



# ATTACQ

INVEST • DEVELOP • GROW

**SUMMARISED PROVISIONAL  
CONSOLIDATED  
FINANCIAL RESULTS**  
for the year ended 30 June 2017

## Summarised consolidated statement of financial position

	Audited 30 June 2017 R'000	Audited 30 June 2016 R'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	52 272	33 925
Investment properties	19 735 365	18 043 192
Per valuation	20 536 861	18 644 041
Straight-line lease debtor	(801 496)	(600 849)
Straight-line lease debtor	801 496	600 849
Deferred initial lease expenditure	7 666	6 539
Intangible assets	290 539	312 599
Goodwill	67 774	67 774
Investment in associates and joint ventures	3 153 392	3 126 328
Other financial assets	304 368	222 651
Other investments	11 941	408 339
Deferred tax assets	3 329	24 627
<b>Total non-current assets</b>	<b>24 428 142</b>	<b>22 846 823</b>
<b>Current assets</b>		
Taxation receivable	951	2 411
Trade and other receivables	174 623	290 579
Inventory	25 278	-
Loans to associates and joint ventures	1 250 278	2 302 472
Other financial assets	193 590	100 266
Cash and cash equivalents	447 846	437 281
<b>Total current assets</b>	<b>2 092 566</b>	<b>3 133 009</b>
Non-current assets held for sale	801 483	1 649 845
<b>Total assets</b>	<b>27 322 191</b>	<b>27 629 677</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Stated capital	6 456 633	6 442 805
Distributable reserves	6 945 483	5 891 513
Available-for-sale reserve	282 329	847 499
Share-based payment reserve	128 216	100 453
Foreign currency translation reserve	238 254	318 734
Acquisition of non-controlling interests reserve	(104 215)	(116 483)
<b>Equity attributable to owners of the holding company</b>	<b>13 946 700</b>	<b>13 484 521</b>
Non-controlling interests	(43 087)	(13 201)
<b>Total equity</b>	<b>13 903 613</b>	<b>13 471 320</b>

## Summarised consolidated statement of financial position (continued)

	Audited 30 June 2017 R'000	Audited 30 June 2016 R'000
<b>Non-current liabilities</b>		
Long-term borrowings	7 976 110	10 445 221
Deferred tax liabilities	1 932 140	1 892 145
Other financial liabilities	164 696	50 705
Cash settled share-based payments	1 496	787
Finance lease obligation	83 150	77 745
<b>Total non-current liabilities</b>	<b>10 157 592</b>	<b>12 466 603</b>
<b>Current liabilities</b>		
Other financial liabilities	137 145	109 400
Loans from associates	-	2 880
Taxation payable	7 665	2 260
Cash settled share-based payments	1 684	5 172
Trade and other payables	501 380	557 662
Provisions	2 777	2 081
Short-term portion of long-term borrowings	2 279 802	265 276
<b>Total current liabilities</b>	<b>2 930 453</b>	<b>944 731</b>
Liabilities directly associated with non-current assets held for sale	330 533	747 023
<b>Total liabilities</b>	<b>13 418 578</b>	<b>14 158 357</b>
<b>Total equity and liabilities</b>	<b>27 322 191</b>	<b>27 629 677</b>
<b>The following information does not form part of the statement of financial position</b>		
Net asset value per share (cents)	1 984	1 923
Net asset value per share adjusted for deferred tax (cents)	2 259	2 189

## Summarised consolidated statement of comprehensive income

	Audited 30 June 2017 R'000	Audited 30 June 2016 R'000
<b>Gross revenue</b>	2 060 895	1 621 018
Rental income	1 861 093	1 472 656
Straight-line lease income adjustment	199 802	148 362
Property expenses	(742 277)	(502 745)
<b>Net rental income</b>	1 318 618	1 118 273
Other income	60 463	448 579
Operating and other expenses	(585 730)	(347 315)
<b>Operating profit</b>	793 351	1 219 537
Amortisation of intangible asset	(22 060)	(19 964)
Fair value adjustments	527 581	1 041 553
Investment properties	664 525	1 074 224
Other financial assets and liabilities	(136 944)	(32 452)
Other investments	-	(219)
Gain on available-for-sale financial assets	-	507 524
Net income from associates and joint ventures	249 880	35 098
Investment income	189 536	235 785
Finance costs	(987 411)	(839 975)
<b>Profit before taxation</b>	750 877	2 179 558
Income tax expense	(150 599)	(794 559)
<b>Profit for the year</b>	600 278	1 384 999
Attributable to:		
Owners of the holding company	630 164	1 387 828
Non-controlling interests	(29 886)	(2 829)
<b>Other comprehensive loss</b>		
<b>Items that will be reclassified subsequently to profit and loss</b>		
(Loss) gain on available-for-sale financial assets	(117 827)	315 813
Taxation relating to components of other comprehensive income	(11 269)	93 720
Realisation of available-for-sale financial assets	-	(507 524)
<b>Other comprehensive loss for the year net of taxation</b>	(129 096)	(97 991)
<b>Total comprehensive income for the year</b>	471 182	1 287 008
Attributable to:		
Owners of the holding company	501 068	1 289 837
Non-controlling interests	(29 886)	(2 829)
<b>Earnings per share</b>		
Basic (cents)	89.7	197.9
Diluted (cents)	89.0	196.7

## Reconciliation between earnings and headline earnings

	Audited 30 June 2017 R'000	Audited 30 June 2016 R'000
<b>Profit for the year</b>	630 164	1 387 828
Headline earnings adjustments	(468 558)	(1 303 490)
Profit on disposal of associates	(35 695)	(116 734)
Profit on disposal of other investments	-	(30 862)
Profit on disposal of investment property	(15 217)	(836)
Impairment of associates and other investments	244 540	53 880
Realisation of available-for-sale financial assets	-	(507 524)
Impairment of intangible asset	-	11 960
Fair value adjustments	(527 581)	(1 041 553)
Net income from associates and joint ventures	(249 880)	(35 099)
Loss on disposal of subsidiary	-	6 033
Tax effect of adjustments	123 110	369 517
Non-controlling interests' share	(7 835)	(12 272)
<b>Headline earnings</b>	<b>161 606</b>	<b>84 338</b>
Number of shares in issue*	702 815 224	701 395 224
Weighted average number of shares in issue*	702 389 882	701 388 667
Diluted weighted average number of shares in issue*	708 079 085	705 418 136
<b>Headline earnings per share</b>		
Basic (cents)	23.0	12.0
Diluted (cents)	22.8	12.0

\*Adjusted for 46 427 553 treasury shares (2016: 46 427 553)

## Summarised consolidated statement of cash flows

	Audited 30 June 2017 R'000	Audited 30 June 2016 R'000
<b>Cash flow generated from operating activities</b>	124 022	140 551
Cash generated from operations	1 033 295	837 693
Investment income	119 368	336 949
Finance costs	(934 930)	(839 975)
Taxation paid	(93 711)	(194 116)
<b>Cash flow generated from (utilised in) investing activities</b>	310 427	(1 166 362)
Property, plant and equipment acquired	(27 319)	(28 499)
Property, plant and equipment disposed	-	180
Investment properties acquired	(1 098 009)	(2 586 047)
Investment properties disposed	50 017	282 572
Associates and joint ventures acquired	(36 227)	(152 488)
Associates and joint ventures disposed	744 845	263 299
Other investments acquired	-	(27 681)
Other investments disposed	-	90 000
Other financial assets (raised) repaid	(175 041)	327 997
Additions to deferred initial lease adjustments	(4 845)	(6 401)
Cash flow relating to non-current assets held for sale	857 006	670 706
<b>Cash flow (utilised in) generated from financing activities</b>	(423 884)	735 296
Capital raised	13 828	3 386
Acquisition of additional interest in subsidiary	-	(13 000)
Long-term borrowings raised	2 355 304	4 944 286
Long-term borrowings repaid	(3 254 770)	(2 672 714)
Loans to associates and joint ventures repaid (advanced)	468 643	(1 477 314)
Loans from associates repaid	-	(68 109)
Payment of cash settled share-based payments	(2 097)	-
Other financial liabilities (repaid) raised	(4 792)	18 761
<b>Total cash movement for the year</b>	10 565	(290 515)
Cash at the beginning of the year	437 281	727 796
<b>Total cash at the end of the year</b>	447 846	437 281

# Summarised consolidated statement of changes in equity

	Stated capital R'000	Distributable reserves R'000	Available-for-sale reserve R'000	Share-based payment reserve R'000	Foreign currency translation reserve R'000	Acquisition of non-controlling interests R'000	Equity attributable to owners of the holding company R'000	Non-controlling interests R'000	Total equity R'000
<b>Audited balance at 1 July 2015</b>	6 439 419	4 815 584	682 579	90 359	45 740	(116 483)	11 957 198	7 252	11 964 450
Total comprehensive income	-	1 387 828	(97 991)	-	-	-	1 289 837	(2 829)	1 287 008
Profit for the year	-	1 387 828	-	-	-	-	1 387 828	(2 829)	1 384 999
Other comprehensive loss	-	-	(97 991)	-	-	-	(97 991)	-	(97 991)
Foreign currency translation reserve	-	-	-	-	431 306	-	431 306	-	431 306
Issue of shares	3 386	-	-	-	-	-	3 386	-	3 386
Derecognition reserves and non-controlling interests due to sale of subsidiaries	-	(311 899)	262 911	-	(158 312)	13 000	(194 300)	(17 624)	(211 924)
Recognition of non-controlling interests reserve	-	-	-	-	-	(13 000)	(13 000)	-	(13 000)
Modification of equity-settled share based payments	-	-	-	(9 035)	-	-	(9 035)	-	(9 035)
Recognition of share-based payment reserve	-	-	-	19 129	-	-	19 129	-	19 129
<b>Audited balance at 30 June 2016</b>	6 442 805	5 891 513	847 499	100 453	318 734	(116 483)	13 484 521	(13 201)	13 471 320
Total comprehensive income	-	630 164	(129 096)	-	-	-	501 068	(29 886)	471 182
Profit for the year	-	630 164	-	-	-	-	630 164	(29 886)	600 278
Other comprehensive loss	-	-	(129 096)	-	-	-	(129 096)	-	(129 096)
Foreign currency translation reserve	-	-	-	-	(80 480)	-	(80 480)	-	(80 480)
Issue of shares	13 828	-	-	-	-	-	13 828	-	13 828
Derecognition reserves and non-controlling interests due to sale of subsidiaries	-	423 806	(436 074)	-	-	12 268	-	-	-
Recognition of share-based payment reserve	-	-	-	27 763	-	-	27 763	-	27 763
<b>Audited balance at 30 June 2017</b>	6 456 633	6 945 483	282 329	128 216	238 254	(104 215)	13 946 700	(43 087)	13 903 613

## Summarised segmental analysis

Business segment	Notes	Audited 30 June 2017				Audited 30 June 2016			
		Revenue	Net profit (loss)	Investment properties	Net asset value	Revenue	Net profit (loss)	Investment properties	Net asset value
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Brooklyn Bridge Office Park	1	79 533	(53 539)	525 735	219 475	80 683	4 472	636 999	308 217
Great Westerford*	2	-	-	-	-	33 904	10 792	-	-
Lynnwood Bridge - Offices		112 685	47 979	859 473	499 341	100 565	39 666	825 629	483 448
Aurecon Building		99 187	30 836	673 537	323 998	98 556	26 705	662 560	281 201
Newtown Junction - Offices		80 955	23 285	645 869	110 873	68 852	(1 024)	626 693	196 487
Majestic Offices		19 460	9 217	132 940	30 057	21 136	(1 652)	132 510	29 687
PwC Sunninghill		45 861	(56 121)	289 735	(89 150)	45 533	(2 154)	345 199	(44 001)
Waterfall - Altech Building*	3	1 097	3 617	-	-	6 431	4 546	43 944	29 991
Waterfall - Cell C Campus		127 477	71 078	831 089	968 462	135 372	65 671	794 486	396 015
Waterfall - Group Five		77 940	48 068	595 727	307 999	71 570	36 430	562 318	238 546
Waterfall - Maxwell Office Park*		59 250	32 420	525 062	309 287	43 170	37 334	486 240	290 359
Waterfall - Novartis		28 199	10 779	220 259	103 109	25 247	9 443	207 963	63 930
Waterfall - Allandale Building		27 696	42 937	414 839	180 544	-	-	-	-
<b>Office and mixed-use</b>		<b>759 340</b>	<b>210 556</b>	<b>5 714 265</b>	<b>2 963 995</b>	<b>731 019</b>	<b>230 229</b>	<b>5 324 541</b>	<b>2 273 880</b>
Glenfair Boulevard Shopping Centre		58 124	32 851	455 501	259 152	56 849	27 256	419 044	222 217
Lynnwood Bridge - Retail		47 453	8 212	346 552	200 051	44 858	21 616	335 267	175 244
Newtown Junction - Retail		81 525	(46 696)	601 929	20 060	83 465	(40 331)	637 826	(56 580)
Garden Route Mall		152 651	48 329	1 318 172	641 973	139 701	56 848	1 247 711	502 504
Brooklyn Mall#		77 300	(10 903)	736 390	347 850	75 601	49 971	740 972	330 398
MooiRivier Mall		122 731	15 284	1 128 318	526 456	119 751	51 998	1 106 356	459 450
Eikestad Mall Precinct^		109 939	31 157	838 609	415 054	104 153	63 512	851 983	380 957
Waterfall - Mall of Africa^		444 953	327 184	4 138 982	2 737 350	79 675	528 840	3 730 216	2 125 461
Waterfall - Waterfall Corner		30 378	(1 126)	212 747	217 483	29 268	18 503	204 741	136 623
Waterfall - Waterfall Lifestyle		21 143	5 772	119 183	49 634	21 142	464	116 153	40 125
<b>Retail</b>		<b>1 146 197</b>	<b>410 064</b>	<b>9 896 383</b>	<b>5 415 063</b>	<b>754 463</b>	<b>778 677</b>	<b>9 390 269</b>	<b>4 316 399</b>
Waterfall - Angel Shack	3	-	-	-	-	2 587	3 546	36 692	27 505
Waterfall - Medtronic	3	-	-	-	-	9 434	11 741	137 800	55 670
Waterfall - Cummins*	3	-	-	-	-	9 074	9 187	94 740	34 339
Waterfall - Dräger	3	-	-	-	-	5 663	1 626	75 294	31 073
Waterfall - Massbuild		39 010	21 817	283 776	117 382	39 793	16 486	256 380	87 619
Waterfall - Torre		13 139	21 477	129 905	59 099	-	-	-	-
Waterfall - Dimension Data		9 258	14 255	85 581	27 917	-	-	-	-
Waterfall - Amrod		26 143	36 029	370 869	100 136	-	-	-	-
Waterfall - Westcon	3	-	-	-	-	8 718	2 990	106 068	39 501
Waterfall - Hilti	3	-	-	-	-	4 591	3 148	59 276	28 978
Waterfall - Servest	3	-	-	-	-	11 999	12 581	157 013	69 180
Waterfall - Stryker	3	-	-	-	-	4 511	2 820	61 314	24 896
<b>Light industrial</b>		<b>87 550</b>	<b>93 578</b>	<b>870 131</b>	<b>304 534</b>	<b>96 370</b>	<b>64 125</b>	<b>984 577</b>	<b>398 761</b>
Newtown Junction - City Lodge		14 195	3 411	110 701	26 298	5 298	11 894	109 484	23 015
Lynnwood Bridge - City Lodge		24 560	13 737	191 466	111 887	21 042	14 089	180 838	91 234
Waterfall - City Lodge		13 935	11 182	105 073	58 817	12 897	(1 858)	94 526	44 980
<b>Hotel</b>		<b>52 690</b>	<b>28 330</b>	<b>407 240</b>	<b>197 002</b>	<b>39 237</b>	<b>24 125</b>	<b>384 848</b>	<b>159 229</b>



Business segment	Notes	Audited 30 June 2017				Audited 30 June 2016			
		Revenue	Net profit (loss)	Investment properties	Net asset value	Revenue	Net profit (loss)	Investment properties	Net asset value
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Le Chateau		-	(4)	5 000	2 752	-	(12 004)	5 000	2 753
Waterfall - Development rights	4	-	(50 862)	1 081 968	1 081 968	-	(178 510)	1 174 018	1 174 022
Waterfall - Infrastructure and services	4	-	(7 229)	737 172	713 619	-	(24 502)	1 115 750	832 447
<b>Vacant land</b>		-	(58 095)	1 824 140	1 798 339	-	(215 016)	2 294 768	2 009 222
Waterfall - PwC Tower and PwC Annex-		-	28 562	1 027 098	236 553	-	13 106	463 401	170 114
Waterfall - Gateway West		-	4 348	291 787	275 073	-	-	-	-
Waterfall - K101 warehouse		-	7 443	45 609	23 576	-	-	-	-
Waterfall - BMW		-	13 709	206 448	178 568	-	-	-	-
Waterfall - Waterfall Point		-	(143)	-	25 278	-	-	-	-
Waterfall - Corporate Campus		-	2 756	28 024	20 481	-	-	-	-
Newtown - Carr Street	3	-	-	-	-	-	-	27 577	27 418
Waterfall - Allandale Building		-	-	-	-	-	52 542	322 095	242 397
Waterfall - Torre Industries		-	-	-	-	-	7 003	78 301	50 108
Waterfall - Amrod		-	-	-	-	-	12 490	261 942	131 537
Waterfall - Dimension Data		-	-	-	-	-	4 879	59 345	34 868
<b>Developments under construction</b>		-	56 675	1 598 966	759 529	-	90 020	1 212 661	656 442
MAS Real Estate Inc.		-	106 014	-	2 729 308	-	192 968	-	2 722 460
Atterbury Cyprus Limited	3	-	32 866	-	-	-	124 060	-	891 980
Atterbury Africa Limited		-	(104 971)	-	(121 169)	-	(1 685)	-	13 380
Stenham European Shopping Centre Fund Limited		-	(142 104)	-	197 677	-	43 747	-	380 803
Atterbury Serbia B.V.	3	-	8 383	-	-	-	(557)	-	34 237
Gruppo Investment Nigeria Limited		-	(26 491)	-	86 976	-	(23 396)	-	324 751
Grove Mall of Namibia Proprietary Limited		-	16 324	-	184 085	-	36 521	-	163 049
Bagapop Limited	2	-	-	-	-	-	145 019	-	-
Other international		-	(32 502)	-	143 889	-	5 633	-	104 369
<b>International</b>		-	(142 481)	-	3 220 766	-	522 310	-	4 635 029
<b>Head office/other</b>		15 118	(127 445)	-	(755 615)	(71)	(207 462)	-	(977 642)
<b>Total</b>		2 060 895	471 182	20 311 125	13 903 613	1 621 018	1 287 008	19 591 664	13 471 320

Notes:

1. Held for sale at 30 June 2017.

2. Sold during the prior year.

3. Sold during the current year.

4. Portion held for sale at 30 June 2017.

Represents Attacq's undivided share in the property: \*50%;#25%;\*80%;-75%.

# Commentary

## Highlights

- Announced revised strategy with planned conversion to a REIT from the 2019 financial year;
- Compounded annual growth rate based on net asset value per share (“NAVPS”) adjusted for deferred tax (“Adjusted NAVPS”) for three years ended 30 June 2017 of 11.95% and 28.31% since inception;
- Adjusted NAVPS growth for the current year of 3.2% to R22.59;
- Recycled R1.9 billion of capital;
- Group gearing ratio improved from 39.9% to 37.1%;
- First anniversary of the opening of the crown jewel, Mall of Africa on 28 April 2017;
- Cash generated from operations increased by 23.4% to R1.0 billion;
- Assumed full control of the Waterfall development pipeline with the internalised development team; and
- Fair market value of investment in MAS Real Estate Inc (“MAS”) increased by 18.9% to R3.5 billion.

## Commentary

### Introduction

Attacq’s vision is to be the premier property company in South Africa with its unique value proposition being its Waterfall development pipeline. This financial year was a year in which Attacq revisited its existing strategy, taking cognisance of lessons learned and implementing a revised strategy with a more focused approach. The business model has been simplified, creating the platform for future growth centred on Attacq’s four value drivers. Attacq also took the next step in its journey with the announcement of its planned conversion to a REIT. The revised strategy is focused on delivering both sustainable income distributions and capital growth, through the four value drivers. The anticipated REIT conversion is subject to JSE approval and is targeted to be in place for the financial year commencing 1 July 2018. The repositioning to achieve REIT status has commenced with the reduction of debt from the proceeds received from the disposal of its Central and Eastern European investments, including the investment in Stenham European Shopping Centre Fund Limited (“Stenham”).

Attacq’s value proposition has four key value drivers, namely its:

1. Quality South African operational portfolio;
2. Strategic investment in MAS;
3. Waterfall development portfolio; and
4. Rest of Africa retail investments.

### Performance

Notwithstanding the disappointing low growth in NAVPS caused mainly by a R243.2 million foreign exchange loss and impairments of R220.0 million relating to the Rest of Africa assets and the Stenham investment, good progress was made in disposing non-core assets and improving gearing levels. Attacq will continue to focus on maximising value creation from the four value drivers to deliver capital and distribution growth.

### Net asset value (“NAV”) and NAVPS

Adjusted NAVPS increased by 3.2% from R21.89 to R22.59, and NAVPS increased by 3.2% from R19.23 to R19.84.

## Quality South African operational portfolio

### Overview

Attacq has a high-quality operational portfolio of retail, commercial and industrial properties with a weighted average lease expiry profile of 6.4 years (2016: 6.7 years). The value of the existing South African operational portfolio increased to R18.1 billion (2016: R17.1 billion), comprising 66.1% (2016: 61.9%) of total gross assets. During the financial year, four newly developed buildings totalling 70 914m<sup>2</sup> primary gross lettable area (“PGLA”) were added to the portfolio whilst eight industrial and one office building were sold.

Property	Sector	Practical completion date	PGLA (m <sup>2</sup> )	Occupancy %
Allandale Building	Office	August 2016	15 359	>69
Dimension Data	Industrial	August 2016	8 291	100
Torre Industries	Industrial	August 2016	9 327	100
Amrod	Industrial	December 2016	37 937	100
<b>Total</b>			<b>70 914</b>	<b>&gt;93</b>

#### Net rental income

Net rental income, which includes straight-line lease income adjustments, increased by 17.9% to R1.3 billion. A year-on-year comparison of the net rental income is less meaningful, due to the four buildings that were completed during the current year (2016: eight buildings) as well as the inclusion of the Mall's operational results for only two months in the previous financial year. The Mall has created 4 000 permanent jobs and generated an average monthly trading density of R2 564 m<sup>2</sup> during the financial year, which is exceptional in the first year of trading of a regional mall.

#### Vacancies

Overall portfolio vacancies, measured in terms of PGLA, increased by 4 690 m<sup>2</sup> when compared with vacancies at 30 June 2016. Subsequent to year-end, 4 431 m<sup>2</sup> of PGLA was let, reducing vacancies as a percentage of total PGLA to 2.4%. Vacancies that were filled post year-end relate mainly to the Allandale Building, the Mall and Waterfall Corner. The remaining vacancies are mainly attributable to Brooklyn Bridge Office Park, Newtown Junction and The Majestic. Attacq's industrial and hotel properties are fully tenanted.

Sector	30 June 2017		30 June 2016	
	Vacancy %	Vacant PGLA m <sup>2</sup>	Vacancy %	Vacant PGLA m <sup>2</sup>
Retail	2.4	7 869	2.1	7 070
Office	5.0	13 094	4.0	9 203
<b>Portfolio vacancy</b>	<b>3.0</b>	<b>20 963</b>	<b>2.4</b>	<b>16 273</b>

#### Property expenses

Property expenses increased by 47.6% or R239.5 million to R742.3 million mainly due to the inclusion of the Mall's trading activities for a full year as well as the four completed investment properties that were added to the portfolio. Municipal charges of R423.9 million (2016: R323.4 million) are included in property expenses. The adjusted cost-to-income ratio on a gross basis is 35.5% (2016: 34.1%) and 18.9% (2016: 14.6%) on a net basis. The cost-to-income ratios weakened mainly due to increased marketing, cleaning, refurbishment and security costs.

#### Restructuring of Eikestad Precinct properties

Attacq entered into a sale agreement with the existing co-owner, Key Capital Property Holdings Proprietary Limited, in terms of which Attacq sold a 20.0% undivided share in Andringa Walk for an amount of R37.0 million. The effective date of the transaction was 1 July 2016. The transaction was concluded to create alignment within the entire Eikestad precinct with Attacq's local partner, as well as to unlock further value from this dominant retail centre in the heart of Stellenbosch.

#### Disposals

##### Waterfall industrial properties – joint venture with Equites Property Fund Limited (“Equites”)

Attacq and Equites have established a joint venture, EA Waterfall Logistics JV Proprietary Limited (“EAJV”), in respect of a portfolio of eight industrial properties at Waterfall, effective from 1 July 2016. The following completed industrial properties were transferred on 31 August 2016 into EAJV: Angel Shack, Cummins (50.0% undivided share), Dräger, Hilti, Medtronic, Servest, Stryker and Westcon. Equites subscribed for an 80.0% shareholding in EAJV, for a subscription consideration of R292.7 million. Attacq holds the remaining 20.0% of EAJV which had an investment value of R91.4 million as at 30 June 2017. This partnership aligns Attacq and Equites, a Cape Town-based industrial property focused company which has strong relationships within the industrial sector.

#### Altech Building

The Altech Building, in which Attacq owned a 50.0% undivided share, was sold in June 2017 for a total consideration of R101.0 million.

## Commentary (continued)

### Strategic investment in MAS

#### Overview

As at 30 June 2017, Attacq's effective shareholding in MAS was 30.6% down from 41.4% as at 30 June 2016, mainly due to a capital raising undertaken by MAS in which Attacq did not participate. The market value of Attacq's investment, using the 30 June 2017 MAS share price of R23.50 (2016: R20.12) equates to R3.5 billion (R2.9 billion) representing an annual pre-tax capital growth of 18.9%. During the financial year Attacq received a dividend of R105.3 million (2016: R101.2 million), representing a 3.6% income return, based on the 30 June 2016 market value.

Attacq's equity accounted investment at 30 June 2017 is R2.7 billion (2016: R2.7 billion) which is unchanged from the previous year. The flat year-on-year result in Rand terms is a result of a 9.0% strengthening of the Rand against the Euro and MAS paying out total distributions of 4.9 Euro cents during the year, countered by an 8.0% increase in MAS NAVPS from 115.0 Euro cents per share to 125.4 Euro cents per share.

The value of the MAS property portfolio benefited from fair value gains of Euro36.8 million during the year, largely attributed to MAS' New Waverley development located in Edinburgh, Scotland. Phase I of the development, comprising three hotels and 21 retail units, was completed during the year and the 36 000m<sup>2</sup> Phase II is underway following the securing of a 25-year UK government lease for a 19 000m<sup>2</sup> office which will introduce 3 500 office users to the node.

MAS' investment joint venture with Prime Kapital acquired three retail properties during the year, namely Nova Park (Gorzów, Poland), Galeria Burgas (Burgas, Bulgaria) and Galeria Stara Zagora (Stara Zagora, Bulgaria), adding a total of 71 400 m<sup>2</sup> GLA to MAS' property portfolio. The joint venture intends to extract further value from these acquisitions by way of active asset management and/or expansion possibilities.

The Prime Kapital development joint venture has exceeded MAS' initial expectations in terms of development opportunities acquired and secured to date. The venture is now targeting developments in excess of Euro1 billion across the Central and Eastern European region of which Euro665 million thereof has been secured. MAS has increased its commitment to the venture from Euro200 million to up to Euro350 million in order to fund this pipeline.

MAS has proposed paying a dividend of 3.19 Euro cents per share in respect of the six months to 30 June 2017. This would result in a total distribution of 5.9 Euro cents per share in relation to the 2017 financial year, representing a 30.0% increase on the prior year distribution. MAS remains on target to achieve its guidance of 30.0% annual growth in distributions through to 2019.

### Waterfall development portfolio

#### Overview

Waterfall's location and ease of access create an attractive value proposition for continued development of a new city in the centre of Gauteng. Attacq has approximately 1.0 million m<sup>2</sup> (2016: 1.3 million m<sup>2</sup>) of remaining developable bulk in Waterfall. This bulk is ungeared and 608 000 m<sup>2</sup> is already serviced and immediately available for the value accretive roll out of commercial, residential and industrial developments.

The Waterfall development portfolio value increased to R3.6 billion (2016: R3.4 billion), comprising 13.0% (2016: 12.2%) of total gross assets. The values below include non-current assets held for sale.

	30 June 2017 R'000	30 June 2016 R'000
Developments under construction	1 598 966	1 185 084
Development rights	1 081 968	1 059 298
Infrastructure and services	737 172	1 111 772
Investment in Land Parcels 3 and 24	140 999	-
Vacant land	5 000	5 000
<b>Total</b>	<b>3 564 105</b>	<b>3 361 154</b>

### Developments under construction

The secured development pipeline, in various stages of progress, includes new regional headquarters for PwC, Deloitte as well as the new BMW Group South Africa Regional Distribution Centre.

As at 30 June 2017 the following properties were under development:

Property	Sector	Anticipated completion date	PGLA (m <sup>2</sup> )*	% Pre-let
<b>Waterfall City</b>				
PwC Tower and Annex-	Office	February 2018	45 223	100
Gateway West	Office	August 2017	13 405	-
Corporate Campus Phase 1 <sup>+</sup>	Office	November 2017	5 840	>50
<b>Waterfall Logistics Hub</b>				
BMW Group South Africa Regional Distribution Centre	Industrial	November 2017	32 000	100
K101 warehouse	Industrial	September 2017	8 523	-
Massbuild Extension	Industrial	November 2017	9 770	100
<b>Total</b>			<b>114 761</b>	<b>&gt;78</b>

\* Estimated PGLA for 100% of development. Subject to change upon final re-measurement post completion.

- Attacq has a 75% undivided share in the property.

+ Attacq has a 50% undivided share in the property.

Attacq's attributable share of the total of 114 761 m<sup>2</sup> PGLA is 100 535 m<sup>2</sup>.

### Development rights

Development rights relate to the contractual rights held by Attacq Waterfall Investment Company Proprietary Limited ("AWIC") to develop certain Waterfall land parcels. These rights form a material element of the overall land valuation. In addition to the 1.0 million m<sup>2</sup> of developable bulk referred to above, Attacq shares in the development rights relating to the two joint ventures with Sanlam Properties, a division of Sanlam Life Insurance Limited ("Sanlam Properties"). As at 30 June 2017 the value of Attacq's interest in these joint ventures was R141.0 million.

A maximum roll-out development period of 12 years was incorporated in the development rights valuation process.

### Infrastructure and services

The reduced value of infrastructure and services is attributable to an allocation of related service costs incurred by developments under construction. Whilst this asset currently generates no cash return, it creates the platform for future economic benefits from top structure developments.

## Commentary (continued)

### Development pipeline

#### *Waterfall Corporate Campus Office Park – Land Parcel 10B*

Attacq and Zenprop Property Holdings Proprietary Limited have established a 50/50 joint venture to develop the Corporate Campus Office Park, with an approximate total development expense of R875.9 million. The Waterfall development comprises six multi-tenanted office buildings with an estimated total PGLA of 34 000 m<sup>2</sup>. The first tenant has been secured and development of phase I (5 840 m<sup>2</sup> of PGLA) has commenced.

#### *Mixed-use development with the Barrow Group – Land Parcel 10*

Attacq and the Barrow Group have established a 50/50 joint venture to develop The Atria, a mixed-use precinct adjacent to the Mall comprising three office buildings, one residential tower with approximately 120 rental apartments and a hotel. The hotel development will be sold prior to the commencement of construction. The total development expense, for this 37 000 m<sup>2</sup> GLA precinct, is estimated at R981.5 million.

#### *River Creek – Deloitte corporate consolidation*

Attacq and Atterbury Property Holdings Proprietary Limited (“Atterbury”) have established a 50/50 joint venture to develop River Creek, a corporate consolidation for Deloitte in Waterfall City. The development on completion will comprise of a PGLA of approximately 42 500 m<sup>2</sup> allowing for occupation of 3 700 staff. The completion date is the first quarter of 2020 and the estimated development expense is R1.3 billion.

#### *Waterfall Point Office Park – Land Parcel 15*

Waterfall Point is a P-grade sectional title office park which will be situated opposite Waterfall Corner along the R55 in Waterfall. The office park will consist of four similar office buildings with a total PGLA of 9 584 m<sup>2</sup>. Conditional sale agreements have been entered into for all four buildings. As this office park will be developed for disposal, the cost of R25.3 million assigned to the development has been classified as inventory.

### Disposals

#### *Waterfall Junction (Land Parcel 3 and 24) – two joint ventures with Sanlam Properties*

Attacq disposed of, with an effective date of 1 July 2016, 15 000 m<sup>2</sup> of its retail development rights on Land Parcel 3 to a separate joint venture company with Sanlam Properties titled Waterfall JVCO 15 Proprietary Limited (“JV15”). JV15 also acquired the remaining retail development rights on the same land parcel from a Mia affiliate company. JV15 is funded by the two shareholders with Attacq’s 30 June 2017 investment therein at R34.0 million. Attacq and Sanlam Properties each hold 50.0% in JV15.

Attacq, in addition, has disposed of its development rights in respect of Land Parcel 24, Waterfall, to a new joint venture company, Waterfall JVCO 115 Proprietary Limited (“JV115”). The shareholding in JV115 is 20.0% held by Attacq and 80.0% by Sanlam Properties. Attacq has an option to increase its shareholding in JV115 to 50.0%. As part of the transaction, JV115 acquired additional light industrial development rights from a Mia affiliate company for R371.6 million. JV115 is funded by shareholders loans with Attacq’s 30 June 2017 investment at R103.7 million. After conclusion of the transaction, the total development rights in JV115 amount to 656 054 m<sup>2</sup>. The effective date of the transaction was 1 July 2016.

Attacq has been appointed development manager and asset manager for both of these joint ventures.

## Rest of Africa retail investments

### Overview

The value of Attacq's Rest of Africa retail investments was R1.2 billion (2016: R1.4 billion), comprising 4.5% (2016: 4.9%) of total gross assets. The net reduction over the year was mainly due to Rand appreciation and further impairments.

Attacq's African investments are held via its:

- 25.0% shareholding in Gruppo Investment Nigeria Limited ("Gruppo"), the owner of Ikeja City Mall, located in Lagos, Nigeria;
- 31.8% shareholding in AttAfrica Limited ("AttAfrica"), which is invested in five retail properties in Ghana and Zambia; and
- 25.0% interest in Grove Mall of Namibia Proprietary Limited ("Grove Mall"), owner of The Grove Mall of Namibia.

As at 30 June 2017, the Group's investment into Gruppo totalled R286.5 million (2016: R326.7 million) and its investment in AttAfrica, through its shareholder loan, amounted to R776.2 million (2016: R877.4 million). As a result of the unfavourable trading and economic conditions, impairments totalling R103.5 million (2016: R80.3 million) have been recognised in the current year. Currently Attacq is not receiving distributions from AttAfrica, in light of the unfavourable trading and macro-economic conditions as well as the structure of Attacq's investment in AttAfrica.

In the 2017 financial year, sub-Saharan Africa's economies were characterised by poor economic and operating conditions on the back of weak commodity prices, volatile exchange rates and rising local interest rates. Nigeria in particular experienced significant economic pressures due to continued low global oil prices, a lack of USD liquidity and high inflation. This environment placed severe pressure on tenants and consumers. The second half of the year saw some improvement in macro-economic conditions. Nigeria's USD liquidity improved during the third quarter of the financial year due to rising oil revenues and a more accommodative foreign exchange policy. Zambia's economy benefited from rising copper prices and improved rainfall; whilst in Ghana, improved conditions have allowed for interest rate cuts which will assist consumers going forward.

During the year the construction of Kumasi City Mall located in Kumasi, Ghana, was completed. The mall opened on 20 April 2017.

Management continues to focus on asset management activities in order to optimise net income and value. It is noted that a liquidity event in early 2020 is provided for in the AttAfrica shareholders' agreement giving Attacq an opportunity to realise its investment and redeploy the proceeds.

The value of Attacq's 25.0% shareholding in Grove Mall has increased by 16.2% to R151.3 million (2016: R130.3 million).

At 30 June 2017, the retail properties in which Attacq has an interest together with the vacancy percentages were as follows:

Property	Location	Owner	PGLA (m <sup>2</sup> )	Vacancy %	Attacq's effective interest %
Manda Hill Mall	Lusaka, Zambia	AttAfrica	40 561	5.4	15.9
Accra Mall	Accra, Ghana	AttAfrica	21 349	-	15.0
West Hills Mall	Accra, Ghana	AttAfrica	27 560	5.3	14.3
Achimota Retail Centre	Accra, Ghana	AttAfrica	15 006	6.1	23.9
Kumasi City Mall	Kumasi, Ghana	AttAfrica	17 948	26.5	23.9
Ikea City Mall	Lagos, Nigeria	Gruppo	22 223	-	25.0
The Grove Mall of Namibia	Windhoek, Namibia	Grove Mall	52 809	0.5	25.0

## Commentary (continued)

### Financial position

#### Investment properties

As per the table below, investment properties increased by 9.4% to R19.7 billion representing 72.2% (2016:65.3%) of the total gross assets of the Group. The information below excludes investment properties disclosed as non-current assets held for sale.

	30 June 2017 R'000	30 June 2016 R'000
Completed buildings	17 163 784	15 282 887
Developments under construction	1 598 966	1 185 084
Development rights	1 058 236	1 059 298
Infrastructure and services	710 875	1 111 772
Vacant land	5 000	5 000
<b>Per valuation</b>	<b>20 536 861</b>	18 644 041
Straight-line lease debtor	(801 496)	(600 849)
<b>Total</b>	<b>19 735 365</b>	18 043 192

#### Investments in and loans to associates

##### *Atterbury Serbia B.V. ("Atterbury Serbia")*

On 12 August 2016, Attacq invested a further R100.3 million into Atterbury Serbia to part fund Atterbury Serbia's increase in shareholding in BreAtt B.V. ("BreAtt") from 33.0% to 50.0%. Attacq's effective shareholding in BreAtt increased from 8.3% to 12.5% at this time. On 27 January 2017, Attacq invested R23.8 million to fund its share of the purchase price of Borca Shopping Centre, adding a seventh retail property to BreAtt's portfolio, including Serbia's largest mall Ušće Shopping Centre, located in Belgrade.

##### *Disposal of investments in Atterbury Serbia and Atterbury Cyprus Limited ("Atterbury Cyprus")*

Subsequent to the abovementioned transactions and following a strategic review, the Board resolved to reduce Attacq's exposure to international assets by disposing of Atterbury Serbia and Atterbury Cyprus and in turn focus on MAS as Attacq's primary entry point into Europe. As a result, Attacq disposed of its shareholdings and loan accounts in Atterbury Cyprus and Atterbury Serbia to Atterbury Europe B.V. ("Atterbury Europe") for an aggregate consideration of Euro93.0 million, realising R1.4 billion in cash.

##### *Artisan Development Partners Limited ("ADP")*

During the financial year, Attacq invested a total of R118.4 million into ADP for investments into three UK-based development opportunities located in Kent, England and Edinburgh and Glasgow in Scotland. ADP's investment focus is on acquiring properties and land for re-zoning and development. The total investment value at year-end was R134.0 million (2016: R40.6 million).

No further investments will be made into APD taking into account Attacq's strategic focus on MAS as its primary European investment vehicle.

#### Other financial assets

Other financial assets comprise mainly of loan accounts provided to Atterbury and the 25.0% partner in the new PwC Tower development.

The Atterbury loan relates to the acquisition of their 20.0% undivided share in the Mall. The amount due by Atterbury in respect of 18.8% of the Mall was settled on completion of the Mall, with the balance of 1.2% to be settled based on the 30 June 2017 fair market value of the Mall, as determined by an external independent valuer. This loan, with a 30 June 2017 outstanding balance of R65.5 million (2016: R62.6 million), has been settled post year-end.

The loan of R243.1 million (2016: R86.1 million) provided to the PwC Tower development partner has similar terms and conditions to the debt raised by AWIC in respect of the PwC Tower development.



### **Non-current assets held for sale**

As at 30 June 2017 the following assets were classified as non-current assets held for sale:

#### *The Atria development*

The Group classified 50.0% of the development rights as well as infrastructure and service costs relating to the mixed-use Atria development as held for sale. The 30 June 2017 value is R50.0 million.

#### *Brooklyn Bridge Office Park*

Management no longer considers the R553.0 million (2016: R637.0 million) Brooklyn Bridge Office Park to be a core asset, resulting in the active intention to dispose of the asset. The value has decreased substantially, year on year, due to the impact of an anticipated vacancy in May 2018.

#### *Stenham European Shopping Centre Fund Limited ("Stenham")*

The 19.9% interest in Stenham, the owner of the Nova Eventis regional shopping centre in Leipzig, Germany is recognised at a value of R197.7 million (2016: R380.8 million). This investment was included in other investment in the previous financial year.

Following a protracted disposal process, Stenham concluded a conditional agreement to dispose of the intermediary holding company which owns Nova Eventis at net asset value determined with reference to a valuation of Euro208.5 million for the shopping centre. Consequently, included in the results for this financial year, relating to Stenham, is a pre-tax negative fair value adjustment of R116.6 million.

Subsequent to year end, merger clearance from the European Commission and shareholder approval has been obtained, following which the disposal was implemented and more than 95.0% of the expected proceeds of R197.7 million have been received with the balance to follow in October 2017 and July 2018.

### **Borrowings**

Total interest-bearing borrowings net of cash decreased by 8.0%, compared to 30 June 2016 (2016: 30.2% increase compared to 2015) mainly due to a portion of the proceeds (R582.6 million) from the sale of Atterbury Cyprus and Atterbury Serbia being used to reduce debt. Subsequent to year end, the balance of the proceeds amounting to R737.4 million was applied against debt.

Gearing, calculated as total interest-bearing debt less cash on hand as a percentage of total assets, improved from 39.9% as at 30 June 2016 to 37.1% as at 30 June 2017. In order to mitigate interest rate risk, as at 30 June 2017, approximately R10.9 billion (2016: R11.0 billion) or 90.8% (2016: 79.5%) of total committed facilities of R12.0 billion (2016: R13.8 billion) were hedged by way of fixed interest rate loans and interest rate swaps. This is well in excess of the 70.0% minimum interest rate hedging policy set by the Attacq Board. The weighted average cost of funding remained flat over the last 12 months at 9.2% (2016: 9.2%).

Approximately 24.7% or R2.6 billion of the Group's interest-bearing debt is due for repayment over the next 12 months including R330.5 million relating to non-current assets held for sale. An amount of R378.9 million of the R2.6 billion was settled after year end. Funding of R1.6 billion, which is included in the short-term portion, relates to 50.0% of the total senior debt provided to the Attacq Retail Fund Proprietary Limited and Lynnwood Bridge Office Park Proprietary Limited portfolios during May 2015. The maturity date of this funding is May 2018 and in this regard attractive refinance proposals from existing lenders, as well as new lenders looking to establish funding relationships with the Group, have been received. The funding team are finalising allocations in this regard.

## **Financial performance**

Profit for the year reduced by R784.7 million or 56.7% mainly due to the strengthening of the Rand, reduction in other income and fair value adjustments as well as the once off realisation of the MAS agterskot of R479.8 million in the previous year.

### **Other income**

Other income reduced from 2016's R448.6 million to R60.5 million due to a stronger Rand and once off disposal profits which were included in 2016. The material decrease is due to the fact that the previous year included unrealised foreign exchange gains of R211.6 million, a R145.0 million profit on the disposal of the interest in Bagaprop Limited and Mall of Mauritius at Bagatelle Limited, a R44.0 million profit on the disposal of MAS shares and a R33.3m profit on the disposal of Attacq's 10.0% shareholding in Atterbury.

## Commentary (continued)

### Operating and other expenses

Operating and other expenses consists of operating expenses of R159.6 million (2016: R139.5 million) and other expenses of R426.1 million (2016: R207.8 million).

The material increase in other expenses is primarily attributed to the Stenham impairment of R116.6 million, the AttAfrica impairment of R82.8 million (2016: R58.3 million), a R20.6 million (2016: R22.0 million) impairment on the Ikeja Mall investment and unrealised foreign exchange losses of R162.7 million.

### Fair value adjustments

Total fair value adjustments for the financial year, which include fair value adjustments on investment properties and marked-to-market movements on the interest rate swaps, reduced by 49.3% to R527.6 million (2016: R1.1 billion).

Compared to the prior year, fair value adjustments on investment properties decreased by 38.1% to R664.5 million (2016: R1.1 billion) and are made up as follows:

	30 June 2017 R'000	30 June 2016 R'000
Completed buildings	536 936	557 949
Developments under construction	193 133	758 314
Development rights	(65 544)	(230 039)
Land	-	(12 000)
<b>Total fair value adjustments to investment properties</b>	<b>664 525</b>	<b>1 074 224</b>

The main reason for the year-on-year reduction of fair value adjustment in developments under construction relates to the Mall which was completed during the previous financial year.

Property valuations as at 30 June 2017 are based on external valuations performed by Jones Lang LaSalle Proprietary Limited, Sterling Valuation Specialists and Mills Fitchet Magnus Penny & Wolffs. The Directors have made adjustments for straight-lining and cost to complete.

The valuation in respect of Waterfall's development rights is based on an external valuation performed on a freehold, fully serviced basis. The valuation is then adjusted downward to take into account, inter alia, the costs required to complete the servicing of the development rights and the estimated future rental obligations attached to the development rights.

For the current year a pre-tax loss of R136.9 million (2016: R32.5 million) was recorded on the marked-to-market valuation of the interest rate swap.

### Net income from associates

Net income from associates for the current year includes income of R190.0 million (2016: Loss of R81.6 million) from MAS, income of R20.7 million (2016: R126.1 million) from Atterbury Cyprus and income of R10.9 million (2016: R3.4 million) from Atterbury Serbia.

### Investment income

Investment income for the current year reduced by 19.6% to R189.5 million (2016: R235.8 million) from the previous year. Included in investment income is interest income of R189.0 million (2016: R182.9 million) and dividend income of R0.5 million (2016: R52.8 million). Interest income from international investments, via loan accounts, amounted to R134.3 million (2016: R146.5 million).

Excluded from investment income is the MAS dividend received of R105.3 million (2016: R101.2 million), as this dividend is applied to reduce the value of the investment in associate.

### **Finance costs**

The increase in finance costs of 17.6% to R987.4 million (2016: R840.0 million) compared with the prior year is attributable to the completion of the four buildings (2016: eight buildings) in the financial year, as well as the fact that the Mall was completed in April 2016. Once a property is completed, finance costs post-completion are expensed and no longer capitalised to the specific development.

### **Change in directors**

No changes to the Board have occurred during the financial year. However, effective 1 July 2017, LLS van der Watt resigned from the Board as a Non-Executive Director.

### **Subsequent events**

The Directors are unaware of any matters or circumstances arising subsequent to 30 June 2017 that require any additional disclosure or adjustment to the annual financial statements.

### **Prospects**

In South Africa, Attacq has strategically focused on Waterfall, with the objective of developing Waterfall City – an integrated city that works, as well as the Waterfall Logistics Hub – Gauteng's logistic hub of choice. The node continues to grow, with four new buildings completed during the year under review adding 70 914 m<sup>2</sup> of PGLA.

Waterfall is the ideal location for corporate consolidation due to its central location and ease of access to the rest of Gauteng. Tenants who have relocated to Waterfall include Premier Foods, Group Five, Novartis, Massmart, Cummins and Cell C. In addition, PwC will be consolidating in Waterfall on completion of the PwC Tower in early 2018, with Deloitte due to relocate to Waterfall City on completion of the River Creek building in the first quarter of 2020.

The location of Waterfall's Logistic Hub between Johannesburg and Pretoria, with its close proximity to major highways and transport routes, makes it a natural location for distribution centres and other light industrial users. The joint venture with Sanlam Properties has further increased the land available for industrial developments.

As Waterfall City and its surrounds continue to develop, the increasing density will benefit the Mall's trading densities, increasing further value in the years to come.

Outside of Waterfall, Attacq will continue to optimise and extract further value from its South African portfolio of high quality properties, including its portfolio of regional malls. On an international front, Attacq's strategic investment in MAS is expected to provide continual benefit from MAS' revised strategy of focusing on distributable income growth underpinned by its attractive income-generating investments and the development pipeline in Central and Eastern Europe.

Attacq is currently not looking at increasing its investments in the rest of Africa.

Attacq is targeting a maiden dividend payment from its income-producing assets, namely the existing quality operational portfolio and MAS investment, of 73 cents per share for the year ended 30 June 2018 with a 20.0% growth per annum in its distributions for the next three years. The guidance is based on assumptions which include forecast rental income based on contractual terms and anticipated market-related renewals, the expected roll-out of the current and budgeted development portfolio, MAS achieving its distribution targets, the required positioning to become a REIT and that no unforeseen circumstances such as major corporate tenant failures or macro-economic instability. The guidance has not been reviewed or reported on by Attacq's auditors.

### **Basis of preparation and accounting policies**

The summarised provisional consolidated financial statements for the year ended 30 June 2017 have been prepared in accordance with the requirements of the JSE Listings Requirements applicable to summarised provisional reports and the requirements of the Companies Act, No. 71 of 2008 of South Africa applicable to summarised financial statements. The JSE Listings Requirements require provisional reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS"), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, and to also, as a minimum, contain the information required by IAS 34: Interim Financial Reporting.

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 summarised provisional consolidated 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 year. These standards did not have any impact on the financial statements.

#### **Fair value disclosure**

The Group's investment properties were externally valued by independent valuers. 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. The valuation of investment properties requires judgement in the determination of future cash flows from leases and an appropriate capitalisation rate which varies between 6.3% and 9.8% (2016: 6.3% and 9.5%). Changes in the capitalisation rate attributable to changes in market conditions can have a significant impact on property valuations. A 50-basis points weakening in the capitalisation rate will decrease the value of investment properties by R640.5 million (2016: R603.3 million). A 50-basis points improvement in the capitalisation rate will increase the value of investment properties by R746.2 million (2016: R690.6 million). Changes in the discount rate attributable to changes in the underlying risk profile associated with the property portfolio can have a significant impact on property valuations. A 50-basis points weakening in the discount rate will decrease the value of investment properties by R557.7 million (2016: R462.8 million). A 50-basis points improvement in the discount rate will increase the value of investment properties by R592.1 million (2016: R480.9 million). 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. Unlisted investments are categorised as level 3. There were no transfers between levels 1, 2 and 3 during the year. The valuation methods applied are consistent with those applied in preparing the previous consolidated financial statements. This announcement does not include the information required pursuant to paragraph 16A(j) of IAS 34. The full set of Annual Financial Statements is available on the issuer's website, at the issuer's registered offices and upon request.

#### **Audit report**

The auditor, Deloitte & Touche, has issued its opinion on Attacq's consolidated and separate financial statements for the year ended 30 June 2017. The audit was conducted in accordance with International Standards on Auditing. Deloitte & Touche has issued an unmodified opinion. A copy of the auditor's report together with a copy of the audited consolidated and separate financial statements is available for inspection at the Company's registered office during normal business hours.

These summarised provisional consolidated financial statements have been derived from the Group's consolidated financial statements and are consistent in all material respects with the Group's consolidated financial statements for the year ended 30 June 2017, but is not itself audited. The Directors take full responsibility for the preparation of these summarised provisional consolidated financial results and confirm that the financial information has been correctly extracted from the underlying audited consolidated financial statements. Any reference to future financial information included in this announcement has not been reviewed or reported on by the auditor. Shareholders are advised that, in order to obtain a full understanding of the nature of the auditor's engagement, they should obtain a copy of that report together with the audited consolidated financial statements as at 30 June 2017 from the Company's registered office during normal business hours.

On behalf of the Board

**P Tredoux**

*Chairman*

11 September 2017

**MC Wilken**

*CEO*

## **Directors**

P Tredoux<sup>\*\*</sup> (Chairman)  
MC Wilken (CEO)  
M Hamman (CFO)  
MM du Toit<sup>\*\*</sup>  
HR El Haimer<sup>\*\*</sup>  
KR Moloko<sup>\*\*</sup>  
BT Nagle<sup>\*\*</sup>  
S Shaw-Taylor<sup>\*\*</sup>  
JHP van der Merwe<sup>\*\*</sup>  
LLS van der Watt\* (resigned 1 July 2017)

# *Independent*

\* *Non-executive*

## **Company Secretary**

T Kodde

## **Attacq Limited**

(Incorporated in the Republic of South Africa)  
(Registration number 1997/000543/06)  
JSE share code: ATT ISIN: ZAE000177218  
(“Attacq” or “the Company” or “the Group”)

## **Registered office**

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Waterfall City  
2090

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## **Sponsor**

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