Angel Shack | 2 078 | 2 687 | 30 084 | 21 392 |
| Waterfall – Covidien | 1 219 | 9 017 | 98 635 | 44 530 |
| Waterfall – Dräger | 1 574 | 6 281 | 62 660 | 35 659 |
| Waterfall – Massbuild Distribution Campus | 17 610 | 7 220 | 231 984 | 56 832 |
| Waterfall – Westcon | 3 099 | (1 664) | 87 071 | 44 772 |
| **Light industrial** | **25 580** | **23 541** | **510 434** | **203 185** |
| Le Chateau | – | (5) | 17 000 | 14 748 |
| Waterfall – Infrastructure and Services | 31 | (7 780) | 587 231 | 308 437 |
| Waterfall – Land | – | 31 172 | 1 518 088 | 1 534 643 |
| **Vacant land** | **31** | **23 387** | **2 122 319** | **1 857 828** |
| Waterfall – Angel Shack | – | – | – | – |
| Waterfall – City Lodge | – | – | – | – |
| Waterfall – Covidien | – | – | – | – |
| Waterfall – Cummins | – | 4 619 | 54 418 | 19 835 |
| Waterfall – Dräger | – | – | – | – |
| Waterfall – Group 5 | – | – | – | – |
| Waterfall – Mall of Africa* | – | 115 355 | 1 228 979 | 848 220 |
| Waterfall – Maxwell Office Park – Phase I | – | – | – | – |
| Waterfall – Maxwell Office Park – Phase II | – | – | – | – |
| Waterfall – Maxwell Office Park – Phase III | – | (3 838) | 35 120 | (3 838) |
| Waterfall – Novartis | – | 9 210 | 132 946 | 58 502 |
| Waterfall – Servest | – | 4 800 | 55 920 | 4 800 |
| Waterfall Corner | – | – | – | – |
| Waterfall Lifestyle | – | – | – | – |
| Waterfall – Westcon | – | – | – | – |
| Lynnwood Bridge – Phase III | – | – | – | – |
| Newtown | – | – | – | – |
| Majestic Offices | – | – | – | – |
| **Developments** | **–** | **130 146** | **1 507 383** | **927 519** |
| **Head office/other** | **549** | **118 117** | **–** | **3 970 669** |
| **Total** | **609 161** | **441 099** | **14 046 936** | **10 873 783** |

** 80% undivided share as at 31 December 2014. 100% held in prior periods*

| Restated 31 December 2013 | | | | Audited 30 June 2014 | | | |
|---|---|---|---|---|---|---|---|
| Revenue R'000 | Net profit (loss) R'000 | Investment properties R'000 | Net asset value R'000 | Revenue R'000 | Net profit (loss) R'000 | Investment properties R'000 | Net asset value R'000 |
| 4 367 | (1 571) | – | – | 4 462 | (9 282) | – | – |
| – | – | – | – | 19 222 | 41 472 | 608 275 | 203 377 |
| 16 691 | 914 | 264 757 | 156 290 | 34 529 | (21 787) | 235 609 | 181 563 |
| 2 692 | (769) | – | – | 2 694 | 2 094 | – | – |
| 60 800 | 45 017 | 835 312 | 385 968 | 118 079 | 48 852 | 829 661 | 300 755 |
| 37 967 | 7 577 | 649 061 | 142 019 | 101 230 | 19 093 | 637 953 | 152 692 |
| – | – | – | – | – | – | – | – |
| 536 | 7 949 | 42 292 | 13 490 | 3 803 | 4 634 | 41 004 | 15 920 |
| 9 207 | 61 151 | 708 616 | 55 341 | 64 343 | 106 358 | 761 329 | 882 766 |
| – | – | – | – | – | – | – | – |
| – | – | – | – | 32 048 | 82 213 | 504 420 | 214 285 |
| 134 | 17 103 | 121 627 | 34 629 | 6 495 | 14 474 | 130 494 | 96 504 |
| 132 394 | 137 371 | 2 621 665 | 787 737 | 386 905 | 288 121 | 3 748 745 | 2 047 862 |
| 13 586 | 8 130 | 200 299 | 101 651 | 20 204 | 31 074 | – | – |
| 21 675 | 15 342 | 328 202 | 259 843 | 44 197 | 35 901 | 349 646 | 281 698 |
| 2 944 | 2 125 | – | – | 511 | 2 016 | – | (388) |
| 58 711 | 31 532 | 1 056 042 | 653 650 | 114 759 | 110 978 | 1 111 741 | 362 632 |
| 34 148 | 22 383 | 604 193 | 244 056 | 67 350 | 75 134 | 637 515 | 239 287 |
| 56 690 | 57 714 | 974 683 | 381 053 | 115 524 | 84 173 | 992 265 | 440 212 |
| 11 386 | 2 435 | 155 834 | (116 948) | 23 444 | 3 163 | 160 512 | (110 516) |
| 29 136 | 16 942 | 504 575 | 66 453 | 60 121 | 17 461 | 503 449 | 97 335 |
| 1 491 | (4 804) | 58 573 | 98 251 | 4 214 | 260 | 73 196 | 9 365 |
| – | – | – | – | – | – | – | – |
| – | – | – | – | 6 723 | 32 438 | 169 592 | 43 666 |
| – | – | – | – | – | – | – | – |
| 229 767 | 151 799 | 3 882 401 | 1 688 009 | 457 047 | 392 598 | 3 997 916 | 1 363 291 |
| – | – | – | – | – | – | – | – |
| – | – | – | – | – | – | – | – |
| – | – | – | – | – | – | – | – |
| 6 535 | 8 310 | 239 415 | 98 917 | 31 701 | 1 471 | 224 962 | 49 612 |
| – | – | – | – | – | – | – | – |
| 6 535 | 8 310 | 239 415 | 98 917 | 31 701 | 1 471 | 224 962 | 49 612 |
| – | (52) | 17 000 | 14 751 | – | (70) | 17 000 | 14 753 |
| – | – | 408 243 | 260 869 | – | (31 149) | 446 046 | 316 217 |
| – | (18 333) | 1 516 385 | 1 737 306 | – | 24 154 | 1 503 549 | 1 503 471 |
| – | (18 385) | 1 941 628 | 2 012 926 | – | (7 065) | 1 966 595 | 1 834 441 |
| – | – | 4 813 | 558 | – | 1 134 | 21 031 | 18 705 |
| – | 2 614 | 22 309 | 10 857 | – | 5 156 | 63 086 | 60 755 |
| – | – | – | – | – | 2 903 | 39 236 | 35 513 |
| – | – | – | – | – | 1 118 | 24 312 | 15 216 |
| – | | 13 359 | 1 220 | – | 2 968 | 30 535 | 29 378 |
| – | 108 912 | 491 800 | 107 048 | – | – | – | – |
| – | 44 686 | 581 407 | 307 482 | – | 141 149 | 994 714 | 732 865 |
| – | – | – | – | – | – | – | – |
| – | 2 823 | 33 370 | 30 579 | – | 8 281 | 83 671 | 72 491 |
| – | – | – | – | – | – | – | – |
| – | – | – | – | – | 5 146 | 54 168 | 49 292 |
| – | – | – | – | – | – | – | – |
| – | 33 899 | 130 364 | 45 237 | – | – | – | – |
| – | – | 31 201 | 13 483 | – | (1 516) | 87 299 | 84 867 |
| – | – | 23 343 | 6 918 | – | 489 | 52 348 | 46 436 |
| – | (12 573) | 206 208 | 35 229 | – | 8 149 | 308 639 | 115 081 |
| – | (26 994) | 577 670 | 147 905 | – | 6 036 | 987 919 | 187 323 |
| – | 8 082 | 81 575 | 22 519 | – | 19 194 | 144 161 | 24 188 |
| – | 161 449 | 2 197 419 | 729 035 | – | 200 207 | 2 891 119 | 1 472 110 |
| – | (84 541) | – | 2 298 984 | 1 197 | 154 561 | – | 3 359 442 |
| 368 696 | 356 003 | 10 882 528 | 7 615 608 | 876 850 | 1 029 893 | 12 829 337 | 10 126 758 |

## Commentary

### Introduction

Attacq is a leading South African capital growth property company listed on the JSE. Attacq's business has two focus areas: investments and developments. Investments comprise completed buildings held directly and indirectly. Developments comprise land, greenfields development of land or brownfields development by refurbishment of existing buildings. Investments provide stable income and balance sheet strength to responsibly secure and fund high-growth opportunities within developments. Attacq has a total asset value in excess of R20 billion, including landmark commercial and retail property assets and developments. Its portfolio of properties and investments is geographically diverse across South Africa and includes a growing representation of international investments in sub-Saharan Africa via AttAfrica Limited ("AttAfrica") and Germany, Switzerland and the United Kingdom via a strategic stake in MAS Real Estate Inc. ("MAS").

### Net asset value per share ("NAVPS")

NAVPS as at 31 December 2014 was R15.52, 20.8% higher than the prior comparative period (restated) of 31 December 2013 and 5.0% higher than the NAVPS as at 30 June 2014.

### Capital raised

On 9 December 2014, Attacq raised R640 million in cash from shareholders by way of a vendor placement to fund the acquisition of the Attacq Waterfall Investment Company (Pty) Ltd ("AWIC") minority shareholding, as detailed further below.

### Acquisitions

***Non-controlling interests***

*AWIC transaction*

As part of Attacq's strategy to manage the entire Waterfall pipeline, its key asset, and to take full control of the strategic planning of Waterfall, including the roll-out of its infrastructure, Attacq became the sole shareholder of AWIC in which Atterbury Property Holdings (Pty) Ltd ("Atterbury") previously held an 18.775% effective shareholding through its wholly-owned subsidiary, Atterbury Waterfall City (Pty) Ltd ("AWC"). The total purchase consideration for Atterbury's stake was R655.1 million.

The AWIC transaction enables Attacq to accelerate the unlocking of value in respect of the Waterfall development rights by working on an unrestricted basis with Atterbury and other developers. This strategy was formulated jointly with Atterbury, which is increasing its deployment of development capacity in other markets including Central and Eastern Europe, a direction which supports Attacq's diversification strategy.

As part of the AWIC transaction, Attacq secured a pre-emptive right in respect of all material developments to be undertaken by Atterbury, locally and internationally, thus ensuring Attacq's continued access to Atterbury's development pipeline.

In return for this right, the disposal by AWC of its shareholding in AWIC and the amendments to Atterbury's exclusive development rights, Attacq reduced its shareholding in Atterbury from 25% to 10% for a consideration on R83 million. Attacq has retained a seat on Atterbury's board.

*Lynnaur Investments (Pty) Ltd ("Lynnaur")*

Effective 12 December 2014, Attacq acquired the 25% non-controlling interest in Lynnaur, the owner of the Aurecon building in Pretoria, for an amount of R50 million. Attacq is now the sole owner of all the properties located in the Lynnwood Bridge Precinct and the acquisition is in accordance with Attacq's strategy of owning properties located in strong nodes.

***Impact on NAV***

The acquisition of these non-controlling interests took place at a premium to the accounting NAV of each entity, resulting in the acquisition of non-controlling interest reserve increasing by R113.9 million. The premium paid to accounting NAV was justified by the existence of future economic benefits not reflected in the underlying asset carrying values as at the transaction date.

### Disposals

***Part-disposal of stake in Atterbury and disposal of 20% undivided share in the Mall of Africa***

As part of the AWIC restructure, AWIC disposed of a 20% undivided share in the Mall of Africa for R318 million to Atterbury, who prior to the restructure held an 18.775% indirect stake in the Mall of Africa via their shareholding in AWIC. An agterskot amount is payable to Attacq on the additional 1.225% stake in the Mall of Africa acquired by Atterbury. The amount will be determined with reference to the market value of the mall one year after its opening.

***Restructure of African Land Investments Limited ("ALI")***

During the period, Attacq and Hyprop Investments Limited ("Hyprop") restructured 50% of Manda Hill Mall under AttAfrica Limited, with the remaining 50% being held directly by Hyprop. Attacq's 12.43% shareholding was disposed effective 1 July 2014 for an amount of R110.4 million.

***Disposal of Rapfund Holdings (Pty) Ltd ("Rapfund")***
In July 2014, Attacq sold its shareholding in Rapfund to a consortium of existing and new Rapfund shareholders for an amount of R139 million.

## Profit before taxation

***Net rental income***
Net rental income including straight-line lease income adjustments increased by 78.0% compared with December 2013. This large increase is driven by the roll-out of the Waterfall pipeline. A like-for-like comparison of net rental income is of limited use due to the internalisation of the asset management function during the December 2013 reporting period as well as a result of changes in the property portfolio. Four properties were disposed of, one property was acquired and a further 14 properties under development were completed since December 2013.

***Vacancies***
Overall portfolio vacancies, measured in terms of primary gross lettable area ("GLA") have increased by 14 300m$^2$ compared to 30 June 2014. On a like-for-like basis, vacancies have decreased by 2 369m$^2$. The balance of the increase, being 16 669m$^2$, relates primarily to Newtown Junction, The Majestic, Lynnwood Bridge Phase III and Waterfall Lifestyle, all of which came into operation during the period. Subsequent to 31 December 2014, 4 877m$^2$ of the vacant space in these properties was taken up.

| | 31 December 2014 | | 30 June 2014 | |
|---|---|---|---|---|
| **Sector** | **Vacancy %** | **Vacant GLA m$^2$** | Vacancy % | Vacant GLA m$^2$ |
| Retail | **2.2** | **11 335** | 0.9 | 3 317 |
| Office | **3.0** | **15 671** | 2.4 | 9 389 |
| Industrial | **–** | **–** | – | – |
| Hotel | **–** | **–** | – | – |
| **Portfolio vacancy** | **5.2** | **27 006** | 3.3 | 12 706 |

***Operating and other expenses***
The significant reduction in operating and other expenses is due to a loss of R68.1 million included in the December 2013 period realised on the disposal of Attacq's investment in the merged Karoo I and Karoo II funds in return for a then 23.4% stake in MAS. Attacq will share in any realised upside on the Karoo assets directly by way of an agterskot mechanism and indirectly via its increased shareholding in MAS. On the assumption that the underlying Karoo assets will be realised at their stated values as at 31 December 2014, the agterskot would amount to approximately R267 million, prior to any related taxes. Attacq will only recognise the agterskot amount upon final realisation in 2016.

***Other income***
The two main contributors to other income are the profits realised on the disposal of the 15% shareholding in Atterbury and the 20% undivided share in the Mall of Africa.

***Fair value adjustments***
Compared to the prior period, fair value adjustments on investment properties decreased by 33.4% to R310.5 million. Fair value adjustments on investment properties, after accounting for straight-line lease income adjustments, is made up as follows:

| R'000 | **31 December 2014** | 31 December 2013 (restated) |
|---|---|---|
| Completed properties | **65 120** | 193 863 |
| Properties under development | **202 127** | 257 152 |
| Vacant land | **43 252** | 15 211 |
| Total fair value adjustments in investment properties | **310 499** | 466 226 |

In the current period, fair value adjustments in respect of completed properties were negatively impacted by a conservative outlook on the filling of vacancies on recently completed properties, reductions on forecast net property income on certain properties and a 25 basis point increase in the market capitalisation rates applied to five properties.

Property valuations as at 31 December 2014 are based on external desktop valuations performed by Jones Lang LaSalle (Pty) Ltd, Old Mutual Investment Group (South Africa) (Pty) Ltd, Mills Fitchet KZN CC and Broll Valuation & Advisory Services (Pty) Ltd.

## **Commentary** continued

The valuation in respect of Waterfall's vacant leasehold land is based on an external desktop valuation performed on a freehold basis. The desktop valuation is then adjusted downward by management to take into account, inter alia, land currently held by way of development rights and the estimated future rental obligations attached to the land.

***Investment income***

Included in investment income in the current period is interest income of R49.6 million and dividend income of R23.9 million.

***Finance costs***

Finance costs decreased by 10.1% compared to the prior period. Included in the December 2013 period is a non-cash, non-recurring amount of R123.6 million arising from the transaction concluded between Attacq, Atterbury Investment Managers (Pty) Ltd and Razorbill Properties 91 (Pty) Ltd (a wholly-owned subsidiary of Attacq) as more fully detailed in Attacq's listing prospectus and as approved by shareholders at the general meeting held on 27 August 2013. Excluding this amount, the increase is 42.5%, which is attributable to the 14 properties completed since December 2013, resulting in the related finance costs being expensed and no longer capitalised to the property under development.

### Development property

In the current interim period, the following properties under development were completed:

| Property | Sector | Completion date | Primary GLA (m²) | Occupancy % |
|---|---|---|---|---|
| **Waterfall** | | | | |
| Premier Foods (Maxwell Office Park)^ | Office | July 2014 | 3 902 | 100 |
| Waterfall Lifestyle | Retail | July 2014 | 7 018 | >60 |
| Angel Shack | Industrial | August 2014 | 4 648 | 100 |
| Honda (Maxwell Office Park)^ | Office | November 2014 | 3 972 | >75 |
| Westcon | Industrial | October 2014 | 7 868 | 100 |
| City Lodge | Hotel | December 2014 | 6 180 | 100 |
| Dräger | Industrial | October 2014 | 5 027 | 100 |
| Covidien | Industrial | November 2014 | 11 082 | 100 |
| **Other** | | | | |
| Newtown Junction | Retail & Office | October 2014 | 64 190 | >90 |
| The Majestic | Office | September 2014 | 8 852 | >70 |
| Lynnwood Bridge Phase III | Office | October 2014 | 14 210 | >65 |

*^ 50% joint arrangement with the Moolman Group. 100% of the GLA is reflected above*

The following properties were either under development at 31 December 2014 or development commenced subsequently:

| Property | Sector | Anticipated completion date | Primary GLA (m²)* | % pre-let |
|---|---|---|---|---|
| **Under development** | | | | |
| **Waterfall** | | | | |
| Novartis | Office | April 2015 | 7 055 | 100 |
| Servest | Industrial | May 2015 | 6 650 | 100 |
| Cummins~ | Industrial | June 2015 | 20 833 | 100 |
| Colgate (Maxwell Office Park)^ | Office | August 2015 | 4 241 | 100 |
| Speculative building (Maxwell Office Park)^ | Office | August 2015 | 6 280 | – |
| Mall of Africa# | Retail | April 2016 | 131 037 | >75 |
| **Commenced post 31 December 2014** | | | | |
| **Waterfall** | | | | |
| Hilti | Industrial | August 2015 | 3 700 | 100 |
| Stryker | Industrial | August 2015 | 3 219 | 100 |
| Allandale building | Office | May 2016 | 14 670 | >30 |
| **Other** | | | | |
| PwC | Office | February 2018 | 40 000 | 100 |
| City Lodge – Newtown | Hotel | November 2015 | 4 228 | 100 |

** Estimated GLA, subject to change upon final remeasurement after completion*
*~ 50% joint arrangement with Zenprop. 100% of the GLA is reflected above*
*^ 50% joint arrangement with the Moolman Group. 100% of the GLA is reflected above*
*# 80% undivided share, 20% held by Atterbury. 100% of GLA is reflected above*

### Borrowings

Total net interest-bearing borrowings increased by 29.0% from December 2013 with additional debt being incurred to fund Attacq's growing property portfolio in accordance with its capital growth model.

Gearing, calculated as total net interest-bearing debt (including debt on non-current assets held for sale) less cash on hand to total assets, improved from 36.6% as at 31 December 2013 (restated) to 33.9% as at 31 December 2014. In order to mitigate interest rate risk, approximately 82.5% (31 December 2013: 69.6%) of utilised debt of R7.9 billion as at 31 December 2014 (31 December 2013: R5.6 billion) was hedged in terms of either fixed interest rate loans or interest rate swaps. Including forward starting hedges, 70.8% of total drawn and undrawn committed debt facilities have been hedged. The weighted average cost of funding as at 31 December 2014 was 9.7% (31 December 2013: 9.7%).

### AttAfrica

During the period, Atterbury Africa Limited was rebranded as AttAfrica following the restructure of 50% of Manda Hill Mall under Atterbury Africa and the merger of the management teams of ALI and Atterbury Africa. Attacq's investment in AttAfrica increased to R461.8 million during the period in order to fund its share of AttAfrica's underlying development pipeline as well as the Manda Hill Mall acquisition. At 31 December 2014, AttAfrica's underlying assets were as follows:

| Property and location | GLA ($m^2$) | AttAfrica ownership % | Attributable value (USD'000) | Attacq effective interest % | Status |
|---|---|---|---|---|---|
| **Accra Mall**<br>*Accra, Ghana* | 19 000 | 47 | 39 997 | 14.7 | Income producing, fully let. Future expansion planned |
| **West Hills Mall**<br>*Accra, Ghana* | 27 500 | 45 | 48 250 | 14.1 | Fully let. Opened late October 2014 |
| **Manda Hill Mall**<br>*Lusaka, Zambia* | 44 000 | 50 | 68 850 | 15.6 | 99% let, income producing. Future expansion planned |
| **Achimota Mall**<br>*Accra, Ghana* | 13 400* | 75 | 12 605 | 23.4 | Under construction. Anchored by Shoprite, Mr Price and Jet. Completion October 2015 |
| **Kumasi City Mall**<br>*Kumasi, Ghana* | 29 000* | 75 | 8 270 | 23.4 | Pre-letting underway. Completion date early 2017 |
| **Waterfalls**<br>*Lusaka, Zambia* | – | 25 | 1 215 | 7.8 | Land acquired for retail and hotel development |

** GLA ($m^2$) proposed*

### Change in directors and company secretary

Lebo Masekela resigned from the board with effect from 30 November 2014. Subsequent to period-end, Keneilwe Moloko was appointed to the board with effect from 2 February 2015. T Smith resigned as company secretary, effective 11 March 2015 and T Kodde was appointed as company secretary effective from the same date.

### Subsequent events

***Acquisition of PwC Sunninghill offices***

Effective 31 January 2015, AWIC acquired 100% of the issued share capital and loan claims of Micawber 832 (Pty) Ltd, the owner of the current PwC offices located in Sunninghill, Gauteng, for a total consideration of R475.8 million.

### Prospects

Delivery of the Waterfall pipeline remains Attacq's main focus. During the 12 months ended 31 December 2014, 14 buildings were completed and Waterfall's secured pipeline of projects planned or underway totalled 237 685$m^2$ at 31 December 2014. Developable bulk remaining for development totals 1 399 440$m^2$, being 78.3% of total available bulk.

With its three operational malls and a further two malls under development, AttAfrica will provide Attacq with increasing exposure to the African growth story and through Attacq's investment in MAS, exposure is obtained to the developed property markets of the UK, Germany and Switzerland. MAS has been acquisitive in Germany and the UK in deploying the proceeds of its 2014 capital raise in income producing properties at attractive returns.

### Restatement

As reported in the results for the year ended 30 June 2014, wherein Attacq restated its results for the year ended 30 June 2013, it is the Group's policy to account for investment properties at fair value under IAS 40: *Investment Properties*. Via its subsidiary, AWIC, Attacq accounted for the rental obligations arising as a result of its leasehold rights in respect of Waterfall as a finance lease under IAS 17: *Leases*, taking estimates of all expected lease payments into account. During the 2014 financial year, following detailed advice received, it was concluded that the rental obligations taken into account in the determination of the finance lease liability were contingent in nature and that the finance lease liability previously raised should be derecognised. However, in applying the requirements of IFRS 13: *Fair Value Measurement*, investment properties should be carried at the fair value determined with reference to an orderly transaction between market participants at the measurement date under current market conditions. As a result, the investment properties should be carried at their net values after taking into account AWIC's future rental obligations arising from its leasehold rights in respect of Waterfall.

The cumulative impact of the restatement is a decrease in the December 2013 net asset value ("NAV") of R21.6 million. The net impact of the restatement is a decrease in investment properties of R593.5 million in December 2013 with a corresponding decrease in the finance lease liability. Deferred tax liabilities increased by R21.9 million as at December 2013 with a corresponding decrease in distributable reserves.

### Basis of preparation

These unaudited condensed consolidated interim financial statements for the six months ended 31 December 2014 have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS") and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by Financial Reporting Standards Council, and include disclosure as required by IAS 34: *Interim Financial Reporting*, the JSE Listings Requirements and the Companies Act of South Africa. They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last consolidated financial statements as at and for the year ended 30 June 2014. In preparing these condensed consolidated interim financial statements, management makes judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The areas that include significant judgements made by management in applying the Group's accounting policies and key sources of estimation uncertainty were the same as those that were identified in the consolidated financial statements as at and for the year ended 30 June 2014.

#### *Significant accounting policies*

The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the consolidated financial statements for the year ended 30 June 2014, except as described below. The following amendments to standards have been adopted by the Group as from 1 July 2014 and have no impact on the results of the Group:

IFRS 2: *Share-based Payment*
IFRS 3: *Business Combinations*
IFRS 8: *Operating Segments*
IFRS 10: *Consolidated Financial Statements*
IFRS 12: *Disclosure of Interest in Other Entities*
IFRS 13: *Fair Value Measurement*
IAS 16: *Property, Plant and Equipment*
IAS 19: *Employee Benefits*
IAS 24: *Related Party Disclosure*
IAS 27: *Separate Financial Statements*
IAS 36: *Impairment of Assets*
IAS 39: *Financial instruments: Recognition and Measurement*
IAS 38: *Intangible Assets*
IAS 40: *Investment Property*

These condensed consolidated interim financial statements have not been reviewed or audited by the Group's independent external auditors. The directors are not aware of any matters or circumstances arising subsequent to the period ended 31 December 2014 that require additional disclosure or adjustment to the financial statements.

The preparation of the financial information was supervised by M Hamman CA(SA), Financial Director of Attacq.

On behalf of the board

**P Tredoux**
Chairman

**MC Wilken**
CEO

16 March 2015