ATTACQ

INTERIM RESULTS FOR THE FOR THE SIX MONTHS ENDED

31 December 2015

DEVELOP | INVEST | GROW

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unuadited 31 December 2015 R'000	Unaudited 31 December 2014 R'000	Audited 30 June 2015 R'000
Assets			
Non-current assets			
Property, plant and equipment	**10 620**	11 599	10 641
Investment properties	**17 521 479**	14 046 936	16 187 873
Per valuation	**18 077 984**	14 450 766	16 670 072
Straight-line lease debtor	**(556 505)**	(403 830)	(482 199)
Straight-line lease debtor	**556 505**	403 830	482 199
Deferred initial lease expenditure	**7 658**	8 097	9 154
Intangible assets	**334 540**	355 069	344 523
Goodwill	**67 774**	62 847	67 774
Investment in associates	**3 091 557**	2 835 966	2 369 884
Other financial assets	**327 716**	471 134	102 993
Other investments	**440 280**	406 909	402 414
Deferred tax assets	**21 761**	15 385	19 829
Total non-current assets	**22 379 890**	18 617 772	19 997 284
Current assets			
Taxation receivable	**–**	5 490	408
Trade and other receivables	**280 178**	219 532	223 084
Loans to associates	**2 386 559**	705 159	741 037
Other financial assets	**1 229 461**	1 084	907 282
Cash and cash equivalents	**303 055**	929 797	747 145
Total current assets	**4 199 253**	1 861 062	2 618 956
Assets held for sale	**536 572**	–	684 441
Total assets	**27 115 715**	20 478 834	23 300 681
Equity and liabilities			
Equity			
Stated capital	**6 442 805**	6 439 419	6 439 419
Distributable reserves	**5 811 556**	4 201 209	4 815 584
Available-for-sale reserve	**900 574**	160 566	682 579
Share-based payment reserve	**97 943**	86 623	90 359
Foreign currency translation reserve	**433 017**	105 156	45 740
Acquisition of non-controlling interests reserve	**(129 483)**	(116 483)	(116 483)
Equity attributable to owners of the holding company	**13 556 412**	10 876 490	11 957 198
Non-controlling interests	**41 614**	(2 706)	7 252
Total equity	**13 598 026**	10 873 784	11 964 450
Non-current liabilities			
Long-term borrowings	**9 565 069**	6 954 013	8 863 852
Deferred tax liabilities	**1 697 902**	1 070 856	1 365 868
Other financial liabilities	**1 772**	151 458	28 086
Provisions for liabilities relating to associates	**1 079**	8 834	1 579
Finance lease obligation	**73 864**	70 263	71 346
Total non-current liabilities	**11 339 686**	8 255 424	10 330 731
Current liabilities			
Other financial liabilities	**299 113**	3 171	113 258
Finance lease obligation	**1 304**	–	1 332
Loans from associates	**323 572**	141 140	70 989
Taxation payable	**1 334**	6 282	10 185
Trade and other payables	**370 105**	272 684	462 636
Provisions	**2 121**	1 932	1 422
Bank overdraft	**–**	–	19 349
Short-term portion of long-term borrowings	**1 066 304**	924 417	326 329
Total current liabilities	**2 063 853**	1 349 626	1 005 500
Liabilities directly associated with assets held for sale	**114 150**	–	–
Total liabilities	**13 517 689**	9 605 050	11 336 231
Total equity and liabilities	**27 115 715**	20 478 834	23 300 681

Net asset value per share (cents)	**1 933**	1 552	1 706
Net asset value per share adjusted for deferred tax (cents)	**2 172**	1 702	1 898

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited 31 December 2015 R'000	Unaudited 31 December 2014 R'000	Audited 30 June 2015 R'000
Gross revenue	**769 456**	609 161	1 312 935
Rental income	**689 671**	514 932	1 140 335
Straight-line lease income adjustments	**79 785**	94 229	172 600
Property expenses	**(238 427)**	(185 940)	(358 885)
Net rental income	**531 029**	423 221	954 050
Other income	**569 871**	70 073	205 590
Operating and other expenses	**(121 744)**	(61 005)	(305 589)
Operating profit	**979 156**	432 289	854 051
Amortisation of intangible asset	**(9 982)**	(9 756)	(20 303)
Fair value adjustments	**635 703**	306 512	1 114 224
Investment properties	**426 805**	310 499	1 110 711
Other financial assets and liabilities	**229 568**	(2 362)	68 089
Other investments	**(20 670)**	(1 625)	(64 576)
Net income (loss) from associates	**87 286**	(24 960)	50 568
Investment income	**74 191**	73 542	142 531
Finance costs	**(403 895)**	(301 103)	(685 872)
Profit before taxation	**1 362 459**	476 524	1 455 199
Income tax expense	**(332 125)**	(116 696)	(471 038)
Profit for the period	**1 030 334**	359 828	984 161
Attributable to:			
Owners of the holding company	**995 972**	364 279	978 654
Non-controlling interests	**34 362**	(4 451)	5 507
Other comprehensive income			
Items that will be reclassified subsequently to profit and loss			
Gain on available-for-sale financial assets	**153 734**	67 804	661 986
Taxation relating to components of other comprehensive income	**64 261**	9 016	(63 153)
Other comprehensive income for the period net of taxation	**217 995**	76 820	598 833
Total comprehensive income for the period	**1 248 329**	436 648	1 582 994
Attributable to:			
Owners of the holding company	**1 213 967**	441 099	1 577 487
Non-controlling interests	**34 362**	(4 451)	5 507
Earnings per share			
Basic (cents)	**142.0**	54.1	142.4
Diluted (cents)	**141.6**	54.0	142.0

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME continued

	Unaudited 31 December 2015 R'000	Unaudited 31 December 2014 R'000	Audited 30 June 2015 R'000
Reconciliation between earnings, headline earnings and distributable earnings (loss)			
Profit for the period	**995 972**	364 279	978 654
Headline earnings adjustments	**(617 789)**	(263 388)	(964 063)
Profit on disposal of associates	**(145 019)**	(331)	(89 161)
Profit on disposal of other investments	**(1 994)**	(956)	(956)
Loss (Profit) on disposal of investment property	**9 364**	1 277	(29 132)
Impairment (reversal of impairment) of associates and other investments	**43 706**	(14 838)	3 486
Impairment of goodwill	**–**	–	109 670
Fair value adjustments	**(635 703)**	(306 512)	(1 114 224)
Net (income) loss from associates	**(87 286)**	24 960	(50 568)
Tax effect of adjustments	**173 811**	52 226	218 169
Non-controlling interests' share	**25 332**	(19 214)	(11 347)
Headline earnings	**378 183**	100 891	14 591
Distributable earnings adjustments	**(345 332)**	(64 701)	(144 095)
Straight-line lease income adjustments	**(52 623)**	(64 965)	(115 840)
Depreciation and amortisation	**8 452**	–	17 575
Foreign currency translation effect	**(302 164)**	–	(47 246)
Finance lease interest	**1 246**	638	1 808
Actual finance lease payments	**(243)**	(374)	(392)
Distributable earnings (loss)	**32 851**	36 190	(129 504)
Number of shares in issue*	**701 395 224**	700 995 224	700 995 224
Weighted average number of shares in issue*	**701 382 181**	673 324 370	687 046 081
Diluted weighted average number of shares in issue*	**703 265 640**	674 741 882	689 256 626
Headline earnings per share			
Basic (cents)	**53.9**	15.0	2.1
Diluted (cents)	**53.8**	15.0	2.1

* *Adjusted for 46 427 553 treasury shares (2014: 46 427 553)*

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited 31 December 2015 R'000	Unaudited 31 December 2014 R'000	Audited 30 June 2015 R'000
Cash flow (utilised in) generated from operating activities	**(108)**	(179 164)	66 575
Cash generated from operating activities	**307 303**	76 808	650 572
Investment income	**118 641**	73 542	119 673
Finance costs	**(403 895)**	(298 071)	(627 902)
Taxation paid	**(22 157)**	(31 443)	(75 768)
Cash flow utilised in investing activities	**(1 923 647)**	(1 026 557)	(2 182 147)
Cash flow generated from financing activities	**1 499 014**	1 746 225	2 453 684
Total cash movement for the period	**(424 741)**	540 504	338 112
Cash at the beginning of the period	**727 796**	389 293	389 293
Cash acquired with subsidiaries	**–**	–	391
Total cash at the end of the period	**303 055**	929 797	727 796

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Stated capital R'000	Distributable reserves R'000	Available-for-sale reserve R'000
Audited balance at 1 July 2014	5 798 843	3 836 930	83 746
Total comprehensive income	–	364 279	76 820
Profit for the period	–	364 279	–
Other comprehensive income	–	–	76 820
Foreign currency translation reserve	–	–	–
Derecognition of non-controlling interest	–	–	–
Issue of shares	640 576	–	–
Recognition of non-controlling interests reserve	–	–	–
Recognition of share-based payments	–	–	–
Unaudited balance at 31 December 2014	**6 439 419**	**4 201 209**	**160 566**
Total comprehensive income	**–**	**614 375**	**522 013**
Profit for the period	**–**	**614 375**	**–**
Other comprehensive income	**–**	**–**	**522 013**
Foreign currency translation reserve	**–**	**–**	**–**
Recognition of share-based payments	**–**	**–**	**–**
Audited balance at 30 June 2015	**6 439 419**	**4 815 584**	**682 579**
Total comprehensive income	**–**	**995 972**	**217 995**
Profit for the period	**–**	**995 972**	**–**
Other comprehensive income	**–**	**–**	**217 995**
Foreign currency translation reserve	**–**	**–**	**–**
Issue of shares	**3 386**	**–**	**–**
Recognition of non-controlling interests reserve	**–**	**–**	**–**
Recognition of share-based payments	**–**	**–**	**–**
Unaudited balance at 31 December 2015	**6 442 805**	**5 811 556**	**900 574**

Share-based payment reserve R'000	Foreign currency translation reserve R'000	Acquisition of non-controlling interests reserve R'000	Equity attributable to owners of the holding company R'000	Non-controlling interests R'000	Total equity R'000
83 317	111 929	(2 574)	9 912 191	214 567	10 126 758
–	–	–	441 099	(4 451)	436 648
–	–	–	364 279	(4 451)	359 828
–	–	–	76 820	–	76 820
–	(6 773)	–	(6 773)	–	(6 773)
–	–	–	–	(212 822)	(212 822)
–	–	–	640 576	–	640 576
–	–	(113 909)	(113 909)	–	(113 909)
3 306	–	–	3 306	–	3 306
86 623	**105 156**	**(116 483)**	**10 876 490**	**(2 706)**	**10 873 784**
–	**–**	**–**	**1 136 388**	**9 958**	**1 146 346**
–	**–**	**–**	**614 375**	**9 958**	**624 333**
–	**–**	**–**	**522 013**	**–**	**522 013**
–	**(59 416)**	**–**	**(59 416)**	**–**	**(59 416)**
3 736	**–**	**–**	**3 736**	**–**	**3 736**
90 359	**45 740**	**(116 483)**	**11 957 198**	**7 252**	**11 964 450**
–	**–**	**–**	**1 213 967**	**34 362**	**1 248 329**
–	**–**	**–**	**995 972**	**34 362**	**1 030 334**
–	**–**	**–**	**217 995**	**–**	**217 995**
–	**387 277**	**–**	**387 277**	**–**	**387 277**
–	**–**	**–**	**3 386**	**–**	**3 386**
–	**–**	**(13 000)**	**(13 000)**	**–**	**(13 000)**
7 584	**–**	**–**	**7 584**	**–**	**7 584**
97 943	**433 017**	**(129 483)**	**13 556 412**	**41 614**	**13 598 026**

CONDENSED SEGMENTAL ANALYSIS

	Notes	Unaudited 31 December 2015 Revenue R'000	Net profit (loss) R'000	Investment properties R'000	Net asset value R'000
Business segment					
Brooklyn Bridge Office Park		38 561	20 942	624 768	299 206
Great Westerford*	1	19 405	14 385	284 822	252 558
Lynnwood Bridge Precinct		80 830	29 958	1 309 635	518 300
Aurecon Building		49 464	16 699	650 641	254 639
Newtown Junction		78 350	12 537	1 410 437	208 308
The Majestic		11 233	(7 038)	124 907	23 272
PwC Sunninghill	2	25 518	(1 080)	346 041	(48 001)
Waterfall – Altech Building*	1	(1 487)	2 674	48 500	24 192
Waterfall – Cell C Campus		71 120	22 231	761 717	421 804
Waterfall – City Lodge		7 687	5 241	101 907	44 792
Waterfall – Group Five		30 725	1 726	536 577	206 144
Waterfall – Maxwell Office Park – Phase I, II & III*		18 550	19 545	381 774	185 001
Waterfall – Novartis		12 628	3 894	200 461	49 038
Office and mixed use		**442 584**	**141 714**	**6 782 187**	**2 439 253**
Glenfair Boulevard Shopping Centre		27 506	22 166	404 462	405 833
Garden Route Mall		66 692	31 938	1 221 072	475 849
Brooklyn Mall#		37 857	20 800	701 064	277 496
MooiRivier Mall		59 811	8 573	1 055 221	418 786
Andringa Walk		13 013	6 730	178 164	74 738
Eikestad Mall^		33 253	22 296	553 942	227 582
Mill Square^		4 054	7 860	90 694	35 589
Waterfall Corner		14 980	5 638	191 822	50 256
Waterfall Lifestyle		10 920	6 149	114 567	32 706
Retail		**268 086**	**132 150**	**4 511 008**	**1 998 835**
Waterfall – Angel Shack		1 559	3 290	35 794	27 819
Waterfall – Medtronic		7 842	10 005	118 614	54 586
Waterfall – Cummins*		6 179	8 416	86 437	25 133
Waterfall – Dräger		4 712	2 050	72 562	31 790
Waterfall – Massbuild		18 555	9 003	252 297	83 604
Waterfall – Westcon		6 542	4 429	102 228	41 325
Waterfall – Hilti		1 991	(32)	52 615	17 190
Waterfall – Servest		6 185	14 406	148 271	75 824
Waterfall – Stryker		2 026	4 352	59 659	20 681
Light industrial		**55 591**	**55 919**	**928 477**	**377 952**
Le Chateau		–	(2)	17 000	14 754
Waterfall – Development rights		–	(155 053)	1 188 704	1 188 708
Waterfall – Infrastructure and services		–	(13 543)	733 803	453 581
Vacant land		**–**	**(168 598)**	**1 939 507**	**1 657 043**
Newtown – City Lodge		–	–	–	–
Newtown – Carr Street		–	–	15 519	15 521
Waterfall – Allandale Building		–	16 015	174 991	100 396
Waterfall – Hilti		–	–	–	–
Waterfall – Mall of Africa^		–	319 789	3 006 156	944 390
Waterfall – Maxwell Office Park – Phase IV*		–	5 868	41 730	39 582
Waterfall – PwC Tower and PwC Annex~		–	41 145	271 388	75 096
Waterfall – Servest		–	–	–	–
Waterfall – Stryker		–	–	–	–
Waterfall – Torre Industries		–	3 846	46 222	43 260
Waterfall – Amrod		–	7 725	114 162	99 172
Waterfall – Spec Warehouse		–	–	23 454	22 200
Waterfall – Cummins*		–	–	–	–
Waterfall – Novartis		–	–	–	–
Developments under construction		**–**	**394 388**	**3 693 622**	**1 339 617**
Head office/other		**3 195**	**692 756**	**–**	**5 785 326**
Total		**769 456**	**1 248 329**	**17 854 801**	**13 598 026**

Notes:

1. Held for sale as at 31 December 2015

2. Acquired during prior year

*Represents Attacq's undivided share in the property: *50%; #25%; ^80%; ~75%*

Unaudited 31 December 2014				Audited 30 June 2015			
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
34 140	4 020	608 227	207 397	71 864	11 727	611 581	224 026
15 972	8 304	261 303	189 867	34 363	18 982	272 762	204 377
76 511	26 746	1 208 727	327 501	144 335	74 517	1 283 202	280 420
48 827	9 668	637 822	162 360	97 596	23 867	641 770	176 559
32 808	(45 800)	1 220 920	141 523	117 254	(21 896)	1 268 703	217 363
4 551	9 722	144 468	33 910	12 849	3 905	134 361	27 921
–	–	–	–	18 961	4 075	351 306	(29 371)
3 181	1 251	41 412	17 171	8 142	3 225	40 647	25 296
59 872	13 654	762 722	896 420	127 696	47 182	778 013	624 091
–	(1 205)	100 092	59 550	5 812	(468)	99 904	46 361
41 239	23 546	520 922	237 831	80 008	50 112	543 093	252 420
11 890	(4 434)	221 797	92 071	26 824	11 060	239 659	121 847
–	–	–	–	2 190	33 303	194 620	122 126
328 991	45 472	5 728 412	2 365 601	747 894	259 591	6 459 621	2 293 436
23 595	13 585	338 791	295 283	50 208	62 529	388 900	359 709
64 710	24 314	1 131 866	386 946	122 846	74 004	1 186 014	452 361
36 744	23 017	663 526	262 304	71 999	36 919	677 335	260 397
60 086	32 508	1 019 424	472 720	113 591	56 078	1 042 802	398 427
11 740	(3 179)	164 354	(113 695)	24 864	711	169 323	65 922
32 433	10 535	512 971	107 870	65 200	26 021	529 416	202 783
3 660	438	77 431	9 803	7 596	1 778	78 975	30 161
14 240	(3 122)	169 528	40 544	28 758	10 447	185 440	88 943
6 802	2 340	100 497	87 207	14 751	10 324	112 371	28 172
254 010	100 436	4 178 388	1 548 982	499 813	278 811	4 370 576	1 886 875
2 078	2 687	30 084	21 392	4 728	5 629	32 931	23 631
1 219	9 017	98 635	44 530	8 911	18 589	108 442	20 949
–	–	–	–	1 105	14 357	78 008	76 814
1 574	6 281	62 660	35 659	6 829	12 601	71 250	32 118
17 610	7 220	231 984	56 832	32 939	16 073	243 439	40 028
3 099	(1 664)	87 071	44 772	9 977	9 209	99 176	88 324
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–
25 580	23 541	510 434	203 185	64 489	76 458	633 246	281 864
–	(5)	17 000	14 748	–	(4)	17 000	14 755
–	31 172	1 518 088	1 534 643	–	68 751	1 467 422	1 467 387
31	(7 780)	587 231	308 437	25	(7 751)	615 991	207 744
31	23 387	2 122 319	1 857 828	25	60 996	2 100 413	1 689 886
–	–	–	–	–	4 656	73 018	25 425
–	–	–	–	–	–	8 569	8 569
–	–	–	–	–	3 627	69 848	52 023
–	–	–	–	–	9 963	38 981	28 575
–	115 355	1 228 979	848 220	–	339 686	2 010 139	624 601
–	(3 838)	35 120	(3 838)	–	15 795	101 658	12 456
–	–	–	–	–	27 895	152 688	187 564
–	4 800	55 920	4 800	–	28 073	127 134	40 125
–	–	–	–	–	11 662	41 982	18 898
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–
–	4 619	54 418	19 835	–	–	–	–
–	9 210	132 946	58 502	–	–	–	–
–	130 146	1 507 383	927 519	–	441 357	2 624 017	998 236
549	113 666	–	3 970 669	714	465 781	–	4 814 153
609 161	436 648	14 046 936	10 873 784	1 312 935	1 582 994	16 187 873	11 964 450

COMMENTARY

Introduction

Attacq is a leading South African capital growth property company listed on the JSE. Attacq's vision is to deliver exceptional sustainable capital growth through creative local and international real estate developments and investments. Attacq pursues this vision through its strategic drivers of *Develop, Invest* and *Grow*. Attacq's business has two key focus areas: Investments and Developments. Investments comprise completed buildings held directly and indirectly. Developments comprise land, greenfields development of land and brownfields development by refurbishment of existing buildings. Investments provide stable income and balance sheet strength to responsibly secure and fund sound growth opportunities. Attacq has a total asset value of R27.1 billion, which includes landmark commercial and retail property assets and developments. Attacq's portfolio of properties and investments consists of geographically diverse assets across South Africa as well as a growing representation of international investments in sub-Saharan Africa, Western, Central and Eastern Europe.

Highlights

- Net asset value per share ("NAVPS") adjusted for deferred tax ("Adjusted NAVPS") increased by 27.6% to R21.72 year-on-year
- NAVPS increased by 24.5% to R19.33 year-on-year
- Total assets increased by 32.4% to R27.1 billion year-on-year
- Investments in international assets increased by 72.8% to R6.4 billion year-on-year
- Net rental income increased by 25.5% to R531.0 million against the prior comparative period
- The Mall of Africa, a super-regional mall, opening on 28 April 2016

Net asset value ("NAV") and NAVPS

NAV attributable to Attacq shareholders increased by 24.6% year-on-year. Adjusted NAVPS increased by 27.6% year-on-year from R17.02 to R21.72 and NAVPS increased by 24.5% from R15.52 to R19.33.

Acquisitions

Investment in Cyprus

On 24 July 2015, the Group acquired an effective 48.6% interest in ITTL Trade & Tourist Leisure Park Plc, owner of the Shacolas Emporium Park and an effective 48.5% interest in Woolworth Commercial Centre Plc, the owner of The Mall of Engomi. The properties are located in Nicosia, the capital city of Cyprus and were acquired by Atterbury Cyprus Limited ("Atterbury Cyprus") in which Attacq has a 48.8% shareholding. Atterbury Europe B.V. ("Atterbury Europe"), together with minorities, owns the balance of the shareholding in Atterbury Cyprus.

The 47 000 m^2 Shacolas Emporium Park comprises the 27 000 m^2 Mall of Cyprus and a 20 000 m^2 Ikea store. It attracts over five million shoppers annually. The Mall of Engomi is a 13 600 m^2 retail centre located in the west of Nicosia and attracts more than one and a half million shoppers annually. Both centres provide expansion opportunities. Attacq's share of the acquisition consideration was R670.6 million and the investment was valued at R968.0 million as at 31 December 2015.

Investment in Serbia

Effective 1 December 2015, the Group, jointly with Atterbury Europe, acquired a 33.0% shareholding in a portfolio of five operational Serbian retail properties with a gross value of €228.0 million. The acquisition was made via Atterbury Serbia B.V. ("Atterbury Serbia"), in which Attacq has a 25.0% shareholding. The seller, Balkans Real Estate B.V. ("BRE"), has retained a 67.0% shareholding in the portfolio. An interest in a further two properties will be acquired upon completion during the course of the 2016 calendar year. The portfolio was acquired at a euro yield in excess of 8.0% and Attacq's investment is valued at R358.9 million as at 31 December 2015.

Serbia's largest mall, the 47 363 m^2 Ušće Shopping Centre, located in the capital city Belgrade, forms part of the investment portfolio. Belgrade is a city of close to two million people and currently has only two large shopping malls. Ušće Shopping Centre, with a diverse retail offering via its 150 stores, dominates the local market and averages over one million shoppers per month.

In addition to the operational properties acquired, Atterbury Serbia and BRE have jointly invested €40.0 million into a development fund which will undertake retail developments in Serbia and neighbouring countries.

Investment in Nigeria

The Group acquired a 25.0% shareholding in Ikeja City Mall located in Lagos, Nigeria with the balance of 75.0% acquired by Hyprop Investments Limited ("Hyprop"). The effective date of the transaction was 17 November 2015 and as at 31 December 2015 the investment was valued at R360.8 million.

The 22 349 m^2 Ikeja City Mall receives in excess of 650 000 shoppers per month and was acquired at a US dollar yield in excess of 8.0%. The mall was acquired as part of a strategy by Attacq, Hyprop and AttAfrica Limited ("AttAfrica") to create a portfolio of dominant malls in large cities across Africa.

Disposals

Mauritian assets

Effective 27 November 2015, the Group disposed of a 34.9% shareholding in Bagaprop Limited, the owner of the Bagatelle Mall in Mauritius and its 49.9% interest in Mall of Mauritius at Bagatelle Limited, the owner of the land and developments surrounding the Bagatelle Mall. These investments were held via Attacq's 85.0% (80.0% as at 30 June 2015) subsidiary, Atterbury Mauritius Consortium (Pty) Ltd ("AMC"). Attacq completed the exit from its Mauritius assets subsequent to interim period end by disposing of its shareholding in AMC to Atterbury Property Holdings (Pty) Ltd ("Atterbury"). Total cash funds received by Attacq from the exit of these assets amounted to R676.4 million.

Other disposals

The Group disposed of its 25.0% shareholding in Atterbury Mauritius Limited, which held a minority interest in the asset manager of the Bagatelle Precinct for R8.0 million as well as its effective 30.0% interest in The Pavilion, a student residential accommodation property located in Birmingham, UK, held via Bishopsgate Limited, for R34.9 million.

Financial position ***Investment properties***	**31 December 2015 R'000**	31 December 2014 R'000	30 June 2015 R'000
Completed buildings	**12 444 855**	10 821 064	11 945 642
Developments under construction	**3 693 622**	1 507 383	2 624 017
Development rights	**1 188 704**	1 518 088	1 467 422
Infrastructure and services	**733 803**	587 231	615 991
Vacant land	**17 000**	17 000	17 000
Per valuation	**18 077 984**	14 450 766	16 670 072
Straight-line lease debtor	**(556 505)**	(403 830)	(482 199)
Total	**17 521 479**	14 046 936	16 187 873

Buildings completed during the period

During the six months ended 31 December 2015, the following six buildings were completed. Attacq's attributable share of the total of 28 663m^2 primary gross leasable area ("GLA") of these properties is 23 398 m^2:

Property	**Sector**	**Completion date**	**GLA (m^2)**	**Occupancy %**
Waterfall				
Hilti	Industrial	October 2015	3 948	100
Stryker	Industrial	September 2015	3 220	100
Servest	Industrial	August 2015	6 737	100
Maxwell Office Park – Colgate^	Office	August 2015	4 242	100
Maxwell Office Park – Mac Mac House^	Office	October 2015	6 288	100
Other				
City Lodge Newtown	Hotel	November 2015	4 228	100
Total			28 663	100

100% of the GLA is reflected above

^ *Attacq has a 50% undivided share in the property*

Developments under construction
The following properties were under development at 31 December 2015. Attacq's attributable share of the total of 253 740 m² GLA of these properties is 212 619 m²:

Property	Sector	Anticipated completion date	GLA (m²)*	% pre-let
Waterfall				
Mall of Africa#	Retail	April 2016	131 038	>95
Maxwell Office Park – Magwa House^	Office	June 2016	7 214	>75
Allandale Building	Office	August 2016	14 670	>55
PwC Tower and Annex~	Office	January 2018	45 223	100
Amrod	Industrial	November 2016	38 455	100
Speculative warehouse	Industrial	July 2016	8 230	–
Torre Industries	Industrial	July 2016	8 910	100
Total			253 740	>90

* *Estimated GLA for 100% of development. Subject to change upon final remeasurement post completion*
^ *Attacq has an undivided share in the property: #80%; ^50%; ~75%*

Development rights
Development rights relate to the contractual rights held by Attacq Waterfall Investment Company (Pty) Ltd ("AWIC") to develop certain land parcels in Waterfall. These rights form a material element of the overall land valuation. As at 31 December 2015 1.26 million m² (30 June 2015: 1.35 million m²) of Waterfall's total bulk of 1.85 million m² (30 June 2015: 1.83 million m²) remains available for development.

Infrastructure and services
The net growth in infrastructure and services is as a result of the costs incurred to service the Waterfall land in preparation for the development of Waterfall City and future top structures. While this asset generated no cash return, it creates the platform for future economic benefits from top structure developments.

Investments in and loans to associates
MAS Real Estate Inc. ("MAS")
As at 31 December 2015, Attacq held a 44.9% shareholding in MAS (30 June 2015: 45.3%). Attacq's equity accounted investment in MAS increased from R2.2 billion as at 30 June 2015 to R2.6 billion as at 31 December 2015, driven mainly by the 23.6% weakening in the rand against the euro.

MAS' adjusted NAVPS increased by 10.4% from 109.8 euro cents per share as at 31 December 2014 to 121.2 euro cents per share as at 31 December 2015. After taking into account MAS' distribution of 2.2 euro cents per share paid in September 2015, adjusted NAVPS compared with 30 June 2015 was lower by 2.2% or 2.7 euro cents per share, being negatively impacted by the strengthening of the euro, MAS' reporting currency, against the pound sterling and Swiss franc.

MAS has made favourable progress in achieving its short-term income goals, however, given the current stage of the market cycle in many parts of Western Europe and muted outlook for capital growth in these markets, the MAS board has decided to alter MAS' strategy of focusing purely on income returns to a total return strategy. In terms of this new strategy, MAS will continue to distribute all available income profits with the reinvestment of capital profits remaining at the discretion of the MAS board. As part of this strategy, MAS will widen its Western Europe investment focus to include opportunities in Central and Eastern Europe ("CEE").

MAS has entered into a joint venture ("JV") with Prime Kapital Limited, a real estate development and investment business established by Martin Slabbert and Victor Seminonov and backed by an experienced team with a proven track record. The JV will provide MAS with access to high growth euro denominated jurisdictions and will focus on the development and redevelopment of commercial real assets in CEE to create a high quality portfolio of assets in dominant locations.

As at 31 December 2015, the fair value of the agterskot owing by MAS in respect of the disposal of the Karoo Investment Fund S.C.A. SICAV-SIF ("Karoo") to MAS in December 2013 amounted to R490.2 million (€29.1 million). This amount was included under other financial assets at interim period end. The agterskot will be settled during the course of March 2016 by the issue of 21.3 million new MAS shares which will result in Attacq's interest in MAS increasing to 48.6%.

AttAfrica
Presently, Africa in general is experiencing tough economic conditions given the recent USD strength, continued depressed commodity and oil prices and lack of stability in power supply. The dominant malls in the portfolio, notably Manda Hill Mall and Accra Mall, have defensive qualities and continue to trade relatively well given the more challenging operating environment.

During the period, the Group's investment in AttAfrica increased to R871.1 million (30 June 2015: R461.8 million). The investment relates to the shareholder's loan provided by Attacq to AttAfrica. With the completion of Achimota Mall in November 2015, the only remaining development under construction is Kumasi City Mall which is expected to be completed by April 2017.

At 31 December 2015, AttAfrica's underlying assets were as follows:

Property	Location	GLA (m²*)	AttAfrica ownership %	AttAfrica attributable property value USD'000	Attacq effective interest %
Completed buildings					
Manda Hill Mall	Lusaka, Zambia	40 561	50	76 550	15.6
Accra Mall	Accra, Ghana	21 230	47	47 658	14.7
West Hills Mall	Accra, Ghana	27 558	45	40 140	14.1
Achimota Mall	Accra, Ghana	14 662	75	39 750	23.4
Development under construction					
Kumasi City Mall	Kumasi, Ghana	18 000*	75	28 091	23.4

* *Proposed size*

Other investments
Attacq's 19.9% interest in Stenham European Shopping Centre Fund Limited, the owner of the Nova Eventis regional shopping centre in Leipzig, Germany is included in other investments together with Attacq's 10% shareholding in Atterbury.

Other financial assets
In addition to the Karoo agterskot of R490.2 million, other financial assets include an amount of R581.7 million owed by Atterbury for the acquisition of their 20.0% undivided share in the Mall of Africa. The amount due by Atterbury in respect of 18.8% of the Mall is to be settled within 10 days after completion of the Mall with the balance of 1.2% to be settled based on the fair market value of the Mall as at 30 June 2017 as determined by an external independent valuer.

Assets held for sale
The Club Retail Park (Pty) Ltd ("The Club")
Atterbury Property Fund (Pty) Ltd has offered to acquire Attacq's 32.0% shareholding in The Club. The transaction is subject to conditions precedent. As at 31 December 2015, the investment is included under assets held for sale at an amount of R49.1 million.

50% undivided share in Great Westerford
Attacq's 50% undivided share in the Great Westerford property is included under assets held for sale at an amount of R292.0 million. The asset was disposed of at this value effective 21 January 2016 to The Leaf Property Fund Trust.

50% undivided share in the Altech Building
The Altech building has been identified as a non-core asset and as a result management has commenced with an active programme to locate a buyer. The programme is at an advanced stage and management anticipates the disposal of the building before year end.

Borrowings

Total net interest-bearing borrowings increased by 27.2% compared with 30 June 2015 due to additional debt being incurred to fund the growing property portfolio.

Gearing, calculated as total interest-bearing debt less cash on hand as a percentage of total assets, increased from 36.3% as at 30 June 2015 to 39.7% as at 31 December 2015. In order to mitigate interest rate risk, approximately R10.3 billion or 72.0% of total committed facilities as at 31 December 2015 (30 June 2015: R8.9 billion or 74.7%) were hedged by way of fixed interest rate loans and interest rate swaps. This is within the 70.0% minimum interest hedge policy set by the Attacq Board. The weighted average cost of funding increased slightly over the last six months from 9.0% at 30 June 2015 to 9.1% as at 31 December 2015.

Approximately 13.6% (R1.5 billion) of the Group's debt is due for repayment over the next 12 months. Similarly, 13.3% of the Group's interest rate swaps or fixed rate loans mature over the same period.

Financial performance

Profit before taxation

Net rental income

Net rental income, which includes straight-line lease income adjustments, increased by 25.5% compared with the prior comparative period. A year-on-year comparison of net rental income is less meaningful, due to six buildings having been completed during the current reporting period (31 December 2014: 11 buildings). The weighted average lease expiry profile is 6.8 years as at 31 December 2015 (31 December 2014: 7.2 years).

Vacancies

Overall portfolio vacancies, measured in terms of GLA, have decreased by 6 807 m² compared with 31 December 2014. This decrease relates primarily to Newtown Junction, The Majestic, Lynnwood Bridge Offices and Waterfall Lifestyle, all of which came into operation during the period ending 31 December 2014. Current vacant space amounts to 12 943 m², which equates to 2.2% of the total GLA.

	31 December 2015		31 December 2014		30 June 2015	
Sector	**Vacancy %**	**Vacant GLA m²**	Vacancy %	Vacant GLA m²	Vacancy %	Vacant GLA m²
Retail	**1.1**	**6 728**	2.2	11 335	1.8	10 387
Office	**2.3**	**13 471**	3.0	15 671	2.2	12 387
Industrial	**–**	**–**	–	–	–	–
Hotel	**–**	**–**	–	–	–	–
Portfolio vacancy	**3.4**	**20 199**	5.2	27 006	4.0	22 774

Property expenses

Property expenses increased by 28.2% mainly due to municipal charges that increased by 44.8%. Property expenses as a percentage of rental income improved marginally from 36.1% to 34.6% for the six-month period ending 31 December 2015.

Other income

Other income of R569.9 million includes unrealised foreign exchange gains of R420.4 million (December 2014: R43.7 million) and a profit of R145.0 million on the disposal of a 34.9% shareholding in Bagaprop Limited and a 49.9% interest in Mall of Mauritius at Bagatelle Limited.

Operating and other expenses

The increase of 99.6% in operating and other expenses is primarily attributed to the marketing, rates and taxes and security expenses relating to Waterfall which are not capitalised against the developments under construction.

Fair value adjustments

Compared with the corresponding prior period, fair value adjustments on investment properties increased by 37.5% to R426.8 million and are made up as follows:

	Six months ended 31 December 2015 R'000	**Six months ended 31 December 2014 R'000**	**12 months ended 30 June 2015 R'000**
Completed buildings	**221 931**	65 120	434 677
Developments under construction	**420 226**	202 127	591 562
Development rights	**(215 352)**	43 252	84 472
Total fair value adjustments to investment properties	**426 805**	310 499	1 110 711

Property valuations for interim reporting purposes are directors' valuations which are in the main, supported by external desktop valuations performed by Jones Lang LaSalle (Pty) Ltd, Old Mutual Investment Group (South Africa) (Pty) Ltd and Mills Fitchet KZN CC.

The directors' valuation in respect of Waterfall's development rights 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*, the nature of the contractual rights and the estimated future rental obligations attached to the development rights. The deteriorating economic environment and lower investor confidence have caused the directors to take a more conservative view on the timing of the roll-out of the development rights, which resulted in a negative fair value adjustment of R215.4 million.

Over the last six months, the fair value of the interest rate swaps increased favourably by R229.6 million (December 2014: decrease of R2.4 million), displaying the effect of the future outlook of interest rates as well as the interest rate hikes for the period under review.

Investment income

Included in investment income in the current period is interest income of R64.4 million (December 2014: R49.6 million) and dividend income of R9.8 million (December 2014: R23.9 million).

Finance costs

The increase in finance costs of 34.1% compared with the prior reporting period is attributable to the six buildings (31 December 2014: 11 buildings) completed over the last six months, resulting in the finance costs post completion being expensed and no longer capitalised to the specific development.

Change in directors

Effective 1 July 2015, BT Nagle was appointed to the Board as a non-executive director, LLS van der Watt's designation was changed from executive to non-executive and, following a review of his independence by the Board, AW Nauta's designation was changed from non-independent to independent due to the fact that he is no longer a representative of a significant shareholder of Attacq.

TJA Reilly, an alternate director to JHP van der Merwe, a non-independent non-executive director of the Company, resigned with effect from 30 October 2015.

BT Nagle and JHP van der Merwe no longer act as representatives of significant shareholders of Attacq. Based on the important contribution that both directors make to the Board, the Board has decided to retain them in an independent non-executive capacity with effect from 1 February 2016.

Subsequent events

50% undivided share in Great Westerford

Effective 21 January 2016, Attacq sold its 50% undivided share in the Great Westerford property to The Leaf Property Fund Trust for an amount of R292.0 million.

Deferred taxation

As announced on 24 February 2016 by the Minister of Finance in the budget speech, the inclusion rate for capital gains for companies has been increased from 66.6% to 80.0%. This will raise the capital gains tax rate for companies from 18.6% to 22.4% effective for years of assessment beginning on or after 1 March 2016.

The deferred taxation balances for these interim results have not been adjusted for the new capital gains tax rate in accordance with SAICA Financial Reporting Guide on substantively enacted tax rates and tax laws issued in December 2012. The increased rate will be taken into account when reporting the results for the year ending 30 June 2016.

Prospects

In South Africa, in addition to optimising its growing R12.4 billion portfolio of operational buildings and delivering on its Waterfall pipeline, Attacq remains on the lookout for further growth opportunities. The Waterfall node continues to strengthen with six new buildings completed during the period under review, adding 23 398 m^2 GLA to Attacq's portfolio. The super-regional Mall of Africa is on track to open on 28 April 2016 and is expected to act as a strong catalyst for demand for premises in the surrounding Waterfall City, which has a further 663 815 m^2 of bulk available for development. Waterfall City is seen as one of the most significant South African commercial developments of the decade and continues to attract local and international attention as the new corporate headquarters destination.

Internationally, Attacq has invested into new markets in Cyprus and Serbia which complement its existing Western European exposure via MAS. The Cyprus assets provide expansion opportunities and further developments will be undertaken in Serbia. In sub-Saharan Africa, the short to medium-term outlook has weakened significantly with the challenges of a strong dollar and depressed commodity prices. Attacq's focus in Africa will be on delivering Kumasi City Mall and active asset management of existing assets through the cycle.

Basis of preparation

The condensed unaudited consolidated interim financial statements for the six months ended 31 December 2015 have been prepared in accordance with IAS 34: *Interim Financial Reporting*, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the JSE Limited Listings Requirements and the requirements of the Companies Act of South Africa. This report was compiled under the supervision of M Hamman CA(SA), Chief Financial Officer of Attacq.

The accounting policies applied in the preparation of the condensed consolidated interim financial statements are in terms of IFRS and are consistent with the accounting policies applied in the preparation of the previous consolidated financial statements, with the exception of the adoption of new and revised standards which became effective during the period.

The Group's investment properties are valued internally by the directors at interim reporting periods and externally by independent valuers for year-end reporting. In terms of IAS 40: *Investment Property* and IFRS 7: *Financial Instruments: Disclosure*, the Group's investment properties are measured at fair value and are categorised as level 3 investments. In terms of IAS 39: *Financial Instruments: Recognition and Measurement* and IFRS 7, the Group's currency and interest rate derivatives as well as the equity derivative are measured at fair value through profit or loss and are categorised as level 2 investments. In terms of IAS 39, listed investments are measured at fair value being the quoted closing price at the reporting date and are categorised as level 1 investments. Unlisted investments are categorised as level 3. There were no transfers between levels 1, 2 and 3 during the period. The valuation methods applied are consistent with those applied in preparing the previous consolidated financial statements.

The directors are not aware of any matters or circumstances arising subsequent to 31 December 2015 that require any additional disclosure or adjustment to the financial statements. The interim financial statements have not been audited or reviewed by Attacq's auditors.

On behalf of the Board

P Tredoux	**MC Wilken**
Chairman	*CEO*
8 March 2016	

Directors

P Tredoux#* (Chairman)
MC Wilken (CEO)
M Hamman (CFO)
LLS van der Watt*
AW Nauta#*
JHP van der Merwe#*
S Shaw-Taylor#*
HR El Haimer#*
PH Faure#*
MM du Toit#*
KR Moloko#*
BT Nagle#*

Independent
* *Non-executive*

Company Secretary

T Kodde

Attacq Limited

(Incorporated in the Republic of South Africa)
(Registration number: 1997/000543/06)
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