ATTACQ

INVEST • DEVELOP • GROW

INTEGRATED REPORT 2016

SNAPSHOT OF THE YEAR

Adjusted **NAVPS** increased by **15.3%** to **R21.89**

INVEST

New **partnerships** formed with **Sanlam Properties, Equites, Zenprop, Barrow, Artisan and Atterbury Europe**

Investments in Cyprus and eastern Europe:
Serbia:
6 **operational malls**
1 **under construction**
Cyprus:
2 **operational malls**

DEVELOP

The super-regional **Mall of Africa**, successfully opened on **28 April 2016** – the tipping point to create traction at Waterfall City

409 509 m² of Waterfall bulk converted to date, a **49.5%** increase

GROW

Total assets increased by **18.6%** to **R27.6 billion**

Net rental income increased by **17.2%** to **R1.1 billion**

Recycled capital totalling **R1.3 billion** from selling our interest in **Atterbury, the remaining 50% of Great Westerford, The Club, Geelhoutboom, Bishopsgate, investments in Mauritius, and MAS shares**

CONTENTS

ABOUT THIS REPORT

THE REPORT OBJECTIVE AND SCOPE

This Integrated Report presents the holistic performance of Attacq Limited and its subsidiaries ("Attacq" or "the Group or "the Company") for the year ended 30 June 2016. The report presents information on our performance, governance and prospects, to enable our stakeholders to make an informed assessment of our ability to create and sustain value in the short, medium and long term.

The audience of this report is Attacq's providers of financial capital. We believe the report should also enable other stakeholders to assess Attacq's ability to create and sustain value. We further believe that the report is an internal tool to enhance our integrated thinking.

This report covers Attacq's South African, African and international activities, including subsidiaries, associates and Joint Ventures. Refer to our Company and Group Annual Financial Statements ("AFS") for a detailed list of our investments in associates and subsidiaries.

Any material events that occurred after year-end, but before publication of this report, have also been included. Unless indicated otherwise, information in this report refers to the Group.

REPORTING FRAMEWORKS AND REGULATIONS

Attacq was guided by the following reporting frameworks and regulations in preparing this report:

- International Integrated Reporting Council <IR> Framework
- The King Report on Governance for South Africa 2009 and the King Code of Governance Principles ("King III")
- The Companies Act, 71 of 2008 ("Companies Act")
- The Johannesburg Stock Exchange ("JSE") Listings Requirements
- International Financial Reporting Standards ("IFRS")

We endeavoured to apply the guiding principles and content elements contained in the <IR> Framework, and we remain committed to improving our reporting.

We structured our report around the capital models, or, as we refer to them – the resources, as described in the <IR> Framework. We believe that this reporting structure demonstrates our use and impact of these resources in a clear and concise manner.

For our classification of resources, refer to our business model on page 32.

Our most material resources are as follows:

- Financial resources: page 50
- Manufactured resources: page 64
- Human resources: page 98
- Social and relationship resources: page 105
- Natural resources: page 113

Our intellectual resources form part of the above resources, and are incorporated into the respective sections.

MATERIALITY DETERMINATION

In preparing this report, we were guided by the principle of materiality. A matter is considered material if it can substantively affect the Group's ability to create and sustain value over the short, medium or long term.

A wide range of evidence was considered to determine the material matters, including Board documents, risk assessments, media releases and stakeholder engagements. As a part of our material matters determination process, we unpacked our material matters in more detail than in prior years to improve transparency to stakeholders.

Our material matters are detailed on page 29.

OUR REPORTING SUITE

We produce a suite of reports to cater for the needs of our stakeholders. Supplementary reports support our Integrated Report, and are tailored to meet our readers' specific information requirements.

REPORT	ONLINE REFERENCE
Integrated Report including the Summarised Consolidated Financial Statements	www.attacq.co.za/investors/integrated-report_2016.pdf
Company and Group Annual Financial Statements for the year ended 30 June 2016	www.attacq.co.za/investors/annual_financial_statements_2016.pdf
Corporate Social Investment ("CSI") Report	www.attacq.co.za/investors/csi_overview_2016.pdf
King Code of Corporate Governance checklist	www.attacq.co.za/investors/King_Code_Corporate_Governance_2016.pdf

Medtronic – Waterfall

ABOUT THIS REPORT continued

ASSURANCE

We strive to achieve high standards in all disclosures and reporting. Internal controls form a key part of the overall assurance of this report. The Board of Directors ("the Board") and Executive Management ("Exco") were involved in finalising this report.

The Executive Directors are charged with the responsibility of determining the adequacy, extent and operation of the accounting and management information systems throughout the year, by performing comprehensive reviews, and testing the effectiveness of the internal control systems in operation. Internal audit, outsourced to PricewaterhouseCoopers, provides assurance to the Audit and Risk Committee ("ARC") regarding the effectiveness of the overall control environment of the Group. This includes assurance on the effectiveness of the internal controls that support the Integrated Report. Refer to pages 3 to 8 of our AFS for further information regarding internal controls and audit.

Deloitte & Touche have independently audited the AFS. Their unmodified audit opinion can be found on pages 9 to 13 of our AFS. The scope of their audit is limited to the information contained on pages 12 to 13 of our AFS. No external assurance was obtained on other areas of this report, except for our Broad-Based Black Economic Empowerment ("B-BBEE") rating and carbon footprint assessment.

FEEDBACK

We value your feedback in our endeavour to continuously improve our reporting. Any comments or requests for additional information can be emailed to our marketing team at marketing@attacq.co.za.

FORWARD-LOOKING STATEMENTS

This Integrated Report contains forward-looking statements that, unless otherwise indicated, reflect the Group's expectations as at 30 June 2016. Actual results may differ materially from the Group's expectations if known and unknown risks or uncertainties affect its business, or if estimates or assumptions prove inaccurate. The Group cannot guarantee that any forward-looking statement will materialise. Readers are cautioned not to place undue reliance on any forward-looking statements. The Group disclaims any intention and assumes no obligation to update or revise any forward-looking statement, even if new information becomes available as a result of future events, or for any other reason, other than as required by the JSE Listings Requirements.

APPROVAL OF THE INTEGRATED REPORT

The Board, supported by the ARC, acknowledges its responsibility to ensure the integrity of the Integrated Report. The Board has applied its mind to the Integrated Report and is of the opinion that it addresses all material matters and fairly presents the integrated performance of the Group.

The Board authorised the Integrated Report for release on 4 November 2016.

P Tredoux
Chairperson

MC Wilken
Chief Executive Officer

NAVIGATION ICONS

Icons were used to assist with clarification and navigation.

In our ongoing endeavour to communicate our value creation story in its entirety, with a focus on transparency, we sought to identify both our challenges and opportunities, wherever possible, throughout the report. The following icons were used:

- Challenges and risks
- Opportunities

We also identify where information relates specifically to our use and/or application of intellectual resources:

- Denotes information relating to intellectual resources

We used the following cross-referencing icons to show where more information is available:

- Denotes further information available online
- Denotes further information available within this report

Mall of Africa – Waterfall City

BUSINESS O

INVEST
DEVELOP
GROW

OVERVIEW

We are a company with a long-term focus on delivering exceptional, sustainable capital growth, through creative local and international real estate developments and investments.

WHO WE ARE

Attacq is a capital growth company in the real estate sector founded in 2005 and listed on the JSE since 2013 with the vision to be the premier property company in South Africa.

- We pursue our business vision through our strategic pillars – Invest, Develop and Grow.
- Our real estate investment portfolio is geographically diversified, and consists of quality commercial and retail property investments, with investments in South Africa and in selected emerging and developed markets.
- Our gross assets totalled R27.6 billion as at 30 June 2016.
- We deliver sustainable capital growth to our investors, with a compound annual growth rate ("CAGR") of 29.4% since inception.
- We have a creative approach to real estate investments and developments, in order to deliver sustainable growth to our shareholders.
- Our management team takes a proactive, hands-on approach.
- We are a multi-disciplinary team which includes skills and experience in property management and property development.

ATTACQ'S VALUES AND HABITS

VALUES

CREATIVITY

INTEGRITY

ACCOUNTABILITY

COLLABORATION

HABITS

CLIENT CENTRICITY

EXCELLENCE

URGENCY

FOCUS

Lynnwood Bridge Offices – Pretoria

OUR FIVE-YEAR TRANSACTIONAL HISTORY

2012

Co-invested **32.5%** in AttAfrica Limited ("AttAfrica")

Acquired **Garden Route Mall**, George

Attacq Retail Fund Proprietary Limited ("ARF") was established, with Attacq holding a **75%** interest

Disposed of Lord Charles, Lady Brooks, Hampton Court, Centurion Gate, and recycled capital

Mall of Africa in Waterfall City designed and development planning commenced

2013

Secured **264 595 m²** Waterfall development pipeline

Commenced with the development of Lynnwood Bridge Phase III and Mall of Africa

Commenced with the development of The Grove Mall of Namibia

Became the sole owner of ARF

Disposed of **50%** of Great Westerford, a non-core building, and recycled capital

2014

Listed on the JSE

Completed **five** buildings in Waterfall: **Cell C Campus, Group Five, Waterfall Corner and Maxwell Office Park: Golder & Associates and ATT House**

Internalised our asset and property management

Raised **R2.3 billion** via the issue of new shares

AttAfrica extended its footprint into Africa with the acquisition of **Manda Hill**, Zambia

Increased our shareholding in MAS Real Estate Incorporated ("MAS") from **21.1%** to **47.2%** by consolidating a number of our international interests in MAS

Disposed of Sanridge, Atterbury House, Atterbury Theatre and Harlequin Building, considered non-core buildings, and recycled capital

Acquired **100%** of **Brooklyn Bridge Office Park**

2015

Completed **13** buildings:

- Waterfall: **Waterfall Lifestyle, Angel Shack, Dräger, City Lodge, Medtronic, Novartis, Cummins, Maxwell Office Park: Premier Foods, and Honda**
- Lynnwood, Pretoria: **Lynnwood Bridge Phase III**
- Newtown, Johannesburg: **Newtown Junction and Majestic Offices**

Refinanced retail portfolio with **R3.3 billion** of debt

Raised a **USD51 million** debt facility

Became the sole owner of Attacq Waterfall Investment Company Proprietary Limited

Secured pre-emptive rights for selected Atterbury developments

Completed **The Grove Mall of Namibia**, in which we have a **25%** interest

Disposed of three properties in the Retail Africa **Wingspan** Investments Proprietary Limited portfolio, and our interest in **Rapfund** Holdings Proprietary Limited, both considered non-core assets, and recycled capital

2016

Mall of Africa opened as the largest first-phase mall development in South Africa to date

Remaining Waterfall bulk development rights are **1.3 million m^2**

Partnered with:

- **Sanlam Properties**, a division of Sanlam Life Insurance Limited ("Sanlam Properties")
- **Equites** Property Fund Limited ("Equites")
- **Zenprop** Property Holdings Proprietary Limited ("Zenprop")
- **Barrow** Construction Proprietary Limited ("Barrow")
- **Artisan** Development Partners Limited ("Artisan")
- **Atterbury Europe** B.V. ("Atterbury Europe")

Internalised development management

Invested in Cyprus and eastern Europe

Acquired **25%** of **Ikeja City Mall, Nigeria**

MAS Karoo Agterskot realised **R479.8 million**

Disposed of the following assets: **Atterbury** Property Holdings Proprietary Limited ("Atterbury"), the remaining 50% of **Great Westerford, Geelhoutboom** Estate Proprietary Limited ("Geelhoutboom"), Bishopsgate, investments in Mauritius and MAS shares, and recycled the **R1.3 billion** generated capital

WHERE WE OPERATE

SOUTH AFRICA INVESTMENT PROPERTY PORTFOLIO

- Gauteng
- North West
- Western Cape

Value of portfolio **R16.1 billion**
Increased from R11.5 billion in 2015

Percentage of total assets **66%**
Increased from 57.9% in 2015

KEY PROPERTIES

Mall of Africa
Cell C Campus
Group Five
Waterfall Corner
Brooklyn Mall
Garden Route Mall
MooiRivier Mall
Eikestad Precinct
Lynnwood Bridge Precinct
Newtown Precinct

SOUTH AFRICA DEVELOPMENT PORTFOLIO

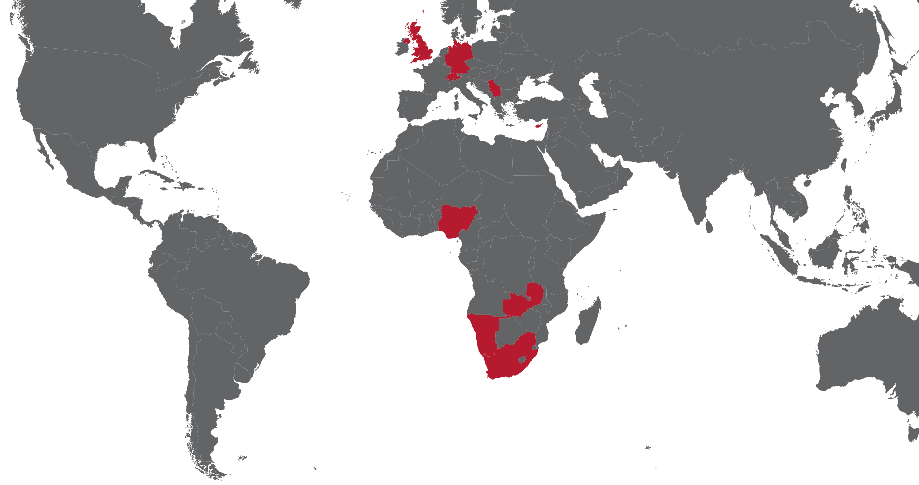
- Gauteng
- Western Cape

Developments under construction
104 360 m² (R1.2 billion)
Decreased from 243 617 m² or R2.6 billion in 2015

Development rights and infrastructure
R2.3 billion
Increased from R2.1 billion in 2015

KEY DEVELOPMENTS

PwC Tower
Amrod
Allandale Building



EMERGING MARKETS EXCLUDING SOUTH AFRICA

- Ghana
- Namibia
- Nigeria
- Zambia
- Serbia

Total investment value of portfolio
R1.8 billion
Increased from R1.4 billion in 2015

6.5% of total assets in 2016
Increased from 6.2% in 2015

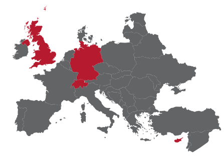
KEY JURISDICTIONS

Namibia: **R163 million**

Nigeria: **R326.7 million**

Ghana and Zambia via our investment in AttAfrica: **R877.3 million**

Serbia: **R367.1 million**



DEVELOPED MARKETS

- Cyprus
- Germany*
- Switzerland*
- United Kingdom*

Total investment value of portfolio: **R4 billion**
Increased from R2.9 billion in 2015

14.5% of total assets
Increased from 12.5% in 2015

KEY INVESTMENTS

MAS: **R2.7 billion**

Nova Eventis: **R380.8 million**

Cyprus: **R892 million**

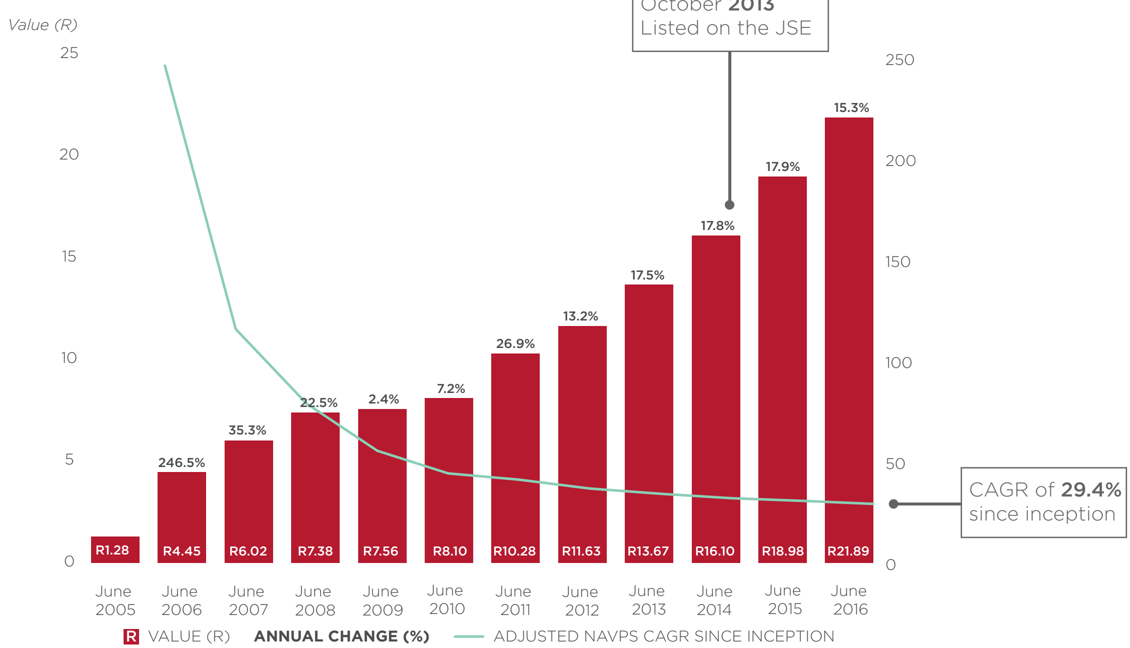
* Through our investment in MAS.

PERFORMANCE HIGHLIGHTS

FINANCIAL RESOURCES

	2016	2015 – 2016 change (%)	2015	2014 – 2015 change (%)	2014
Total assets (R'000)	27 629 677	18.6	23 300 681	26.2	18 464 886
Property portfolio value (R'000)	19 591 664	11.5	16 187 873	26.2	12 829 337
Net asset value ("NAV") attributable to owners of the holding company (R'000)	13 484 521	12.8	11 957 198	20.6	9 912 191
Number of shares in issue (net of treasury shares)	701 395 224	0.1	700 995 224	4.5	670 965 594
Net asset value per share ("NAVPS") (R)	19.23	12.7	17.06	15.5	14.77
NAVPS adjusted for deferred taxation ("adjusted NAVPS") (R)	21.89	15.3	18.98	17.9	16.10
Gearing (%)	39.9	–	36.3	–	34.0
Total committed facilities hedged (%)	79.5	–	75.0	–	63.0
Finance costs (R'000)	839 975	22.5	685 872	17.8	582 122

ADJUSTED NAVPS PERFORMANCE

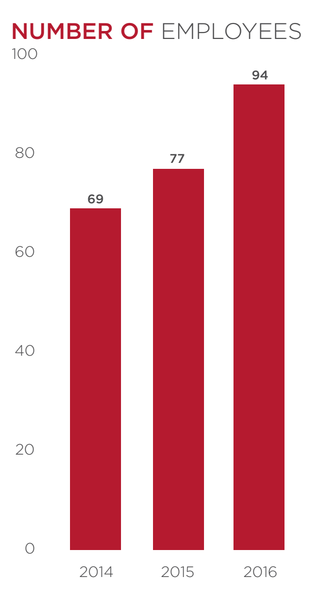


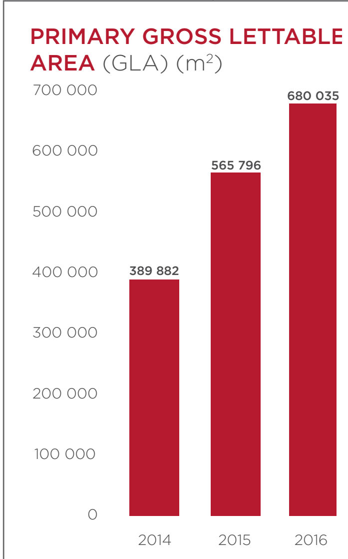
Refer to our financial resources review on page 50.

MANUFACTURED RESOURCES

	2016	2015 – 2016 change (%)	2015	2014 – 2015 change (%)	2014
Number of properties	42	20.0	35	75.0	20
Net rental income (R'000)	1 118 273	17.2	954 050	47.6	646 550
Vacancy (%)	2.4	–	4.0	–	3.3
Total arrears (% of rental income)	3.0	–	3.1	–	0.6
Weighted average trading density (R/m²)	2 709	7.2	2 526	–	2 510
Weighted average lease expiry profile (years)	6.7	–	7.3	–	7.4
Number of developments completed	8	–	13	–	5
Total Waterfall bulk converted to date (m²)	409 509	49.5	273 860	68.7	162 269
Remaining Waterfall bulk (m²)	1 332 005	(1.2)	1 347 921	(3.1)	1 391 202

Refer to our manufactured resources review on page 64.





HUMAN RESOURCES

	2016	2015	2014
Number of Directors	10	12	11
Number of Independent Non-Executive Directors	7	6	5
Total employee turnover	19.5%	18.9%	21.9%*
Value of gross assets per employee	R293.9 million	R302.6 million	R267.6 million
Training hours per employee	35.3 hours	27.8 hours	Not available

* *Excludes property and asset management employee turnover for the Attacq retail portfolio.*

Refer to our human resources review on page 98.

SOCIAL AND RELATIONSHIP RESOURCES

	2016	2015	2014
CSI spend (including enterprise and supplier development and social economic development) (R'000)	6 453	4 855	4 524
B-BBEE	Level 4	Level 4	Level 5

Other initiatives during the year:

- **366 employee** hours spent on CSI, reaching more than 2 000 beneficiaries
- Launched our new brand to clarify our market position

Refer to our social and relationship resources review on page 105.

NATURAL RESOURCES

	2016	2015	% change
Carbon footprint (tCO_2e)	168 907	153 283	10.2
Renewable energy project pipeline[1] (kWp)	5 909	4 755	24.3
Renewable energy generating capacity (kWp)	91.2	0	n/a
Waste recycled[2] (t)	1 042	574	81.5

[1] *Projects approved, not yet operational.*
[2] *Waste recycled represents total waste not diverted to landfill.*

Commenced with the construction of our **4 755 kWp** rooftop photovoltaic ("PV") plant at **Mall of Africa**.

Refer to our natural resources review on page 113.

Lynnwood Bridge – Pretoria

FEATURED BUILDINGS

		SECTORS	TOTAL PRIMARY GLA (M^2)	VALUATION	OUR SHARE OF VALUATION	VALUE PER M^2	ANCHOR TENANTS
1.	MALL OF AFRICA*	Retail	131 038^^	R5.1 **billion**	R4.1 **billion**	R38 920	Checkers Hyper, Edgars, Game, TFG, Woolworths
2.	LYNNWOOD BRIDGE PRECINCT#	Retail, Office and Hotel	66 046	R2.2 **billion**	R2.2 **billion**	R33 280	Adams & Adams, Aurecon, City Lodge, Woolworths
3.	GARDEN ROUTE MALL	Retail	53 015	R1.3 **billion**	R1.3 **billion**	R24 666	Dis-Chem, Edgars, Game, Pick n Pay, Woolworths
4.	MOOIRIVIER MALL	Retail	49 054	R1.1 **billion**	R1.1 **billion**	R22 923	Checkers, Edgars, Game, Woolworths
5.	CELL C CAMPUS	Office and Industrial	43 890	R904 **million**	R904 **million**	R20 597	Cell C
6.	EIKESTAD PRECINCT**	Retail and Office	47 146	R1.1 **billion**	R878.9 **million**	R22 291	Checkers, Game, Woolworths
7.	BROOKLYN MALL*	Retail	74 756	R3 **billion**	R754.1 **million**	R40 352	Checkers, Dis-Chem, Game, Woolworths
8.	NEWTOWN PRECINCT^	Retail, Office and Hotel	78 305	R1.5 **billion**	R746.3 **million**	R19 062	City Lodge, Nedbank, Pick n Pay, Shoprite
9.	GROUP FIVE	Office	25 782	R612 **million**	R612 **million**	R23 737	Group Five
10.	WATERFALL CORNER	Retail	9 415	R211.7 **million**	R211.7 **million**	R22 490	Checkers, Clicks, Woolworths

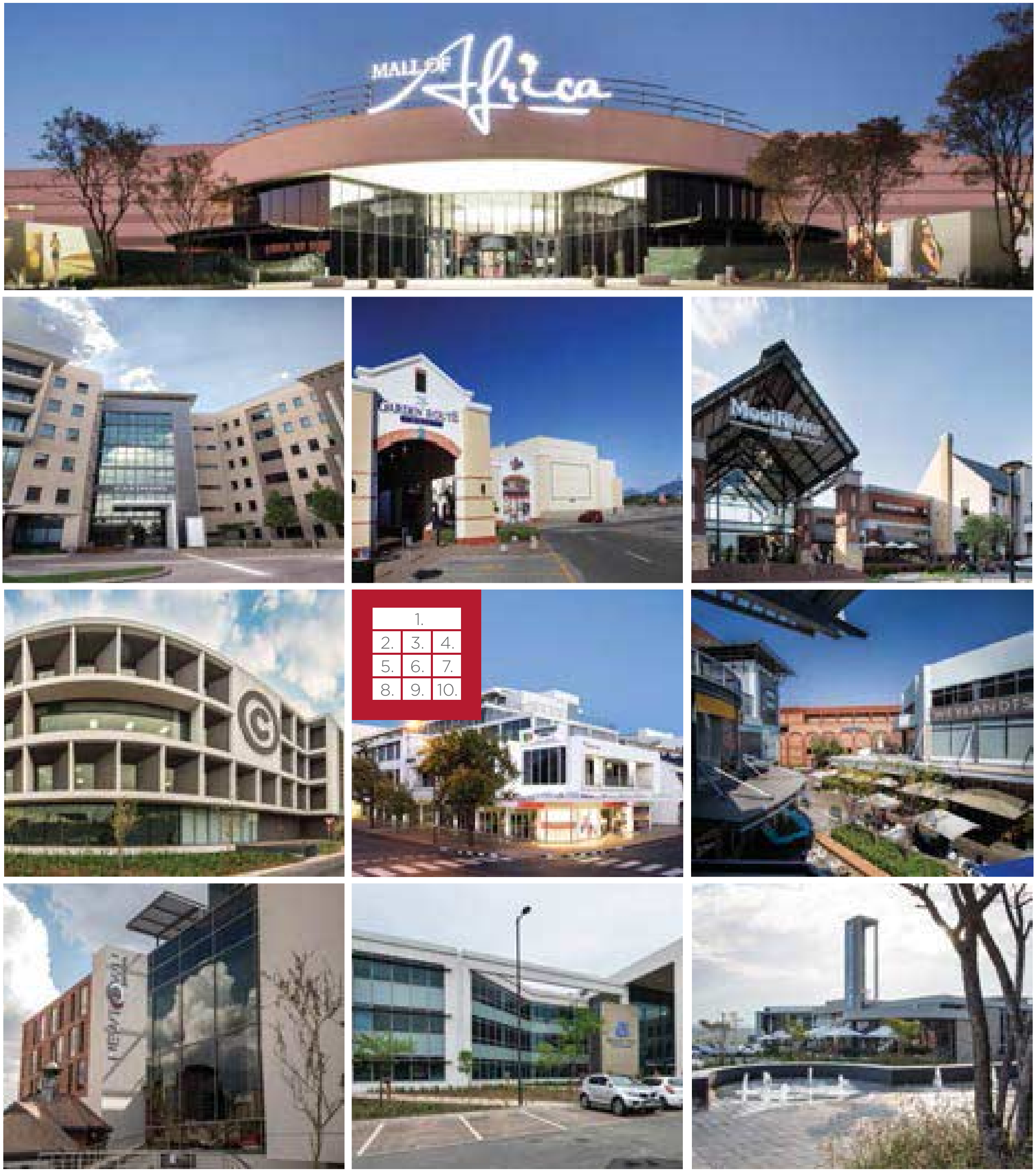
Comprises Lynnwood Bridge Retail, multi-tenanted offices, Lynnwood Bridge Phase III (Kaaimans and Bloukrans), Aurecon Building and City Lodge.

^ Comprises Newtown Junction, Newtown Nedbank, The Majestic and City Lodge. 100% of GLA reflected above.

^^ Subject to final measurement.

* 100% of GLA reflected above.

** Comprises Andringa Walk, Eikestad Mall and Mill Square. 100% of GLA reflected above.



1. Mall of Africa – Waterfall City **2.** Lynnwood Bridge Precinct – Pretoria **3.** Garden Route Mall – George **4.** MooiRivier Mall – Potchefstroom **5.** Cell C Campus – Waterfall **6.** Eikestad Precinct – Stellenbosch **7.** Brooklyn Mall – Pretoria **8.** Newtown Precinct – Johannesburg **9.** Group Five – Waterfall **10**. Waterfall Corner – Waterfall

BUSINESS CONTEXT

Our external context

By understanding our operating context, we ensure our business is positioned to anticipate challenges and capture opportunities.

Macroeconomic trends

GLOBAL TRENDS

- The commodity cycle downturn has affected a number of emerging market commodity exporting countries through both slower economic growth as well as exchange rate volatility.
- The potential normalisation of US interest rates could also exacerbate short-term exchange rate volatility and lead to lower global liquidity.
- The longer-term implications of Brexit continue to evolve, resulting in uncertainty in the UK and Europe.

SOUTH AFRICA-SPECIFIC TRENDS

- The low economic growth in South Africa is expected to continue in the short to medium term.
- In the absence of a significant macroeconomic shock, the rate hiking cycle in South Africa appears to be peaking.
- The impact of a sovereign rating downgrade and policy uncertainty remain factors in the decision-making of tenants on new leases.
- The availability of power and water continues to hamper existing and potential developments.

Increasing competition

Listed and private property companies and developers in South Africa face increasing competition for the following business drivers:

LISTED OR PRIVATE PROPERTY COMPANIES

DEVELOPERS

COMPETING FOR

- Tenants
- Nodes/land
- Capital (debt and equity)
- Consumers
- Investment opportunities
- Human capital

Our key relationships

Our relationships can either support or hamper our ability to create value.

By establishing good lines of communication with our various stakeholders and maintaining a constructive relationship with them, we enhance our business sustainability by being better equipped to identify and address opportunities and risks.

WE REGULARLY ENGAGE WITH THE FOLLOWING STAKEHOLDERS

Employees | Shareholders and investment analysts | Financiers | Government (national and local) and regulators | Property brokers | Media

Tenants | Consumers | Local communities and civil society | Suppliers and service providers | Development partners | Competitors

WE ENGAGE WITH THESE STAKEHOLDERS IN THE FOLLOWING WAYS

• Group **communications** • Regular **employee** forums • One-on-one meetings
• **Media** announcements • Group newsletters and **advertising** • Regular meetings • Interviews
• Presentations, including question and answer sessions • **Training** interventions
• Development programmes • Reports to **stakeholders**, including our **Integrated Report**
• Social media • Group website • Media briefings • Site visits • Open days • Workshops
• **Employee** engagements • Shopping centre websites • Focus groups • **Annual roadshows**

Refer to the social and relationship resources review on page 105 for further information regarding our stakeholders, their needs and how we address them.

Our top-of-mind risks

Enterprise Risk Management ("ERM") forms the cornerstone of our business. Risks are considered in all decisions within the organisation, both at Board and management level. Over the past year, we have implemented a combined assurance model to ensure that the Board and our stakeholders are provided with adequate assurance that risks are effectively managed.

When considering risk, we ensure that we cover a broad spectrum of risk, which includes:

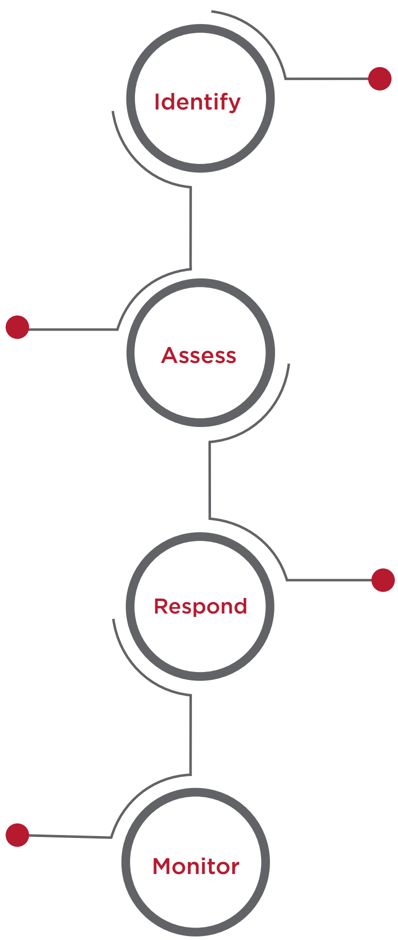
- **Strategic, commercial and reputational:** These risks pose threats to commercial success.
- **Organisational and operational risk:** These risks arise from inadequate or failed internal activity.
- **Financial risk:** This includes exposure to fluctuating foreign currencies and interest rates, the risk of bad debts, fraud and the availability of finance.
- **Compliance and regulatory risk:** Non-compliance either contractually (our agreements) or by legislation.

"**Effective risk management** is integral to **support our strategy** and growth targets."

Melt Hamman
Chief Financial Officer

Our ERM process is based on the ISO 31000: 2009 – Risk Management Principles and Guidelines. We formally assess risk at least annually, and continuously identify and quantify emerging risks. Our ERM process is applied equally to cover health, safety and environmental, fraud and regulatory compliance risks.

ERM process:



Attacq's ERM process is designed on the premise of continuous risk identification to ensure that emerging risks are addressed timeously and adequately by our first line of defence.

Our assessment methodology is aligned to NAV as well as liquidity levels. This enables us to effectively measure the potential impacts of risks to the business and prioritise key and critical risks.

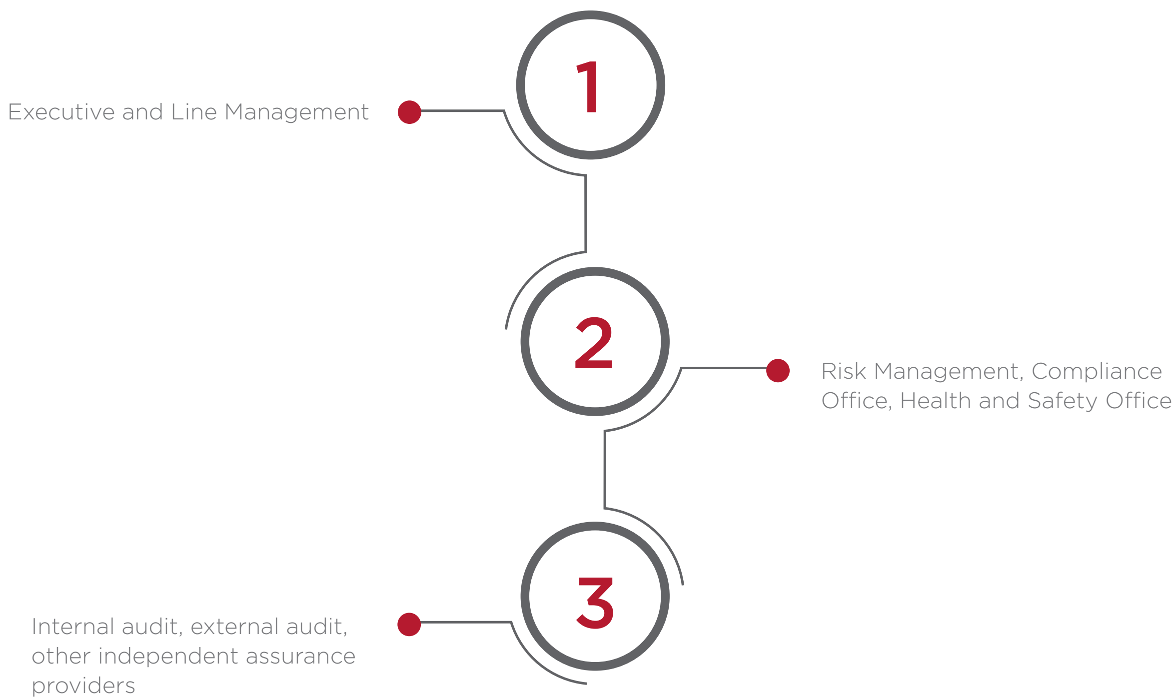
We respond to risk by applying a combined assurance approach. This means that each of our risks is managed through three levels of defence.

Our risk management team is responsible for monitoring the ERM process. Assurance providers are monitored through the Combined Assurance Forum ("CAF") which reports quarterly, or as required to the ARC.

The Board takes ultimate responsibility for risk management, and has delegated oversight responsibility to the ARC. The executive team, as the implementer of strategy, is responsible for ensuring an effective system to manage risks, and for the implementation of effective and efficient risk mitigations. On a quarterly basis, the executive team attests to the ARC that all potential and emerging risks have been identified and recorded, and that appropriate actions have been taken to mitigate any risks to acceptable levels.

Risk management is a strategic part of business in ensuring that it not only protects value, but also acts as an enabler for business and growth. We are committed to continuously improve our ERM process to ensure that we remain risk resilient. Our top risks are well managed and can change at any time during the year, taking into account changes in the economy, industry and key stakeholders.

Our top risks are regularly reviewed and interrogated by our Exco, the CAF and the ARC. To ensure that we manage our risks effectively, we apply a combined assurance approach and implemented a three lines of defence model, as summarised by the diagram below.



Stryker – Waterfall

In the table below, we summarise our top 10 risks and how we manage them.

OUR TOP-OF-MIND RISKS

How we manage the risk	How we leverage the opportunity
SOVEREIGN CREDIT RATING DOWNGRADE	
We monitor our funding structures, including interest rates, on an ongoing basis to ensure that debt obligations remain within acceptable limits. In order to mitigate interest rate risk, we have hedged 81% (R9.2 billion) (2015: 76.8% (R7.1 billion)) of total utilised debt facilities with either fixed-rate loans or interest rate swaps. A 50 basis point increase in the capitalisation rate will decrease the value of investment properties by R603.3 million (2015: R572.1 million). A 50 basis points increase in the discount rate will decrease the value of investment properties by R462.8 million (2015: R450.3 million). If South African interest rates increase by 100 basis points, the annual interest expense, based on the 30 June 2016 debt, will increase by R23.3 million (pre-tax) in the next financial year due to the fact that 81% of total utilised debt facilities are hedged.	R4.6 billion of our consolidated equity (34.4% of total Group equity) is deployed globally. The balance of 65.6% is invested in South Africa. This creates geographical diversification and a natural hedge against unfavourable movements in currency and interest rates.
EMERGING MARKET RISK	
African markets have revised growth targets, which are downward driven primarily by the fall in global commodity prices. This negative outlook may have an adverse effect on asset valuations. Rentals earned are either dollar-denominated or dollar-indexed, providing some measure of protection against the devaluation of local currencies. We acquired defensive assets in these emerging markets in order to mitigate our risk.	African countries have rapidly urbanising city centres and, despite the difficulties in the economy, these markets still offer above-average growth expectations when compared to South Africa and other developed markets.
MEETING NEW BUSINESS TARGETS	
To ensure delivery targets are met, we have: • strengthened our executive team; • internalised the development management; • appointed an experienced developer as Head of Developments; • sought out new investment opportunities and entered into strategic partnerships with entities such as Equites, Sanlam Properties, Barrow, the Moolman Group and Zenprop to accelerate the roll-out of Waterfall; and • assessed our capital deployment and recycled capital where necessary.	The location of Waterfall City and the larger Waterfall development remains an excellent value proposition for businesses looking to reduce total operating costs by consolidating their operations. By increasing our offshore investments, we are able to spread our portfolio, offering diversified capital growth to our shareholders.
MACROECONOMIC ENVIRONMENT	
We diversified our portfolio between different types of properties (retail, commercial, hotel and industrial) and geographically, with investments in the rest of Africa and Europe.	Our philosophy is to create urban spaces that differentiate themselves from competing developments. This includes developing properties that are more cost effective to operate, with a lesser environmental impact that appeals to cost and environmentally conscious tenants.

How we manage the risk	How we leverage the opportunity
AVAILABILITY AND COST OF UTILITIES AND MUNICIPAL SERVICES	
To manage this risk, we initiated several key interventions to manage short-term disruptions. These include investing over R70 million in the installation of solar power systems and incorporating back-up generators and water storage into our new developments. More advanced operational planning is underway to ensure continued operation during longer disruptions of several days or more. We have secured most of the bulk services in relation to our Waterfall development.	By developing efficient buildings, we are able to decrease the cost of occupancy for our tenants. This ensures that our developments are constructed with a reduced reliance on national utility infrastructure, and contribute to the attractiveness of our investment properties.
MEETING B-BBEE REQUIREMENTS	
The changes to the B-BBEE Codes of Good Practice ("the codes") are expected to adversely impact B-BBEE scorecards in general. Our dedicated Transformation Specialist is supported by external consultants, and is empowered to focus on B-BBEE levels and transformation. B-BBEE and procurement strategies are in place and form part of individual Key Performance Indicators ("KPIs") where applicable. We actively participate in programmes to support enterprise and supplier development.	Our focus remains on maintaining competitive B-BBEE levels. Improved B-BBEE levels serve as a key factor in attracting new business, and favourably contribute to our clients' B-BBEE aspirations.
LEGAL AND REGULATORY COMPLIANCE	
We are operating in a highly regulated environment, and have several measures in place to ensure compliance. Risk and regulatory matters are managed through a generic KPI on all role profiles. Executive and line management are taking responsibility as the first line of defence. A regulatory compliance function was established to monitor compliance with rules and regulations. We established and implemented the CAF to act as the second line of defence and a soundboard for both employees and ARC members. Our internal and external auditors report directly to the ARC as our third line of defence.	We are committed to complying with all laws and regulations. By implementing a dedicated function and the CAF, we improved our compliance with key regulations and strengthened our relationships with regulators. This afforded us the opportunity to be an active participant in regulatory processes. As a compliant company, lead times for applications for developments and licences are reduced, which improves our ability to deliver on developments.

How we manage the risk	How we leverage the opportunity
CONCENTRATION RISK	
Waterfall currently accounts for 47.3% of our consolidated equity base. This is expected to enlarge as the roll-out of Waterfall progresses. To mitigate this risk, we develop and invest in different classes of assets within Waterfall and enter into Joint Ventures with various business partners. We proactively seek out new investment opportunities locally and abroad. Our global footprint increased to R5.8 billion (2015: R4.3 billion) through additional investments made during the year.	The location of Waterfall City and the larger Waterfall development remains an excellent value proposition for businesses looking to reduce total operating costs by consolidating their operations. Due to the entire Waterfall City being under our control, we are able to ensure that the city's existing and future development requirements are planned for, and addressed in advance in the most cost-effective manner. We are further able to create a work, live and play environment.
LIQUIDITY LEVELS	
Liquidity is actively managed through monthly cash flow forecast meetings, which are attended by senior finance employees. We increased our cash surplus and implemented a policy whereby a minimum cash buffer of R250 million must be in place at all times. A solvency and liquidity statement, which includes the 12 and 24-month cash flow forecast, is presented to the ARC and the Board on a quarterly basis for their assessment and approval. Debt decisions are made taking into account key covenant requirements on an individual transaction level and at a portfolio level. The maturity of our debt and our interest hedging are dynamically monitored and managed.	Our improved liquidity levels and cash buffer afford us greater scope to manage potential liquidity events.
DELIVERY OF DEVELOPMENTS	
The development function was internalised and we have full control over the development process. Performance agreements are in place with contractors for timeous delivery of developments, taking into account external factors such as strikes and availability of raw material. Latent defects are also covered under the contracts. Refurbishments and small works projects of existing properties are governed by project guidelines.	Developing new partnerships and strengthening existing partnerships increase our opportunities to grow and enhance our business. The internalisation of our development team enhanced control over cost and the timely delivery of developments. We are in direct control of the quality of workmanship and the reduction in latent defects.

Understanding the year-on-year movement in the top risks

In 2015, we identified the attraction and retention of key skills, as well as the cost and availability of Information Communications Technology ("ICT") as top-of-mind risks. While these have been removed since 2015 as top risks for the reasons listed below; we continue to actively manage them.

- Attraction and retention of key skills:
  - We identified all key roles and critical employees, and continue to manage our succession planning in an active manner.
  - Our training budget is approved annually and employees are continuously monitored to ensure training is attended. We are in the process of designing and implementing a Personal Development Plan for all employees, which will address development areas and assist in driving the right behaviour.
  - All role profiles are complete, and KPIs are being set to establish an approach that is focused on individual performance. There will be a direct correlation between KPIs and performance bonuses.
- Cost and availability of ICT:
  - As we progressively move into the digital age, the costs of gathering and interpreting information are reducing, primarily due to the evolving of business intelligence.
  - We engaged with data architects to assist with a solution to provide us with timeous and highly relevant data, to expedite decision-making processes. The project is well under way.

Understanding the material matters

Our most material matters are determined by taking an integrated approach through:

- understanding the consequences and implications of our external environment;
- understanding the quality of our relationships and identified risks; and
- taking cognisance of all our resources.

These material matters could substantively affect our ability to create and sustain value in the short, medium or long term.

Our 2016 material matters are set out in the table below, linking them to our top-of-mind risks:

Material matter and what it means for Attacq	Top-of-mind risks connected to this matter
Responding to the South African socio-economic landscape South Africa remains our home. Since we invest in local properties, we understand that we need to monitor and respond to the occasionally challenging socio-economic environment.	• Sovereign credit rating downgrade • Meeting new business targets • Macroeconomic environment • Availability and cost of utilities and municipal services • Meeting B-BBEE requirements • Legal and regulatory compliance • Liquidity levels • Delivery of developments
Ensuring optimal capital growth We need to manage our portfolio to deliver exceptional sustainable returns to our shareholders. In order to grow our portfolio, we need to manage our capital (debt and equity) strategically, invest in assets that deliver satisfactory returns, and disinvest assets (recycle capital) that do not meet our investment criteria. We need to ensure that our investments and developments are sustainable in the short to long term.	• Sovereign credit rating downgrade • Emerging market risk • Meeting new business targets • Macroeconomic environment • Availability and cost of utilities and municipal services • Concentration risk • Liquidity levels • Delivery of developments
Growing our people, processes and brand strategically We will achieve our strategic goals through the innovation and improvement of existing support structures and the commitment and self-empowerment of our people. Failure to invest in these areas could impact our sustainability.	• Meeting new business targets • Meeting B-BBEE requirements • Delivery of developments
Building partnerships Our business relationships make our business possible. Meaningful interactions with our stakeholders enable us to identify and take advantage of potential opportunities.	• Meeting new business targets • Delivery of developments

STRATEGIC RESPONSE

Our market positioning

In our highly competitive market, we have strategically positioned ourselves as a capital growth company, that is, a company with a long-term focus on delivering exceptional, sustainable capital growth through creative local and international real estate developments and investments.

Our vision and strategy

Our vision is to be the **premier** property company in South Africa.

We derive our strategy from understanding our stakeholders' needs and expectations, and our operating context, including, but not limited to, our opportunities, risks and material matters. Through these factors, we are able to identify opportunities in both existing and new markets, and focus our efforts on entrenching our strategic position. To achieve our vision, our strategy is centred on our three pillars: Invest, Develop, and Grow.

Group Five – Waterfall

Unpacking our strategy

The table below sets out our strategic pillars, objectives, material matters and focus areas. Our progress on these pillars is discussed in the Chief Executive Officer's ("CEO's") review on page 42.

STRATEGIC PILLARS	STRATEGIC OBJECTIVE	CORRESPONDING MATERIAL MATTER	STRATEGIC FOCUS – 2017
INVEST As a capital growth property company, we deliver sustainable returns	• Networking and partnerships • Optimal capital allocation • Strategic investment decisions	• Responding to the South African socio-economic landscape • Ensuring optimal capital growth • Growing our people, processes and brand strategically • Building partnerships	• Grow our development and investment pipeline • Continue to play an active role in strategic investment
DEVELOP A strong development pipeline, both locally and abroad, creates sound investment opportunities	• Developing quality properties for our own portfolio • Investing in quality properties, including developments	• Growing our people, processes and brand strategically • Building partnerships	• Continue to develop quality properties • Continue to invest in quality developments • Develop the development team • Converting serviced land into top structures
GROW Our long-term investment commitment continues to deliver exceptional, sustainable capital growth	• Optimisation of the balance sheet • Business structure and human resources • Management information systems • Marketing and communication strategy • Recycle capital in order to ensure optimal capital allocation	• Responding to the South African socio-economic landscape • Ensuring optimal capital growth • Growing our people, processes and brand strategically	• Brand reinforcement and market communication • Optimisation of the balance sheet • Grow non-GLA revenue streams • Improve efficiencies on managed properties

BUSINESS MODEL

WHAT WE USE

FINANCIAL RESOURCES

Financial resources are finance from investors and financiers, and our retained profits used to Invest, Develop and Grow.

MANUFACTURED RESOURCES

Manufactured resources comprise our property portfolio, which is our largest asset class. We have a diverse portfolio of assets, concentrated in South Africa, specifically the Waterfall node. Manufactured capital is key to accessing financial capital; it generates income through rentals and is key to our ability to secure and fund developments.

This includes indirectly held properties through investments in South Africa, sub-Saharan Africa, and western and eastern Europe.

HUMAN RESOURCES

Human resources represent our people. South Africa's property sector is facing a skills shortage in certain areas. We understand that the calibre of our people is a key differentiator in an increasingly competitive property sector and therefore strive to attract and retain the talent we need to support our business model.

SOCIAL AND RELATIONSHIP RESOURCES

Social and relationship resources refer to the networks and relationships we have with our customers and communities, as well as our investors, financiers, business partners and governments, all of whom are central to the ongoing success of our business.

NATURAL RESOURCES

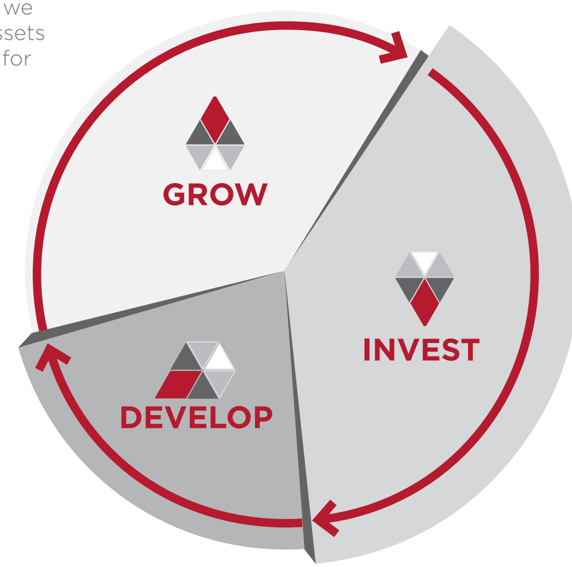
Natural resources relate to the natural elements on which we depend to create value. We use natural resources to build and maintain our portfolio. We understand that these are constrained resources and therefore seek to reduce our use and impact on them as a key input into the continued viability of our business.

INTELLECTUAL RESOURCES

Intellectual resources refer to our intellectual assets, such as our brand, innovations and reputation. It is integrated into our other resource categories. In an ever-changing market, Attacq's ability to innovate and maintain customer loyalty through strong brand and reputation are increasingly important.

To achieve our vision of being the **premier property company in South Africa**, we carefully **manage our resources and our portfolio** through a variety of business activities and processes.

WHAT WE DO



1 SOURCE
Through internal and external resources (networking and partnerships) we source and identify the best opportunities in which to invest and develop.

2 ASSESS
We evaluate identified opportunities and invest in assets with the greatest potential to create long-term value. We seek to optimise our capital allocation.

3 SECURE
We secure the opportunity, once we have assessed and approved our investment decision.

4 FUND
Through prudent management of our funding, we ensure that we have the financial flexibility to execute value-enhancing investments, either in redeveloping existing assets or developing new assets.

5 DEVELOP
We develop properties to meet tenant and consumer needs, which generates a pipeline of quality investment properties.

6 ENHANCE
We enhance our returns on our buildings through focused property management, including maintenance and operational enhancements, which attract quality tenants to our portfolio.

7 EVALUATE
We optimise our returns by active asset management, using our sector insight and expertise to evaluate the potential of our assets; we assess whether these assets can deliver future value for our shareholders.

8 RECYCLE CAPITAL
We optimise our capital allocation and sell investments and properties in order to recycle capital and restructure debt.

SUPPORT
Our property-focused activities are underpinned and supported by shared services such as human resources, marketing and finance.

9

BUSINESS MODEL continued

OUR BROADER IMPACT

FINANCIAL RESOURCES

ADJUSTED NAVPS increased by **15.3% to R21.89**

TOTAL ASSETS increased by **18.6% to R27.6 billion**

CAGR of **29.4%** from inception, based on adjusted NAVPS

NON-SA ASSETS increased by **34% to R5.8 billion**

RECYCLED CAPITAL totalling **R1.3 billion** from selling various assets and investments

Total operational costs equal **0.5%** of gross assets

MAS KAROO AGTERSKOT realised **R479.8 million**

GEARING increased from **36.3% to 39.9%**

79.5% of total committed facilities hedged

HUMAN RESOURCES

94 employees (2015: 77)

R998 280 spent on **training and development**

19.5% total employee turnover

35.3 hours spent on **training per employee**

NATURAL RESOURCES

Commenced with the construction of a 4 755 kWp **rooftop PV plant** at **Mall of Africa**; three other installations are under way

Eight Green Building Council of South Africa ("GBCSA") green-rated buildings (by design), one Gold Leadership in Energy and Environmental Design ("LEED") rated building (Novartis)

Implemented **waste management and recycling projects** for all directly held buildings in our portfolio

Carbon footprint, **168 907 tCO_2e**

Renewable **energy pipeline** increased to **5 909 kWp**

Waste recycling increased by **82%**

MANUFACTURED RESOURCES

NET RENTAL INCOME increased by **17.2% to R1.1 billion**

Won the MSCI award for best performing office portfolio based on a three-year annualised total return to December 2015

VACANCIES reduced to **2.4%** (2015: 4%)

New partnerships formed with **Sanlam Properties, Equites, Zenprop, Barrow, Artisan, and Atterbury Europe**

Acquired **25%** of Ikeja City Mall, Nigeria

INVESTMENTS IN CYPRUS AND EASTERN EUROPE:

Serbia: six operational malls, one under construction
Cyprus: two operational malls

Internalised development management function, and appointment of Pieter Mackenzie as Head of Developments

An additional **49.5% WATERFALL** bulk completed, totalling **409 509 m²**

Atterbury no longer has the exclusive right to develop Waterfall

The super-regional **MALL OF AFRICA** successfully opened on **28 April 2016** making it the largest first-phase mall development in southern Africa to date

The **MALL OF AFRICA** is the winner of the South African Council of Shopping Centres ("SACSC") Spectrum Award for the best regional and super-regional shopping centre development

EIGHT BUILDINGS completed during the year, adding **127 198 m²** primary GLA to our portfolio

42 OPERATIONAL PROPERTIES with a primary GLA of **680 035 m²**

WEIGHTED AVERAGE lease expiry profile of **6.7** years

SOCIAL AND RELATIONSHIP RESOURCES

Maintained a **Level 4 B-BBEE** rating

R6.5 million invested in **CSI**

11 bursaries via Atterbury Trust

Contributions made to Columba Leadership Programme and Property Point

366 man hours spent on **CSI**, reaching more than **2 000 beneficiaries**

INTELLECTUAL RESOURCES

Launchlab incubator programme

Rebranded to effectively communicate our vision to the market

Structuring of transactions

LEADERSH
OVERVIEW

CHAIR
REVIE

"We believe that our **business relationships** are what **make our business possible.**"

Pierre Tredoux
Chairperson

PERSON'S
EW

Introduction

Once again, we produced a solid set of results, despite a challenging operating environment with volatile international market conditions. This positions the Group for continued growth in the years ahead.

We use adjusted NAVPS as the key metric to evaluate our performance. Our adjusted NAVPS increased by 15.3% to R21.89 during 2016, resulting in a CAGR of 16.3% over the last five years. Furthermore, we delivered our largest development to date – the Mall of Africa. We continue to diversify our portfolio and strengthen our balance sheet with further investments in developed and emerging markets.

Our operating context

The 2016 financial year was characterised by unusually high levels of economic and political uncertainty. The continued policy uncertainty in South Africa could result in a rating downgrade which will have a significant effect on the cost and availability of funding. The Board and management understand the importance of managing these risks, in order to continue to offer value to our shareholders, through sustainable capital growth. Our ARC and Investment Committee continue to focus on these matters as we endeavour to optimise returns for our shareholders.

Consumer and business confidence remains low in South Africa. Issues such as potential interest rate increases, student and labour unrest, policy uncertainty and high levels of consumer debt remain concerns and are exacerbated by local political challenges.

In Africa, the depressed commodities market weighed on growth in the continent. This had a negative impact on our African portfolio, consisting of various malls in Ghana, Zambia and Nigeria.

Concerns over Brexit and the associated instability of the Eurozone, as well as China's economic slowdown and the highly contested US presidential election, resulted in a volatile global environment.

While Brexit negatively impacted MAS' assets due to the devaluation of the pound sterling, the assets remain high quality and its development pipeline remains attractive. MAS recently launched a Joint Venture with Prime Kapital Limited ("Prime Kapital"), which increased its focus on western Europe to include the higher growth markets of central and eastern Europe. This initiative should start contributing meaningfully to MAS in the next financial year.

The timing of our Cypriot investment into the Shacolas Emporium Park and the Mall of Engomi has proven to be fortuitous. The Cypriot economy's recent return to growth, following the austerity measures imposed on Cyprus by the EU and International Monetary Fund, contributed to this success. Attacq's Serbian retail portfolio is also performing well, and the Serbian developments are expected to be deployed into attractive projects.

We carefully monitor and evaluate changes in our operating environment, not only for the challenges they present, but also the opportunities they offer.

Delivering on our strategy

Following our strategy of Invest, Develop and Grow, we made significant strides during the year.

The opening of the Mall of Africa was delivered on time and within budget, a truly exceptional achievement. The project took more than three years from conception to completion, and is a reflection of the calibre of our development partner, Atterbury and the team involved, and their commitment and dedication to ensure the successful completion of this flagship investment. The mall's construction created employment opportunities, with more than 3 500 jobs during construction and currently employing around 4 500 people. The mall is our flagship development at Waterfall and was named the winner of the coveted Spectrum Award for the best retail development during the SACSC's Retail Design and Development Awards. We believe that this development will be the catalyst for new developments in commercial, residential and distribution warehousing at Waterfall.

In addition to its commercial benefits, Waterfall boasts a premier industrial location in South Africa, with excellent logistical access in terms of road infrastructure and airport access. In terms of future growth, Waterfall remains a strategic asset and provides the base for our development pipeline.

We believe that our business relationships are what make our business possible. To this end, we look forward to the value that will be created through new partnerships formed during the year with Sanlam Properties, Equites, Zenprop and Barrow.

We remain focused on delivery at Waterfall, and are cognisant of risks that may arise from such a large development. While we remain committed to South African real estate, we also believe that geographic diversity offers mitigation against country risk, and an opportunity to create further value for our shareholders.

Although it is widely acknowledged that the current macroeconomic context remains challenging, it also offers opportunities to those companies poised to seize the potential. We continuously review our portfolio and dispose of those assets that do not achieve the required returns. We recycle capital into better value-enhancing investments.

For more information on the Group's performance during 2016, refer to the CEO's review on page 42 and the Chief Financial Officer's ("CFO's") review on page 50.

Our social investment

We recognise that our future viability depends on the sustainability of our surrounding communities and the continued economic success of South Africa. We remain committed to transformation. During the year, we maintained our Level 4 B-BBEE rating. We also made CSI contributions of R6.5 million. We remain committed to education and training, and believe it is a key priority in addressing many of the challenges facing South Africa.

Our success is contingent on the success of our stakeholders. We continue to do our utmost to ensure that we are acting in Attacq's best interests while being mindful of our stakeholders' needs.

Environmental best practice

The continued long-term supply of electricity and water remains a concern. Reducing consumption and finding alternative sources of water and electricity are no longer matters that should be addressed from a corporate responsibility perspective alone, but have become essential to reducing business risk.

We have a unique opportunity to incorporate environmental best practice into the design and management of our buildings. We are developing PV solutions to reduce our electricity consumption. For more information on our PV projects, refer to page 122.

Ensuring robust governance

Our robust corporate governance helps us deliver value to all our stakeholders. We remain committed to transparency and accountability, which are essential to success in the short, medium and long term.

As a Board, we are dedicated to ensuring that appropriate oversight is maintained while preserving entrepreneurial flair. The Board sets the strategic objectives and determines our investment and performance criteria. It is also responsible for the sustainability of the Company, proper management, control, compliance and ethical behaviour of the businesses under its direction.

During the year, we embarked on an externally facilitated Board evaluation process with the objective of reviewing the Board's effectiveness and identifying areas for improvement. An international firm specialising in Board reviews conducted the review. We are pleased to report to stakeholders that the Board and its committees were, overall, rated as effective. Suggestions were made to make the Board even more impactful and effective. Key areas for improvement were identified and action plans to address these are being developed.

From a Board membership perspective, several Board members' statuses changed during the year. Louis van der Watt stepped down as an Executive Director, remaining on the Board as a Non-Executive Director ("NED"), Brett Nagle and Johan van der Merwe were deemed to be Independent NEDs in terms of the provisions of King III, following their resignations at the subsidiaries of Royal Bafokeng Holdings Proprietary Limited ("Royal Bafokeng") and Sanlam Group Limited, respectively.

We announced the resignations of Pieter Faure and Wilhelm Nauta from the Board during the year. On behalf of the Board, I express our gratitude for their invaluable contributions and wise counsel over the years, and wish them well in their future endeavours.

We continue to review the Board's composition, taking into account identified skill gaps, as a means of accommodating our transformation strategy and in line with our portfolio diversification internationally. Our objective is to ensure the Board is adequately positioned to guide our future direction and manage the complexities of a constantly changing risk environment.

Outlook

Sustained weakness in the global economy has left no country unaffected. In South Africa, economic growth is almost non-existent, inflation is expected to increase, and concerns over the continued weakening of the Rand are widespread.

These stresses affect public finances and exacerbate social and political tensions which, in turn, contribute to the further deceleration in the rate of economic growth in the country.

As a South African and as a businessman, I am concerned about the continued uncertainty within South Africa. Proper long-term planning and the commitment to make capital investments can only occur when there is a degree of stability, especially regarding policy certainty. Our country urgently needs to grow economically and create work opportunities. For our business and investment to thrive, we need clear leadership and direction, and cooperation between government, businesses and the labour market to help solve the challenges facing South Africa. We need to start working together to ensure appropriate structural changes to the economy that will fuel economic growth and job creation. We need to support entrepreneurs and ensure the growth of small and medium-sized businesses in order to create sustainable jobs. Business plays an important role in this, and we need to act quickly and get involved.

That said, I remain optimistic about Attacq and its ability to deliver value in these uncertain times. I believe we are positioned to continue to capitalise on opportunities presented in this ever-changing context as and when they arise.

The Board is confident that the Group will continue to show positive income and capital growth due to the quality of our investment properties, our Waterfall development pipeline, and the strength of our key strategic relationships. We will continue building strategic alliances with partners locally and abroad, focusing on enhancing our offshore investment, optimising our balance sheet, and timeously addressing assets that do not meet our investment criteria.

Appreciation

On behalf of the Board, I extend my gratitude to our shareholders for their continued confidence in Attacq, as we work strategically to build long-term shareholder value.

I also express my sincere thanks to my colleagues on the Board. Our various Board subcommittees have contributed to our success during the year and I thank all committee members for their dedication.

Finally, thank you to the entire Attacq team for your continued efforts in supporting the Group towards its vision of being the premier property company in South Africa. The Board also wishes to thank our CEO, Morné Wilken, and our CFO, Melt Hamman, for their leadership and contribution to the Group during the year.

Pierre Tredoux
Chairperson

4 November 2016

CHIEF OFF REVIE

“The opening of the **Mall of Africa is a catalyst for Waterfall City**, the new CBD of Waterfall.”

Morné Wilken
Chief Executive Officer

EXECUTIVE ICER'S W

ADJUSTED NAVPS
+15.3%

June 2016: R21.89
June 2015: R18.98

Overview

We produced solid results for the year, with 15.3% growth in adjusted NAVPS and a 29.4% CAGR in adjusted NAVPS since inception. Attacq's total asset value grew by 18.6% to R27.6 billion, compared to R23.3 billion as at 30 June 2015. The Group's international assets increased by 34% to R5.8 billion, mainly due to additional international investments. Our investments in South Africa, developments, the emerging and developed markets, as a percentage of gross assets, is shown in the graph below.

CAGR FROM INCEPTION
+29.4%

June 2016: 29.4%
June 2015: 30.9%

TOTAL ASSETS
+18.6%

June 2016: R27.63 billion
June 2015: R23.30 billion

NON-SA ASSETS
+34.0%

June 2016: R5.83 billion
June 2015: R4.35 billion

As mentioned in the Chairperson's review, the uncertainty in South Africa, together with international volatility, was an ongoing challenge during 2016. However, these conditions also offer opportunities for organisations that are able to react quickly and capture them. In this environment, we ensure that we **invest** in the right assets, **develop** our pipeline efficiently and sustainably, and **grow** our business to deliver on our vision. We remain committed to delivering exceptional, sustainable capital growth through creative local and international real estate developments and investments.

Invest

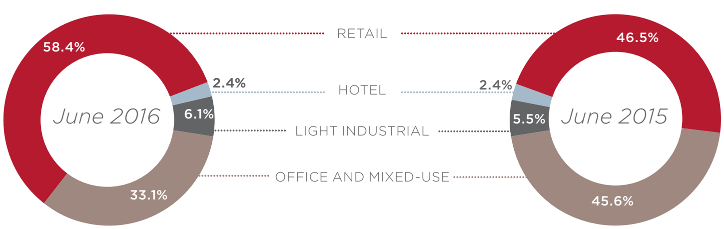
We continually strive to identify the best opportunities for investments. In challenging times, investing in the right assets at the right price can be a key differentiator. We rigorously assess the opportunities identified and secure assets with the greatest potential to create and sustain long-term value. During the year, we invested in Cyprus and eastern Europe, and expanded our African portfolio.

South African portfolio

Attacq's quality diversified South African portfolio enjoyed healthy income growth, with particularly favourable performance from the retail and industrial portfolios.

Our South African operational portfolio is diversified over four key sectors and three provinces, with 80.1% of the portfolio by value located in Gauteng.

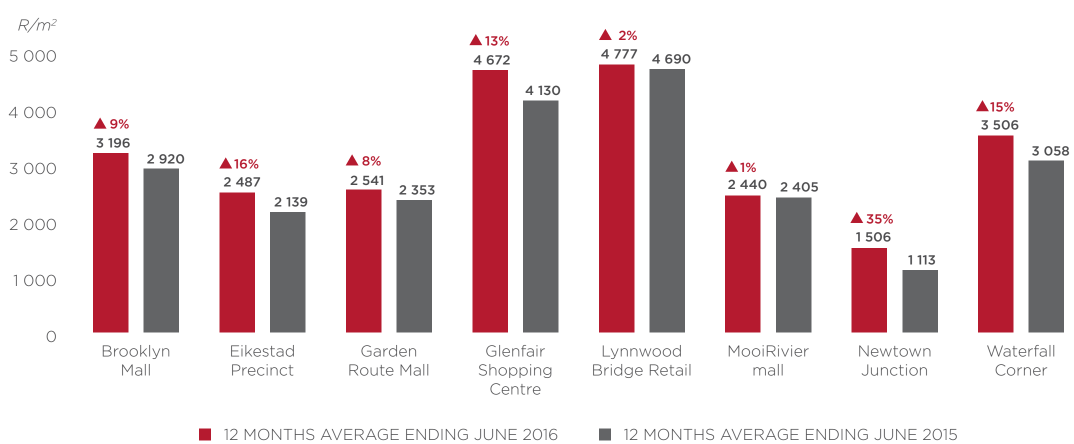
PORTFOLIO VALUE BY SECTOR



Percentages are based on IFRS values and exclude developments under construction, development rights and vacant land.

Trading densities across the retail portfolio have improved, with four malls showing double-digit growth. The super-regional Mall of Africa in Waterfall City opened on 28 April 2016, and received more than 123 000 visitors on opening day. Newtown Junction is showing a 35% growth in trading density, from the low base in the prior year.

TRADING DENSITIES



Developed markets

Our investment in developed markets constitutes 15% of total assets, and focuses on investments in MAS and in Cyprus.

At year-end, we held 41.4% of MAS' total shareholding. The investment is equity-accounted with a book value of R2.7 billion (2015: R2.2 billion). The MAS Karoo Agterskot shares vested during the year, after which we sold R200 million worth of MAS shares at R22 per share. The market value of our investment, based on the JSE trading prices of a 30 day volume weighted average price, as at 30 June 2016, was R3.1 billion, which is R400 million higher than the accounting value.

MAS remains a strategic investment, despite the challenges faced as a result of the uncertainty created by Brexit, which resulted in forex losses of 7.2 EUR cents per MAS share, arising from the devaluation of the pound sterling.

We acquired a 48.8% share in Atterbury Cyprus Limited ("Atterbury Cyprus"), which holds a 99.7% interest in the Shacolas Emporium Park and a 99.5% interest in the Mall of Engomi. These properties are located in Nicosia, the capital city of Cyprus, and jointly attract more than 6.5 million consumers per year, offering us exposure to the Cypriot economy.

Emerging markets

Our emerging markets strategy focuses on Joint Ventures with partners with local expertise, bringing investment and property skills to investments in larger or metropolitan areas.

As part of this strategy, Atterbury Europe and Attacq purchased a 33% shareholding in BreAtt B.V. ("BreAtt") on a 75/25 basis. BreAtt is the owner of a portfolio comprising five operational Serbian retail properties with a gross value of R3.1 billion.

In addition to the operational properties acquired, Atterbury Serbia B.V. ("Atterbury Serbia") and Balkans Real Estate B.V. ("BRE") jointly invested EUR40 million to undertake retail developments in Serbia and neighbouring countries. BreAtt is in the advanced stages of selecting development opportunities.

We are invested in five operational malls across Africa, with a sixth mall under construction. During the year, our portfolio in Africa increased through the acquisition of a 25% shareholding in Ikeja City Mall, located in Lagos, Nigeria with the shareholding balance of 75% held by Hyprop Investments Limited ("Hyprop"). This acquisition is part of a strategy by Hyprop, AttAfrica and Attacq to create a portfolio of dominant malls in large cities across Africa.

Develop

We develop properties to meet tenant needs, and to generate a pipeline of quality investment properties. Furthermore, through the prudent management of our funding, we ensure that we have the financial flexibility to execute value-enhancing investments, either in redeveloping existing assets or developing new assets.

We remain focused on the roll-out of the Waterfall development – our flagship asset. We believe we have a unique opportunity in this development, thanks to its central location. Situated in the centre of Gauteng, between Johannesburg and Pretoria, Waterfall boasts excellent access and infrastructure. In this ideally located node, we have the opportunity to create a mixed-use development. In line with our strategic intent of delivering on our Waterfall pipeline, the completed bulk at Waterfall increased by 49.5% to a total of 409 509 m^2. In addition to our developments under construction of 104 360 m^2 and newly secured transactions of 13 891 m^2, we have active enquiries for 215 600 m^2 top structures.

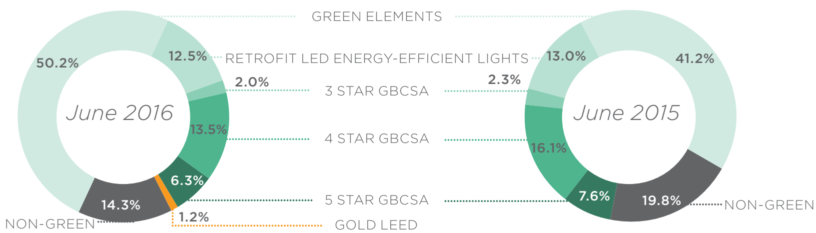
The opening of the Mall of Africa is a tipping point for Waterfall City, the new CBD of Waterfall. Projections show that the Mall of Africa alone will attract more than 15 million visitors per year. While our development pipeline was adversely impacted by macroeconomic uncertainty, resulting in delays in investment decisions, we also believe that tighter economic realities will drive businesses to consider corporate consolidation. Companies can reap significant benefit from the consolidation of their offices and warehouses to Waterfall, through reduced rented space, use of elements of green technologies, and having a more efficient workforce all centrally located.

In addition to the completion of the Mall of Africa, we completed another six buildings in Waterfall, and the City Lodge Hotel in Newtown, adding 127 198 m^2 of primary GLA to our portfolio.

As we develop Waterfall City, we understand that the need for investment in infrastructure will enable the development. However, this large investment is also a drag on our balance sheet and, as such, it is key that we convert our vacant and serviced land into operational properties as quickly as possible to help absorb the infrastructure investments made.

To take full control of strategic planning, marketing and the roll-out of Waterfall developments, we internalised the development team during the year. As a part of this change, our agreement with Atterbury was altered, and Atterbury's exclusive development rights in Waterfall were terminated. We appointed a Head of Developments, Pieter Mackenzie, and strengthened our internal development team.

We adopted a robust environmental policy for our developments. As seen in the graph below, the majority of our buildings contain green elements.



Business relationships

We are continually looking for creative ways to unlock the value in our development rights. As such, we undertook several partnerships aimed at leveraging our respective strengths in order to support the Waterfall development. During the year, we:

- invested in Cyprus and Serbia alongside Atterbury Europe;
- partnered with Barrow, residential property experts, for the development of a mixed-use precinct including a residential offering in Waterfall City;
- concluded a further transaction with Zenprop, one of the largest private property investment and development companies in South Africa, to develop a new business park in Waterfall. The 50/50 Joint Venture saw us contributing the land required, with Zenprop providing their equity in cash, matching the value of the land;
- entered into a Joint Venture, in which Sanlam Properties holds 80% and Attacq 20%, for further light industrial commercial development in Waterfall. We have the option to increase our interest to 50%. The Joint Venture acquired 128 ha of land on the eastern side of the N1 freeway and south of the Allandale interchange. 28 ha of this land was purchased from Attacq, and an additional adjacent 100 ha from the Mia family. A second Joint Venture, in which Sanlam Properties and Attacq each hold 50%, was formed for a retail development on a portion of this land;
- concluded a strategic alliance with industrial-focused, Cape Town-based Equites, in which Equites would acquire eight industrial and logistics-focused buildings; and
- formed a Joint Venture with Artisan. We jointly invested in three opportunities in the UK post year-end.

Grow

Growth is not only the result of our acquisitions, it is also about managing and recycling capital in order to be positioned to exploit opportunities. We maximise our returns by active asset management, using our sector insight and expertise to evaluate the potential of our assets and assess whether they can deliver future value to our shareholders.

We optimised our capital allocation and sold non-core or mature investments and properties to recycle capital and restructure debt. As a result, we recycled R1.3 billion of our capital through the sale of assets during the year, including:

- our remaining 10% shareholding in Atterbury;
- our remaining 50% share in Great Westerford;
- our investment in The Club;
- our investment in Geelhoutboom;
- Bishopsgate;
- our investments in Mauritius; and
- R200 million worth of MAS shares.

We spent significant management time on ensuring the optimisation of our balance sheet and, especially, our funding. We appointed an Investment Officer, Raj Nana, who is tasked with managing and optimising our capital allocation.

For more information on our funding – refer to page 59 of the CFO's review.

Operational excellence remains a priority. We understand the need to enhance returns on our buildings through focused property management to attract quality tenants to our portfolio.

We received the MSCI Award for best performing office portfolio, based on a three-year annualised total return to December 2015.

We recognise the importance of the development of non-GLA income and, with this in mind, we support the Launchlab incubator programme with Nedbank and the University of Stellenbosch. This initiative seeks new opportunities in the retail sector with the opportunity for us to participate in viable businesses that sprout from the initiative.

During the year, we implemented our revised marketing strategy, and as part of this implementation, we launched our new brand on 5 July 2016, consolidating and enhancing our position in the market.

Outlook

We do not believe the operating environment will become easier in the short term. We foresee continued low South African growth in the medium term, with continuous uncertainty on the political front.

However, we are taking a long-term view, and believe that we need to look through the cycle. As such, we are focused on positioning the business to be able to capture the opportunities arising out of these trying times, while continuing to deliver on our Waterfall development.

The attributes that position us as a solid investment remain:

- our quality South African property portfolio, underpinned by our Waterfall development rights, which gives us a pipeline for the next 10 to 15 years; and
- our clear diversification strategy into developed and emerging markets.

In the near future, we will control and own a city in the centre of Gauteng.

Appreciation

Thank you to the Board – your input and guidance have been invaluable. I also thank our stakeholders and partners for their continued support and to the entire Mall of Africa team for their commitment on this project. Finally, I would like to extend my appreciation to the Attacq team – your hard work has been instrumental to our success.

Morné Wilken
Chief Executive Officer
4 November 2016

Attacq Team: Head Office and Pretoria

PERFORMA
REVIEW

ANCE

CHIEF OFF REVIE

"In challenging **macroeconomic circumstances**, we have **produced a good set of results**."

Melt Hamman
Chief Financial Officer

FINANCIAL
ICER'S
W

FINANCIAL RESOURCES

Introduction

In challenging macroeconomic circumstances, we produced a good set of results. Total equity increased by 12.6% to R13.5 billion and adjusted NAVPS increased by 15.3% to R21.89.

Summarised analysis of financial position and performance

As at 30 June 2016, our total assets were R27.6 billion, consisting of investment properties of R19.6 billion, total investments of R6.2 billion and other assets of R1.8 billion.

Financial position

	30 June 2016 R'000	30 June 2015 R'000	Movement from 30 June 2015 to 30 June 2016 R'000	%
Investment properties	19 591 664	16 187 873	3 403 791	21.0
Investments (equity and net loans advanced)	6 222 856	5 105 058	1 117 798	21.9
Other assets	1 815 157	2 007 750	(192 593)	(9.6)
Total assets	**27 629 677**	**23 300 681**	**4 328 996**	**18.6**
Total interest-bearing debt	11 457 520	9 209 530	2 247 990	24.4
Total non-interest bearing debt	2 700 837	2 126 701	574 136	27.0
Total liabilities	**14 158 357**	**11 336 231**	**2 822 126**	**24.9**
Equity attributable to owners of the holding company	13 484 521	11 957 198	1 527 323	12.8
Less: minority interest	(13 201)	7 252	(20 453)	(282.0)
Net asset value	**13 471 320**	**11 964 450**	**1 506 870**	**12.6**
Shares in issue (excluding treasury shares)	**701 395 224**	**700 995 224**	**400 000**	**0.1**
NAVPS	R19.23	R17.06	R2.17	12.7
Adjusted NAVPS	R21.89	R18.98	R2.91	15.3

Investment properties increased primarily due to the completion of the Mall of Africa and the other seven new buildings.

Increase due to additional investments internationally, which includes MAS, Cyprus, Serbia, Nigeria and a value increase for The Grove Mall of Namibia.

Bank balances reduced by R290.5 million over the past year.

Additional debt was incurred to fund capital expenditure and the international investments.

Deferred tax liabilities increased substantially due to higher capital gains tax inclusion rates.

New shares issued to the CEO in lieu of his vested share options.

This is our key performance metric.

Another way of disclosing our investment properties and NAV is per the property and investment sector:

	Investment properties		Net asset value	
	30 June 2016 R'000	30 June 2015 R'000	30 June 2016 R'000	30 June 2015 R'000
Completed buildings				
• Office and mixed-use	5 324 541	5 224 872	2 273 880	2 318 078
• Retail	9 390 269	5 334 940	4 316 399	1 918 139
• Light industrial	984 577	633 246	398 761	281 864
• Hotel	384 848	270 385	159 229	134 488
Vacant land, development rights, infrastructure and services	2 294 768	2 100 413	2 009 222	1 689 886
Developments under construction	1 212 661	2 624 017	656 442	998 236
International	–	–	4 635 029	3 772 916
Head office/other	–	–	(977 642)	850 843
Total	**19 591 664**	**16 187 873**	**13 471 320**	**11 964 450**

Increase is due to the completion of the Mall of Africa.

Includes the eight buildings which are part of the Equites transaction. Transfer took place on 31 August 2016.

As at 30 June 2016, we had six properties under construction. The completion of the Mall of Africa is the main reason for the reduction.

The increase is largely due to new investments in Cyprus, Serbia and Nigeria.

The NAV of international assets, as a percentage of the consolidated NAV, increased to 34.4% (2015: 31.5%), with more than one third of our equity base invested outside the borders of South Africa.

Waterfall Finance Team

Financial performance

Gross revenue increased by 23.5% due to rental escalations, filling of vacancies and the completion of eight new buildings. The Mall of Africa opened on 28 April 2016 – month 10 of our financial year.

Property expenses includes an expense of R345.7 million with regards to municipal charges.

Other income includes the following transactions: R145 million profit from the disposal our investments in Mauritius, R211.6 million from unrealised profits on foreign exchange gains, R14.5 million profit on the disposal of the MAS shares, and R33.3 million profit from the disposal of our remaining 10% share in Atterbury.

Operating and other expenses includes the following expenses:

- R58.3 million impairment on the AttAfrica shareholders' loan account.
- R46.6 million of costs included in marketing, rates and taxes, and security relating to Waterfall, which are not capitalised against the underlying developments.

Fair value adjustments reduced by 6.5% as a result of the lower value of the Waterfall development rights as well as the mark-to-market of the swaps. The mark-to-market for the current year was an impairment of R32.5 million, compared to the unrealised gain of R68.1 million recognised in 2015.

	12 Months June 2016	12 Months June 2015	% Change
Gross revenue	1 621 018	1 312 935	23.5
Rental income	1 472 656	1 140 335	29.1
Straight-line lease income adjustments	148 362	172 600	(14.0)
Property expenses	(502 745)	(358 885)	40.1
Net rental income	1 118 273	954 050	17.2
Other income	448 579	205 590	118.2
Operating and other expenses	(347 315)	(305 589)	13.7
Operating profit	1 219 537	854 051	42.8
Amortisation of intangible asset	(19 964)	(20 303)	(1.7)
Fair value adjustments	1 041 553	1 114 224	(6.5)
Gain on available for sale financial assets	507 524	–	N/A
Net income from associates	35 098	50 568	(30.6)
Investment income	235 785	142 531	65.4
Finance costs	(839 975)	(685 872)	22.5
Profit before tax	2 179 558	1 455 199	49.8
Taxation	(794 559)	(471 038)	68.7
Profit for the year from continued operations	1 384 999	984 161	40.7
Other comprehensive (loss)/income	(97 991)	598 833	(116.4)
Total comprehensive income for the year	1 287 008	1 582 994	(18.7)

Gain on available-for-sale financial assets includes the gain of R479.8 million realised with the Karoo Agterskot, equating to 95% of the total gains.

Investment income includes interest income of R186.9 million and dividend income of R48.9 million. Dividends consist of local dividends of R29.1 million and foreign dividends of R19.8 million. The interest received on shareholders' loans with respect to the AttAfrica, Cyprus and Serbia investments is the main reason for the increase.

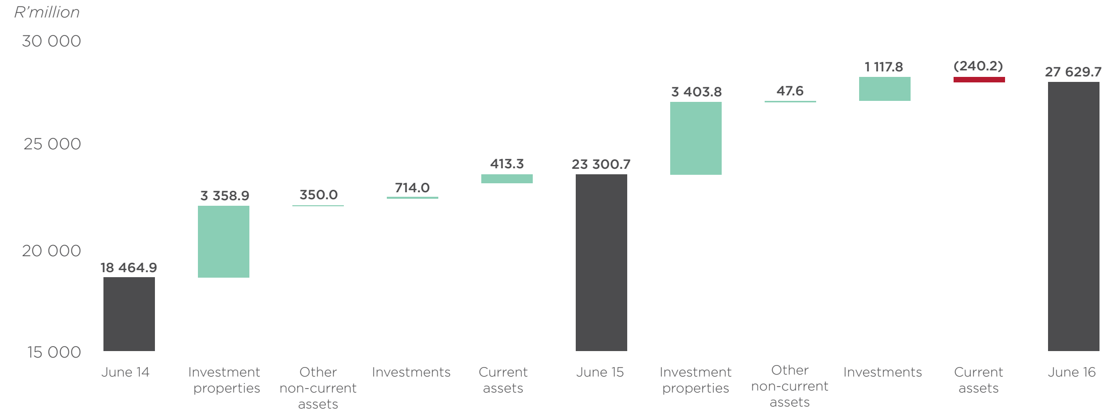
Finance cost increased by 22.5% on the back of higher interest-bearing debt, and an increase in the weighted average cost of debt.

Taxation increased by 68.7% for two reasons: The deferred taxation charge increased by 54.4% due to the increase in the capital gain taxation inclusion rates and, secondly, the 144% increase in the current tax, from R75.3 million to R183.7 million. The current tax is abnormally high due to the disposal of Great Westerford and the MAS shares as well as the Karoo Agterskot received from the MAS investment.

FINANCIAL POSITION AS AT 30 JUNE 2016

Total assets increased by 18.6% from R23.3 billion to R27.6 billion, mainly due to the increase in investment properties as detailed below.

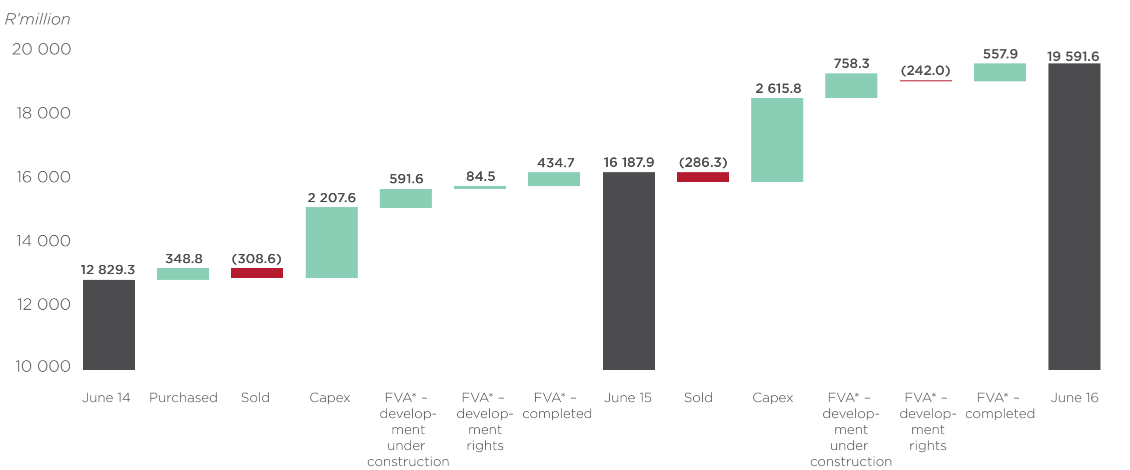
TOTAL ASSETS



Investment properties

Investment properties, including the properties classified as non-current assets held for sale, constitute 70.9% (2015: 69.5%) of our total assets. As per the graph below, the value of our investment properties increased by 21.0% year-on-year. Total operational properties increased from 35 in 2015, to 42 as at 30 June 2016. During the year, eight buildings were completed, while we disposed of our remaining investment in Great Westerford building.

INVESTMENT PROPERTIES



* *Fair value adjustment.*

The 21% increase is a function of the capital expenditure and the fair value adjustments less the property sold. For the past two years, we accounted for the following fair value adjustments for the different investment property classes:

	30 June 2016 R'000	30 June 2015 R'000
Completed buildings	557 949	434 677
Developments under construction	758 314	591 562
Development rights	(230 039)	84 472
Vacant land	(12 000)	–
Total	**1 074 224**	**1 110 711**

The valuation methods applied in preparing the consolidated financial statements are consistent with those in the previous year.

The increase in the value of the completed buildings is predominantly a function of higher rentals achieved rather than a change in the valuation assumptions as per note 5 of the Annual Financial Statements.

The following three properties constitute 92.1% of the total fair value adjustments for developments under construction:

- Mall of Africa at R579.4 million
- The Allandale building at R70.5 million
- The PwC Tower at R47.9 million

The development rights relate to the contractual rights held to develop certain land parcels in Waterfall. The valuation in respect of Waterfall's development rights is based on an external valuation performed on a freehold basis. The valuation is adjusted downward to take into account, among other things, the nature of the contractual rights and the estimated future rental obligations attached to the development rights. The deteriorating economic environment and lower tenant activity caused management to take a more conservative view on the roll-out of the development activity, resulting in a further reduction of the value of the development rights.

The weighted average capitalisation rate for the total portfolio and the different investment property sectors were as follows:

	30 June 2016 %	30 June 2015 %
Office and mixed-use	7.64	7.84
Retail	6.88	6.91
Hotel	8.07	8.13
Light industrial	7.75	7.75
Total portfolio	**7.28**	**7.35**

Changes in the capitalisation rate attributable to changes in market conditions can have a significant impact on investment property valuations. A 50 basis point increase in the capitalisation rate would decrease the value of investment properties by R603.3 million (2015: R572.1 million). A 50 basis point increase in the discount rate would decrease the value of investment properties by R462.8 million (2015: R450.3 million).

Investments

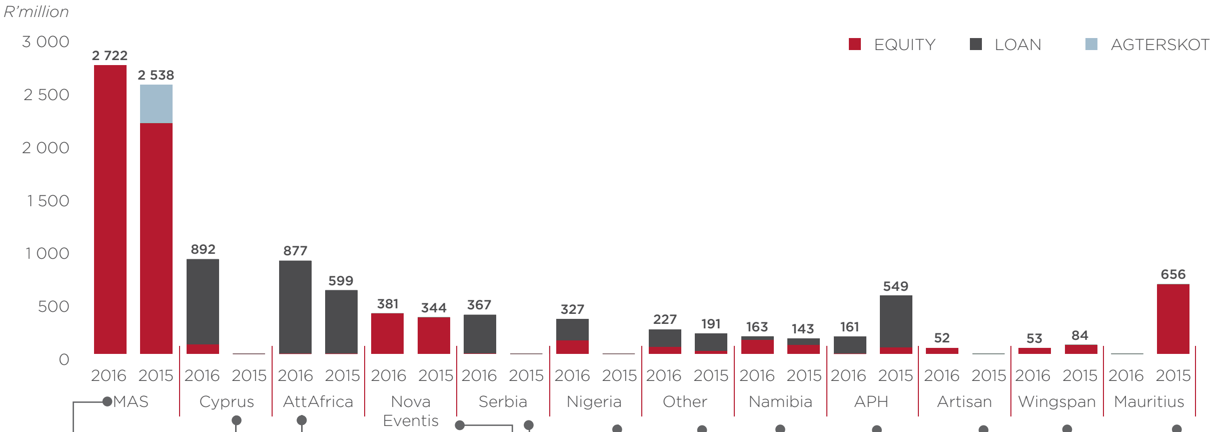
Investments increased by 21.9% to R6.2 billion and constitute 31.8% (2015: 31.5%) of total assets. The increase is primarily due to the growth in loans to and investments in associates, which consist of investments in AttAfrica, Cyprus, Serbia and Nigeria. The table below discloses the investments per category.

	30 June 2016 R'000	30 June 2015 R'000	% change
Non-current assets			
Investments in associates	3 126 328	2 369 884	31.9
Other investments	408 339	402 414	1.5
Other financial assets	184 223	–	–
Current assets			
Loans to associates	2 302 472	741 037	210.7
Other financial assets	100 121	907 282	(89.0)
Non-current assets held for sale	101 373	684 441	(85.2)
Total	**6 222 856**	**5 105 058**	**21.9**

Attacq Finance Team

The graph below discloses the total investment as per the individual investments.

INVESTMENTS



MAS – The Karoo Agterskot was converted into MAS shares in March 2016. At 30 June 2016, we owned 41.4% of the issued shares of MAS.

Nova Eventis – We received dividend income of R19.8 million on this non-core investment.

Other – Our investment of R55.1 million in The Club is included here. We disposed of this asset during the year and received the proceeds during July 2016.

Artisan – This relates to our development investment in the UK.

Serbia – We have an effective 8.3% interest in a portfolio of retail assets that was purchased during December 2015 at a euro yield exceeding 8%.

Wingspan – Due to the disposal of the Village Mall in Hartbeespoort, we received a cash distribution. At year-end, one property remained in the Wingspan portfolio.

Namibia – We own 25% of The Grove Mall of Namibia. A portion of the shareholders' loans were repaid during the year.

Cyprus – During July 2015, we invested R670.6 million in two shopping centres in Nicosia, Cyprus at a euro yield of 8.2%.

Nigeria – During November 2015, we purchased a 25% interest in Ikeja City Mall for R325.6 million.

Mauritius – We realised a profit of R145 million, following the disposal of our investments in Mauritius.

AttAfrica – During the year, we impaired R58.3 million of our shareholders' loans due to lower in-country investment property valuations. This amount is included in operating and other expenses.

Atterbury – We sold our remaining 10% shareholding in Atterbury for R90 million, realising a profit of R33.3 million.

Funding

Total liabilities increased by 24.9% to R14.2 billion during the year. Interest-bearing debt forms 80.9% (2015: 81.2%) of our total liabilities and increased by 24.4% to R11.5 billion, with additional debt incurred during the year to fund the growth of our property portfolio.

	30 June 2016	30 June 2015	Movement from 30 June 2015 to 30 June 2016	
	R'000	R'000	R'000	% change
Interest-bearing debt	11 457 520	9 209 530	2 247 990	24.4
Non-interest bearing debt	2 700 837	2 126 701	574 136	27.0
Total liabilities	**14 158 357**	**11 336 231**	**2 822 126**	**24.9**

Interest-bearing debt

Gearing, calculated as total interest-bearing debt less cash on hand, as a percentage of total assets, increased to 39.9% (2015: 36.3%). The weighted average cost of funding increased marginally to 9.2% (2015: 9%).

We raised funds through the following transactions, resulting in an increase in interest-bearing debt and received cash due to the disposal of assets during the year, as well as the utilisation of cash resources.

	R'million
Net debt funding raised	2 248
Disposal of our investments in Mauritius	691
Disposal of our remaining 50% of the Great Westerford building	292
Proceeds on disposal of MAS shares	200
MAS dividends received	121
Disposal of our remaining interest in Atterbury	90
Disposal of interest in Bishopsgate	43
Disposal of the Village Mall Hartbeespoort in the Wingspan portfolio	41
Disposal of interest in The Pavilion, Birmingham, UK	35
Reduction in cash balances	291

The funds above were largely deployed into the development of properties in Waterfall and other strategic investments, in pursuit of our objective of long-term, sustainable capital growth.

	R'million
Capital expenditure relating to investment properties	2 586
Investment in Cyprus	671
Investment in Serbia	329
Investment in Ikeja City Mall, Nigeria	326
Investment in AttAfrica	179

Our funding priorities

1. Maintain a diversified lender base

Our funding team remains close to the market, engaging frequently with lenders to understand their credit appetite, pricing trends, changes in the economy and how these impact potential borrowings. Senior management also meets with lenders and their credit teams regularly, to provide guidance on market conditions and our development pipeline.

In building lending relationships, we are proactively managing our exposure to each of our lenders to avoid concentration and/or counterparty risk. To further mitigate these risks, we completed our first transaction with the Bank of China, thereby increasing our total lender base to seven.

INTEREST-BEARING DEBT

We plan on further expanding the number of lenders to include more non-banking financial institutions through entering the debt capital markets in the next 18 to 24 months, either through public auctions or private placements. This is catered for through the funding agreements entered into during the fourth quarter of the 2015 financial year for the ARF and Lynnwood Bridge Office Park Proprietary Limited ("LBOP") portfolios. These diverse portfolios of completed properties include the Group's retail assets (excluding Mall of Africa): Garden Route Mall, MooiRivier Mall, Glenfair Boulevard, Eikestad Precinct, and the retail, office park and City Lodge Hotel in Lynnwood, Pretoria. The first tranche of these facilities matures in 2018, which will provide the opportunity to reduce our weighted average cost of debt.

We value and take a long-term view regarding the relationships built with our lenders. Consequently, funding decisions are not only driven by price. As our balance sheet grows, the importance of our relationships with our lenders continues to increase.

2. Manage interest and forex rate volatility and gearing

Our policy is to hedge at least 70% of our total drawn and/or committed facilities through a combination of interest rate swaps and fixed-rate loans. This target is increased to 100% of the debt on a specific transaction level if the property is highly geared on the back of a long-term lease with a blue chip tenant. Interest swap rates are monitored on an ongoing basis in order to take advantage of favourable rates when they arise. Our current hedge ratio on total utilised facilities is 81% (2015: 76.8%), reflective of our desire to reduce the impact of volatility of interest rates in the current environment. The use of interest rate swaps results in mark-to-market movements in the statement of comprehensive income, but also allows flexibility to novate swaps and utilise portfolio hedging measures. The estimated impact of a 100 basis point increase in interest rates is a reduction in our annual profit before tax of R23.3 million for the next financial year (2015: R16.5 million).

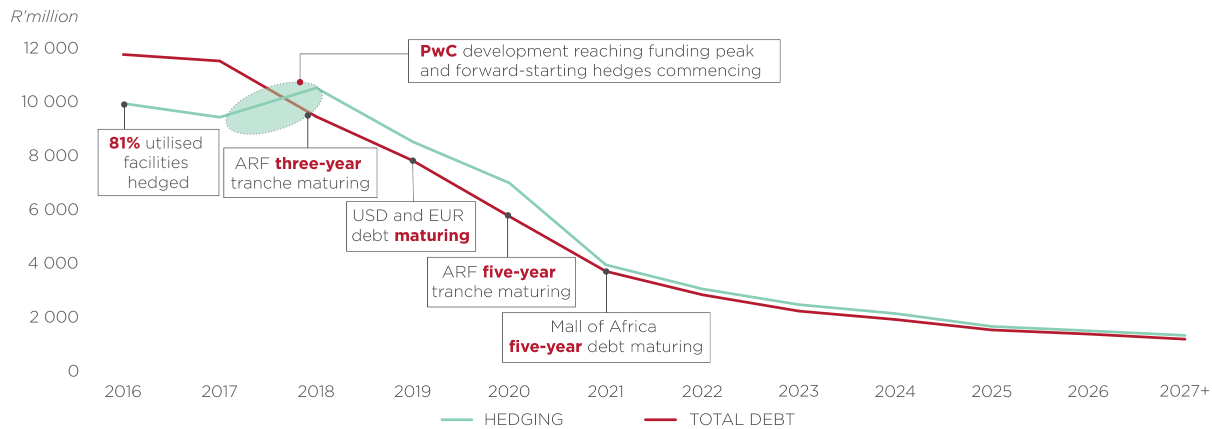
Foreign currency transactions are funded to match the currency of the debt with that of the underlying asset as much as possible, thus creating a natural hedge. The interest rate of the foreign currency-denominated debt is also hedged to reduce the volatility in cash flow. At year-end, foreign currency-denominated debt amounted to USD58.5 million and EUR20.2 million.

Our gearing is managed to ensure that it does not exceed 60% at a consolidated level. However, it is unlikely to substantially increase beyond the current levels (39.9%) as we also take the serviceability of the loans into account.

3. Extending the maturity of debt and swaps

We recognise the opportunity to implement portfolio refinancing transactions of our completed properties, as was done with the refinance of the ARF and LBOP portfolios during 2015. By implementing these transactions, we are able to reduce our funding rates and stagger the maturity dates, thereby mitigating the refinancing risk.

INDICATIVE ROLL-OFF PROFILE



Of total interest-bearing debt, 2.5% (excluding debt related to assets held for sale) falls due in 2017 (2016: 3.5%). The Group's weighted average term of debt, as at 30 June 2016, is 3.6 years (2015: 4.7 years) while the average term of swaps is 5.1 years including forward starting hedges (2015: 5.3 years).

Hilti – Waterfall

4. Maintaining adequate liquidity reserves

The Group seeks to maintain a liquidity buffer to mitigate potential 'shock' events like a sovereign rating downgrade. The liquidity buffer is maintained at a minimum level of R250 million in cash or cash equivalents as well as committed facilities of R250 million. At year-end, committed overdraft facilities were R290 million.

Non-interest bearing liabilities increased by 27% to R2.7 billion, as detailed below.

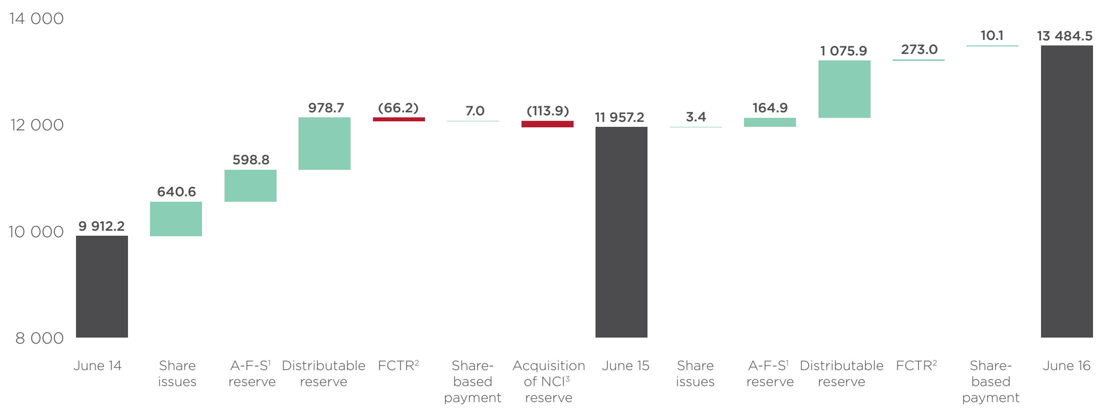
	30 June 2016	30 June 2015	Movement from 30 June 2015 to 30 June 2016	
	R'000	R'000	R'000	% change
Non-current				
Deferred tax liability	1 892 145	1 365 868	526 277	38.5
Finance lease liability	77 745	71 346	6 399	9.0
Cash-settled share-based payments	787	–	787	–
Provision for impairment of associates	–	1 579	(1 579)	–
Other financial liabilities (including hedges)	50 705	28 086	22 619	80.5
Current				
Other financial liabilities	109 400	113 258	(3 858)	(3.4)
Current portion of finance lease liability	–	1 332	(1 332)	(100.0)
Loans from associates	2 880	70 989	(68 109)	(95.9)
Taxation payable	2 260	10 185	(7 925)	(77.8)
Cash-settled share-based payments	5 172	–	5 172	–
Trade and other payables	557 662	462 636	95 026	20.5
Provisions	2 081	1 422	659	46.3
Non-interest bearing debt and liabilities	**2 700 837**	**2 126 701**	**574 136**	**27.0**

NET ASSET VALUE

Over the past year, the NAV increased from R12 billion to R13.5 billion as per the financial position table on page 52.

EQUITY MOVEMENT

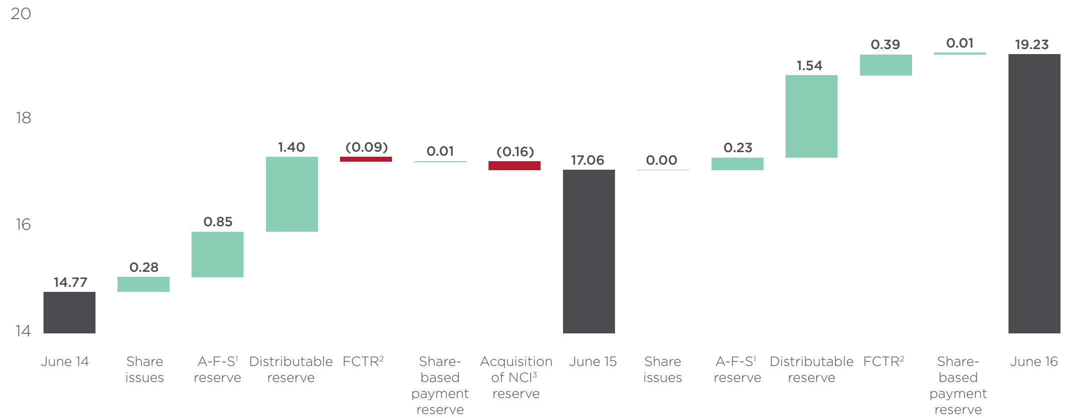
NAV bridge (R'million)



[1] *Available-for-sale*
[2] *Foreign currency translation reserve*
[3] *Non-controlling interest*

EQUITY MOVEMENT continued

NAVPS bridge (R)



[1] *Available-for-sale*
[2] *Foreign currency translation reserve*
[3] *Non-controlling interest*

In the previous year, we raised R640.6 million through the issue of new shares. However, in the current year, we made the decision to recycle capital by selling non-core assets to raise cash, rather than issuing new shares.

Appreciation

My sincere appreciation to our entire team for their continued commitment and support during the year. It is only through your continued dedication that we are able to achieve our vision and deliver long-term sustainable value to our stakeholders.

Melt Hamman
Chief Financial Officer
4 November 2016

Melt and his direct reports

MANUFACTURED RESOURCES

"I am constantly inspired by the great accomplishments of the people in my team. To me, **teamwork** is the magnificence of our work, where you have all of the members acting as one. **When there is teamwork and collaboration, great things are achieved."**

Debbie Theron
Head of Asset and Property Management: Office and Mixed-Use

RELATED MATERIAL MATTERS	RELATED STRATEGIC PILLARS			RELATED BUSINESS MODEL COMPONENTS
Responding to the South African socio-economic landscape Ensuring optimal capital growth Building partnerships	**INVEST** As a capital growth property company, we deliver sustainable returns	**DEVELOP** A strong development pipeline, both local and abroad, creates sound investment opportunities	**GROW** Our long-term investment commitment continues to deliver exceptional, sustainable capital growth	1 Source 2 Assess 3 Secure 4 Fund 5 Develop 6 Enhance 7 Evaluate 8 Recycle capital

UNDERSTANDING OUR MANUFACTURED RESOURCES

Manufactured resources relate to our asset portfolio, which consists of real estate 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.

WHY IT MATTERS TO US

Our real estate investment portfolio is geographically diversified. Our indirectly held properties, through investments in sub-Saharan Africa and western and eastern Europe, provide further diversification to our South African portfolio. Our manufactured resources are key to our access to financial resources, as they produce income through rentals, which is key to our ability to repay our debt and secure and fund future developments.

HOW WE MANAGE MANUFACTURED RESOURCES

Our Board monitors strategy implementation and performance targets. To achieve its mandate, the Board has delegated certain responsibilities to its subcommittees, including those relating to our manufactured resources, to the Exco and individual portfolio meetings. Exco meets on a monthly basis and is supported by quarterly portfolio meetings. Each of the portfolios – retail, office and mixed-use and international – has a dedicated Head of Asset Management, as well as an asset and property management team who is responsible for the performance of the portfolio and the individual properties. The three asset managers are also Exco members, together with our Head of Developments. By internalising the development management, we placed ourselves in the controlling position to roll out Waterfall.

OUR MANUFACTURED RESOURCES SCORECARD

- Our net rental income increased by 17.2% to R1.1 billion.
- We won the MSCI award for best performing office portfolio, based on a three-year annualised total return to December 2015.
- Our vacancies reduced from 4% to 2.4%.
- We formed new partnerships with Sanlam Properties, Equites, Zenprop, Barrow, Artisan and Atterbury Europe.
- We acquired 25% of Ikeja City Mall, Nigeria.
- We invested in eastern Europe: Serbia – six operational malls, one under construction; and Cyprus – two operational malls.
- We internalised our development function and appointed Pieter Mackenzie as Head of Developments.
- The super-regional Mall of Africa successfully opened on 28 April 2016, making it the largest first phase mall development in southern Africa to date.
- Eight buildings were completed during the year, adding 127 198 m^2 primary GLA to our portfolio.
- 42 operational properties were managed, with a primary GLA of 680 035 m^2.
- Our weighted average lease expiry profile is 6.7 years.

LOOKING AHEAD

In 2017, we will focus on:

South African property portfolio

- the key property fundamentals: keeping vacancies low, timeous renewals of leases, efficient debt management and cost control;
- improving the shopping experience of our visitors through innovative projects (Launchlab);
- exploring opportunities to expand our portfolio; and
- ensuring that Mall of Africa continues to trade above expectation while trading densities keep growing.

Developments

- completing the existing developments and newly secured developments, such as the PwC Tower;
- forming further business partnerships and strengthening existing partnerships; and
- developing our Waterfall bulk, including Waterfall City, leveraging of the completion of the Mall of Africa as a catalyst for future developments.

International investments

- Africa: optimising the existing portfolio in terms of debt and tenancies;
- Serbia: deploying the development capital into already-identified projects;
- Cyprus: commencing the expansion of the Mall of Cyprus and The Mall of Engomi; and
- taking advantage of favourable opportunities in conjunction with Artisan.

Introduction

The value of our investment properties increased to R19.6 billion (2015: R16.2 billion). Our investments in international assets increased by 34% to R5.8 billion year-on-year. We remain committed to securing and developing our pipeline, and are pleased with our success this year.

The detailed performance of our investment properties is set out in this chapter according to our various portfolios:

Investments Invest in assets to support our continued capital growth.	This section provides detailed information regarding the overall investment portfolio (page 68) with a performance discussion on the following areas: • South African markets: page 70 • Emerging markets: page 74 • Developed markets: page 75
Developments Develop properties to meet consumer needs. Developments under construction: **R1.2 billion** (2015: R2.6 billion) Vacant land, development rights, infrastructure and services: **R2.3 billion** (2015: 2.1 billion)	This section provides detailed information regarding the overall development portfolio (page 78), developments completed during the year (page 80) and those still in progress at year-end (page 79). An overview of Waterfall is provided on page 83 and a case study of Mall of Africa is on page 88.
Portfolio management Grow and enhance the value of our portfolio through active management.	The final section, starting on page 92, provides an overview of selected key performance criteria of our South Africa portfolio, including tenant profiles, lease expiry and vacancy rates. Information regarding international portfolio management can be found on page 97.

Portfolio benchmarking

MSCI

In a difficult operating environment, Attacq outperformed the MSCI All Funds benchmark by 0.8% for the performance period ended December 2015[1]. Our total return was 13.9%, while the benchmark's total return was 13.1%. Over three years, our total return was 16.4%, 2.2% higher than the MSCI All Funds benchmark.

Our office portfolio won the MSCI award for the best performing office portfolio for the three-year annualised total return to December 2015. Our three-year return was 16.5%, compared to the MSCI All Funds industry benchmark of 12.9%.

Strong fundamentals, such as rental growth and reduction of vacancies, drove performance. Over the three-year period, we achieved a rental growth of 10.5%, well above inflation, and significantly higher than the benchmark of 5.6%. As at 31 December 2015, our vacancy rate at 3% remains below the benchmark's 5.8%.

[1] *The most recent benchmark data at date of publishing the report is December 2015.*

MANUFACTURED **RESOURCES** continued

Invest in assets to support our continued capital growth

The key changes in our property and investment portfolio since 30 June 2015 are summarised as follows:

ACQUISITIONS

Emerging markets

- Ikeja City Mall, Nigeria
- An existing portfolio of six properties, Serbia

Developed markets

- Shacolas Emporium Park, Cyprus
- The Mall of Engomi, Cyprus

REALLOCATED FROM DEVELOPMENTS

South Africa[1]

- Mall of Africa: retail
- Hilti: industrial
- Servest: industrial
- Stryker: industrial
- Maxwell Office Park, Colgate: office and mixed-use
- Maxwell Office Park, Mac Mac House: office and mixed-use
- Maxwell Office Park, Magwa House: office and mixed-use
- City Lodge Newtown: hotel

Emerging markets

- Achimota Mall, Accra, Ghana

DISPOSALS

South Africa

- Great Westerford: office and mixed-use
- The Club: retail, office and mixed-use

Emerging markets

- Bagatelle Mall of Mauritius, Mauritius
- Bagatelle Office, Mauritius

Developed markets

- Bishopsgate, England

[1] *Refer to page 82.*

Medtronic – Waterfall

Summarised highlights of our operational properties are presented below.

	Retail		Office and mixed-use		Industrial	
	2016	2015	2016	2015	2016	2015
Valuation at year-end (R'000)	9 880 870	5 463 989	5 713 799	5 530 867	1 021 197	680 005
Number of properties	12	11	18	16	9	6
Average property value (R'000)	823 406	496 726	317 433	345 679	113 466	113 334
Total primary GLA (m^2)	342 935	236 641	232 783	238 874	90 951	76 155
Value/m^2 (R)	28 813	23 090	24 546	23 154	11 228	8 929
Gross monthly rentals (R'000)	59 101	34 138	35 396	32 990	6 272	4 283
Gross monthly rentals/occupied m^2 (R/m^2)	181	151	157	145	69	56
Vacancy (%)	1.0	4.7	1.4	4.9	–	–
Historic average annualised property yield (%)	6.0	6.4	7.6	7.7	6.7	6.5
Leases expired primary GLA (m^2)	24 064.4	8 152.0	1 737.6	1 596.0	–	–
– renewed	21 873.2	6 373.0	1 271.6	1 552.0	–	–
– sold	128.0	–	–	–	–	–
– new tenant	1 800.3	1 460.0	221.0	44.0	–	–
– vacant	262.9	319.0	245.0	–	–	–
Renewal unsuccessful rate (%)	1.1	3.9	14.1	–	N/A	N/A
Net arrears^ (R'000)	5 313	10 997	133	6 634	–	–
Rental income (R'000)	713 375	581 213	629 036	486 386	95 139	49 509
Bad debt provision (R'000)	8 111	7 058	75	292	–	–
Weighted average rental escalation (%)*	7.5	8.4	8.2	7.7	7.1	6.2
Weighted average escalation on new/renewed leases (%)*	7.4	7.7	8.0	8.0	7.6	7.6
Weighted average lease period (years)**	5.4	2.7	7.2	7.9	10.4	11.5
Average capitalisation rate (%)	6.88	6.91	7.64	7.84	7.75	7.75

	Hotel		Total	
	2016	2015	**2016**	2015
Valuation at year-end (R'000)	393 767	279 300	17 009 633	11 954 161
Number of properties	3	2	42	35
Average property value (R'000)	131 256	139 650	404 991	341 547
Total primary GLA (m^2)	19 518	14 126	680 035	565 796
Value/m^2 (R)	20 175	19 772	25 013	21 128
Gross monthly rentals (R'000)	2 720	1 842	103 489	73 253
Gross monthly rentals/occupied m^2 (R/m^2)	139	130	156	135
Vacancy (%)	–	–	2.4	4.0
Historic average annualised property yield (%)	7.8	6.6	6.6	7.0
Leases expired primary GLA (m^2)	–	–	25 802.0	9 748.0
– renewed	–	–	23 144.8	7 925.0
– sold	–	–	128.0	–
– new tenant	–	–	2021.3	1 504.0
– vacant	–	–	507.9	319.0
Renewal unsuccessful rate (%)	N/A	N/A	2.0	3.3
Net arrears^ (R'000)	–	–	5 446	17 631
Rental income (R'000)	35 106	23 227	1 472 656	1 140 335
Bad debt provision (R'000)	–	–	8 186	7 350
Weighted average rental escalation (%)*	7.0	7.0	7.8	7.9
Weighted average escalation on new/renewed leases (%)*	7.0	7.0	7.5	7.8
Weighted average lease period (years)**	6.9	6.9	6.7	6.3
Average capitalisation rate (%)	8.07	8.13	7.28	7.35

Data is compiled per building, each building is allocated to a sector according to its predominant use.
Values provided above are based on external valuations, including cost to complete, and reflect our undivided share in the properties.

* *Weighted in terms of rental*

** *Weighted in terms of primary GLA*

^ *Trade receivables past due but not impaired*

Refer to page 92 for information regarding our South African property management.

MANUFACTURED RESOURCES continued

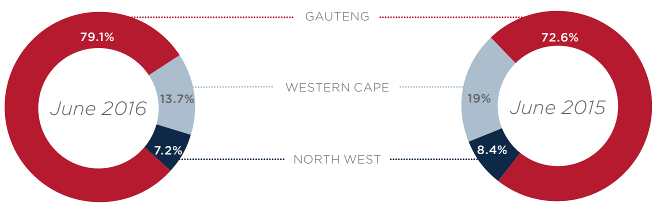
South African portfolio performance

Our South African portfolio is currently retail and office dominated, with exposure to the industrial and hotel sectors. The majority of the portfolio is located in Gauteng, in addition to exposure to the Western Cape and North West provinces.

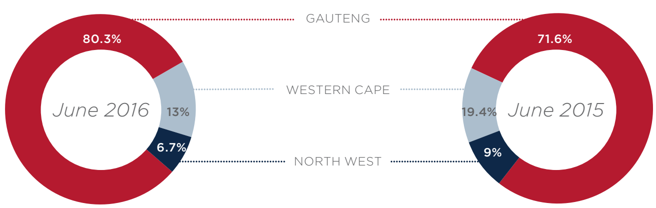
The decrease in the Western Cape portfolio is a result of selling our remaining 50% of Great Westerford building. The increase in Gauteng is due to the completion of an additional eight buildings.

The increase in the retail sector, both in GLA and gross monthly rental, is due to the completion of the Mall of Africa.

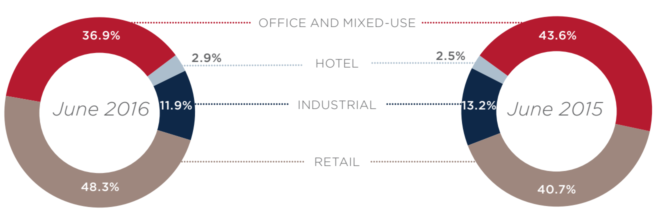
GEOGRAPHICAL PROFILE BY GLA



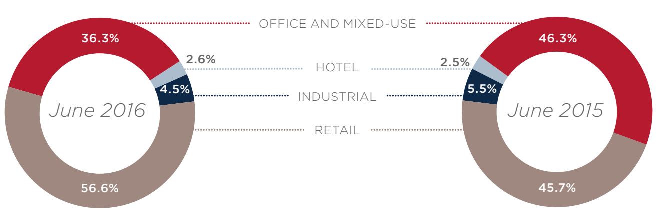
GEOGRAPHICAL PROFILE BY GROSS MONTHLY RENTAL



SECTORAL PROFILE BY GLA



SECTORAL PROFILE BY GROSS MONTHLY RENTAL



The tables that follow highlights key statistics about our individual investments. Our top featured buildings are on page 18.

Retail portfolio

Property name	Location	Province	Attacq's share of primary GLA[#] m²	Weighted average rental/m² per month R/m²	Attacq's share of external valuation[1] R'000	Value R/m²
Andringa Walk	Stellenbosch	Western Cape	10 595	116	190 628	17 992
Brooklyn Mall*	Pretoria	Gauteng	18 689	233	754 145	40 352
Eikestad Mall^	Stellenbosch	Western Cape	25 678	153	590 843	23 010
Garden Route Mall	George	Western Cape	53 015	152	1 307 652	24 666
Glenfair Boulevard	Pretoria	Gauteng	15 927	192	433 000	27 187
Lynnwood Bridge – retail	Pretoria	Gauteng	11 378	195	346 000	30 410
Mall of Africa^	Waterfall	Gauteng	104 830	232	4 080 000	38 920
Mill Square^	Stellenbosch	Western Cape	3 562	204	97 402	27 345
MooiRivier Mall	Potchefstroom	North West	49 054	145	1 124 443	22 923
Newtown Junction	Johannesburg	Gauteng	33 653	137	617 887	18 361
Waterfall Corner	Waterfall	Gauteng	9 415	167	211 747	22 490
Waterfall Lifestyle	Waterfall	Gauteng	7 139	130	127 123	17 807
Total			**342 935**	**181**	**9 880 870**	**28 813**

Data is compiled per building, where each building is allocated to a sector according to its predominant use.

[1] *Including cost to complete.*

[#] *GLA may differ to prior reported GLA as a result of final measurements for recently completed buildings.*

* *25%; ^80% values provided above reflect our undivided share in the property.*

Attacq Asset and Property Management: Office and Mixed-Use Team

Office and mixed-use portfolio

Property name	Location	Province	Attacq's share of primary GLA# m²	Weighted average rental/ m² per month R/m²	Attacq's share of external valuation[1] R'000	Value R/m²
Altech*	Waterfall	Gauteng	2 113	157~	49 000	23 190
Brooklyn Bridge Office Park	Pretoria	Gauteng	23 525	212	637 000	27 078
Cell C Campus	Waterfall	Gauteng	43 890	157~	904 000	20 597
Group Five	Waterfall	Gauteng	25 782	157~	612 000	23 737
Lynnwood Bridge – Aurecon	Pretoria	Gauteng	19 104	157~	762 000	39 887
Lynnwood Bridge – Offices	Pretoria	Gauteng	13 398	229	485 000	36 199
Lynnwood Bridge – Phase III	Pretoria	Gauteng	14 219	171	416 000	29 257
Maxwell Office Park – Att House*	Waterfall	Gauteng	2 522	157~	69 958	27 739
Maxwell Office Park – Colgate*	Waterfall	Gauteng	2 121	157~	61 472	28 983
Maxwell Office Park – Golder*	Waterfall	Gauteng	3 040	157~	88 901	29 244
Maxwell Office Park – Honda*	Waterfall	Gauteng	1 986	157~	53 693	27 036
Maxwell Office Park – Mac Mac House*	Waterfall	Gauteng	3 143	157~	85 713	27 271
Maxwell Office Park – Magwa House*	Waterfall	Gauteng	3 609	157~	100 796	27 929
Maxwell Office Park – Premier*	Waterfall	Gauteng	2 000	157~	56 068	28 034
Newtown Nedbank	Johannesburg	Gauteng	29 911	157~	630 000	21 062
Novartis	Waterfall	Gauteng	7 982	157~	215 043	26 941
PwC Sunninghill	Sunninghill	Gauteng	25 525	157~	348 889	13 669
The Majestic	Johannesburg	Gauteng	8 913	157~	138 266	15 513
Total			232 783	157	5 713 799	24 546

Data is compiled per building, where each building is allocated to a sector according to its predominant use.

[1] Including cost to complete.

 # GLA may differ to prior reported GLA as a result of final measurements for recently completed buildings.

~ Single-tenanted building, sector average reflected.

*** 25%; *50%; ^80% values provided above reflect our undivided share in the property.*

Industrial portfolio

Property name	Location	Province	Attacq's share of primary GLA# m^2	Weighted average rental/m^2 per month R/m^2	Attacq's share of external valuation[1] R'000	Value R/m^2
Angel Shack	Waterfall	Gauteng	4 652	69~	36 692	7 887
Medtronic	Waterfall	Gauteng	12 060	69~	137 800	11 426
Cummins*	Waterfall	Gauteng	10 504	69~	94 740	9 019
Dräger	Waterfall	Gauteng	5 027	69~	75 294	14 978
Hilti	Waterfall	Gauteng	3 948	69~	59 276	15 014
Massbuild Distribution Centre	Waterfall	Gauteng	36 803	69~	293 000	7 961
Servest	Waterfall	Gauteng	6 650	69~	157 013	23 611
Stryker	Waterfall	Gauteng	3 220	69~	61 314	19 042
Westcon	Waterfall	Gauteng	8 087	69~	106 068	13 116
Total			90 951	69	1 021 197	11 228

Data is compiled per building, where each building is allocated to a sector according to its predominant use.

1 *Including cost to complete.*
\# *GLA may differ to prior reported GLA as a result of final measurements for recently completed buildings.*
~ *Single-tenanted building, sector average reflected.*
* *50%: values provided above reflect our undivided share in the property.*

Hotel portfolio

Property name	Location	Province	Attacq's share of primary GLA# m^2	Weighted average rental/m^2 per month R/m^2	Attacq's share of external valuation[1] R'000	Value R/m^2
City Lodge – Lynnwood	Pretoria	Gauteng	7 946	139~	189 000	23 786
City Lodge – Newtown	Johannesburg	Gauteng	5 828	139~	106 500	18 274
City Lodge – Waterfall	Waterfall	Gauteng	5 744	139~	98 267	17 108
Total			19 518	139	393 767	20 175

Data is compiled per building, where each building is allocated to a sector according to its predominant use.

1 *Including cost to complete.*
\# *GLA may differ to prior reported GLA as a result of final measurements for recently completed buildings.*
~ *Single-tenanted building, sector average reflected.*

Emerging markets

Emerging markets comprise our investments in Africa (outside of South Africa) and our investments into eastern Europe in Serbia. These investments constitute 6.5% of our total gross assets (2015: 6.2%). Our investment strategy in emerging markets is to provide geographic diversification to the South African market, and provide exposure to the underserviced formal retail markets of Africa and eastern Europe, thereby maximising our returns. We work with reputable partners and use local expertise to maximise our returns and manage our risks.

African investments

AttAfrica

We have a 31.3% shareholding in the retail-focused AttAfrica. Our investment in AttAfrica increased to R877.3 million in order to fund our share of AttAfrica's underlying development pipeline. Hyprop is a co-shareholder in AttAfrica, with a 37.5% stake. Atterbury Property Development Proprietary Limited acts as the developer for AttAfrica. In November 2015, Achimota Mall in Accra, Ghana, was completed and opened to consumers. During the year, we accounted for a R58.3 million loan impairment as a result of reduced in-country property valuations.

Ikeja City Mall, Nigeria

In November 2015, Attacq, through its 100% held subsidiary AIH International Limited, acquired a 25% shareholding in Gruppo Investments Nigeria Limited, the owner of the Ikeja City Mall, located in Ikeja, Nigeria. The other 75% shareholder is Hyprop. This property is not part of the AttAfrica stable, as we purchased a completed operational shopping centre.

With over 22 000 m^2 of A-grade retail space in Ikeja, a suburb of Lagos with a selection of national and international tenants, the shopping centre comprises 100 stores with a wide variety of retailers trading quality brands. We accounted for a R22.4 million impairment on the initial equity investment due to a more conservative outlook on future vacancies.

The investment provides us with exposure to the sizeable Nigerian retail market and expands the portfolio into a sub-Saharan retail portfolio spanning three prominent cities, namely Accra in Ghana, Lusaka in Zambia and Lagos in Nigeria.

Trading conditions in Ghana, Zambia and Nigeria were adversely affected by the strength of the US Dollar and the continued weak commodities cycle, which negatively impacted some African economies and put pressure on consumers. The defensive assets in the portfolio, Accra Mall, Manda Hill and Ikeja City Mall, are proving resilient despite the difficult conditions. Due to their dominance in their catchment areas, they are less impacted by tough trading conditions. The challenge in the near-term future will be to preserve value under difficult trading conditions.

At 30 June 2016, Attacq's African assets can be summarised as follows:

	Total GLA m^2	Valuation USD'000	Attacq share USD'000	USD value/ m^2	Vacancy %
Operational portfolio summary*	127 660	562 400	102 902	4 405	4

* Data provided at a 100% level.

Additional detail per asset, as at 30 June 2016, is provided in the table below.

Property	Accra Mall*	West Hills Mall*	Manda Hill*	Achimota Mall*^	Kumasi City Mall*	Ikeja City Mall
Location	Accra, Ghana	Accra, Ghana	Lusaka, Zambia	Accra, Ghana	Kumasi, Ghana	Lagos, Nigeria
GLA (m^2)	21 240	28 466	40 561	15 170	18 000#	22 223
Vacancy (%)	–	–	4.7	–	N/A	2.3
Foot count per month per m^2	27	16	22[2]	28	Opening April 2017	30
Attacq's effective holding (%)	14.7	14.1	15.6	23.4	23.4	25.0

* *Held via AttAfrica*
^ *Opened November 2015*
\# *Proposed size*

Namibia

We have a shareholding of 25% in The Grove Mall of Namibia – a 55 809 m^2 regional shopping mall located in the heart of Kleine Kuppe – the fastest-growing node in Windhoek. The mall opened in 2014, and has performed well since inception. The mall has 117 stores and is anchored by Woolworths, Game, Checkers, Superspar, Dis-Chem and Sportsmans Warehouse. At year-end, vacancies were 0.1% (2015: 2.4%), which improved to 100% occupancy subsequent to year-end and with the list of replacement tenants growing.

Double-digit growth in turnover and footfall was reported over the past year. As a result of the mall trading exceptionally well, the tenants find it challenging to maintain stock levels due to difficulties experienced at customs and rising import costs.

Mauritius

Effective 27 November 2015, we disposed of our investments in Mauritius. We have exited the assets in order to re-invest the proceeds into more favourable investment opportunities. The investments were classified as non-current assets held for sale as at 30 June 2015.

Eastern Europe

Serbia

On 1 December 2015, we acquired an effective shareholding of 8.3% in a portfolio of five operational Serbian retail properties owned by BreAtt, with a gross value of EUR228 million. The acquisition was made via Atterbury Serbia, in which Attacq has a 25% shareholding. The seller, BRE, retained a 67% shareholding in BreAtt. A further property was acquired by BreAtt during the year and another property will be added subsequent to year-end. The portfolio was acquired at a Euro yield in excess of 8% and our investment is valued at R367.1 million as at 30 June 2016.

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 vibrant city, yet it only has 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 consumers per month.

In addition to the operational properties acquired, Atterbury Serbia and BRE jointly invested EUR40 million into proposed retail developments which will undertake retail developments in Serbia and neighbouring countries.

Subsequent to year-end, Atterbury Serbia increased its shareholding in BreAtt to 50%, increasing Attacq's effective interest to 12.5%.

Developed markets

Internationally, we have growing representation and investments in:

- Europe, through our investment in MAS;
- Germany, through an investment in Nova Eventis;
- Cyprus, through the investment in two leading shopping centres; and
- the UK, though our new initiative with Artisan.

MAS

At year-end, our stake in MAS was 41.4% (2015: 45.3%). During the year, our stake increased by 2% as a result of the vesting of the Karoo Agterskot shares, which resulted in 21.3 million new MAS shares being issued to us. Subsequent to the receipt of these shares, we disposed of over nine million MAS shares and this, together with the capital raising during the year, diluted our shareholding.

In March 2016, MAS invested EUR20 million in a 40% shareholding of a Joint Venture with Prime Kapital – a real estate development and investment business founded by Martin Slabbert and Victor Semionov – and backed by an experienced team with a proven track record. Prime Kapital will be a MAS vehicle for expanding its investment focus into the higher growth markets of central and eastern Europe.

MAS was impacted by the Brexit decision in June 2016, which resulted in pound sterling weakness and MAS recognising foreign exchange losses of 7.2 EUR cents per share. This, coupled with the increase in MAS' shares during the year, resulted in MAS' NAVPS reducing from 121 EUR cents per share to 115 EUR cents per share. On the positive side, MAS' distributions increased by 34% compared to the prior year, while rental income increased by 63%. Further growth in rental income is expected as MAS' recent acquisitions come to fruition after a full year. Further growth is expected due to planned acquisitions, as MAS deploys capital from gearing its portfolio from a loan-to-value ratio of 12% at year-end to a targeted loan-to-value ratio of between 40% and 50% .

MAS' UK development pipeline has progressed well, with the two Premier Hotels and the associated retail completed at the New Waverley development in Edinburgh. Pre-letting is under way in respect of the office, retail and residential aspects of Phase II of New Waverley. MAS' North Street Quarter development in Lewes received planning approval in December 2015, and final agreements with planning authorities are being put in place with MAS' intention being to commence with a phased disposal of the site over the next three years.

During the year, MAS was admitted to the SAPY Index of the JSE and the share experienced an increase in demand as a result.

Nova Eventis

We have an effective 19.9% interest in this 91 000 m^2 super-regional retail centre, located in Leipzig, Germany. The centre continues to experience stable trade. External property agents were appointed to market the asset. The centre continues to enjoy positive cash flows and has a 2.3% vacancy at its year-end, March 2016. The centre has an underlying valuation of EUR265 million prepared by Jones Lang Lasalle Proprietary Limited. The existing bank debt of EUR156.2 million at a fixed rate of 4% was extended in light of the proposed disposal. Should the decision be to not sell the asset, the existing debt will be refinanced on more favourable terms, given the current low interest rate environment in Europe.

Bishopsgate

During the year, we completed the disposal of the Bishopsgate asset.

Cyprus

We own an effective 48.6% interest in Mall of Cyprus (MC) Plc, owner of the Shacolas Emporium Park, and an effective 48.5% interest in Mall of Engomi (ME) Plc, the owner of The Mall of Engomi, through its 48.8% shareholding in Atterbury Cyprus. The properties are located in Nicosia, the capital city of Cyprus, and were secured with Atterbury Europe which, together with minorities, own the balance of the shareholding in Atterbury Cyprus.

The 47 000 m^2 Shacolas Emporium Park is in the heart of Nicosia and comprises the 27 000 m^2 Mall of Cyprus and a 20 000 m^2 Ikea store. It attracts over five million visitors annually. The Mall of Engomi is a 13 600 m^2 retail centre located in the west of Nicosia and attracts more than 1.5 million visitors annually. The centres are trading well and have low vacancies. Both centres provide expansion opportunities, which will likely be pursued in the next financial year.

The Group's share of the acquisition costs was R670.6 million (EUR48.4 million) and payment was made during the course of July 2015. At year-end, our investment was valued at R892 million.

Artisan

Attacq partnered with Artisan Real Estate Inc to establish Artisan, in order to invest in smaller, opportunistic development projects in the UK, providing exposure to niche capital growth opportunities, which can potentially provide private equity returns. Artisan has a proven development track record in these markets and, its existing network and agility enables it to find and secure attractive investment opportunities. At year-end, the investment had a carrying value of R52.3 million.

West Hills Mall – Accra

Develop properties to meet consumer needs

"I am extremely excited about internalising the **development team**. We are dealing with the best piece of real estate in South Africa and we as a team are determined to **make Waterfall the destination of choice for tenants** by creating innovative developments."

Pieter Mackenzie
Head of Developments

We develop properties to meet consumer needs, generating a pipeline of high-quality investment assets. We are generally able to generate higher returns from developments than from acquired properties. However, these returns come at a higher risk. During 2016, our development portfolio played a major part in growing our business due to the extensive projects taking place within the Waterfall development.

We completed eight development projects worth R6 billion (our effective shareholding is R4.7 billion) (refer to page 81 for the detailed list). A further R2.2 billion of greenfield developments are under way (refer to page 82 for the detailed list). The tables on the next page sets out the mix of our developments, and some key statistics to give context to our development portfolio.

PwC Tower – Waterfall City

The year-on-year movement on the value of our development portfolio as at year-end can be summarised as follows:

Developments under construction	R'000
Valuation as at 30 June 2015	**2 624 017**
Capital expenditure on buildings during the year	1 724 314
Reallocated from development rights, infrastructure and services	122 488
Buildings completed and reallocated to completed developments	(4 016 472)
Reallocated to assets held for sale	(27 577)
Fair value adjustments	758 314
Valuation as at 30 June 2016	**1 185 084**

	Retail		Office and mixed-use		Industrial	
	2016	2015	2016	2015	2016	2015
Developments under construction						
Valuation at year-end (R'000)	–	2 010 139	785 496	332 763	399 588	209 097
Estimated value on completion (R'000)	–	3 881 302	1 602 890	1 549 290	574 155	264 931
Estimated total capital cost (R'000)	–	3 350 581	1 303 121	1 318 774	509 867	190 723
Number of properties	–	1	2	4	3	3
Average property value on completion (R'000)	–	3 881 302	801 445	329 694	191 385	88 310
Primary GLA on completion (m²)	–	104 830	48 765	49 931	55 595	13 690

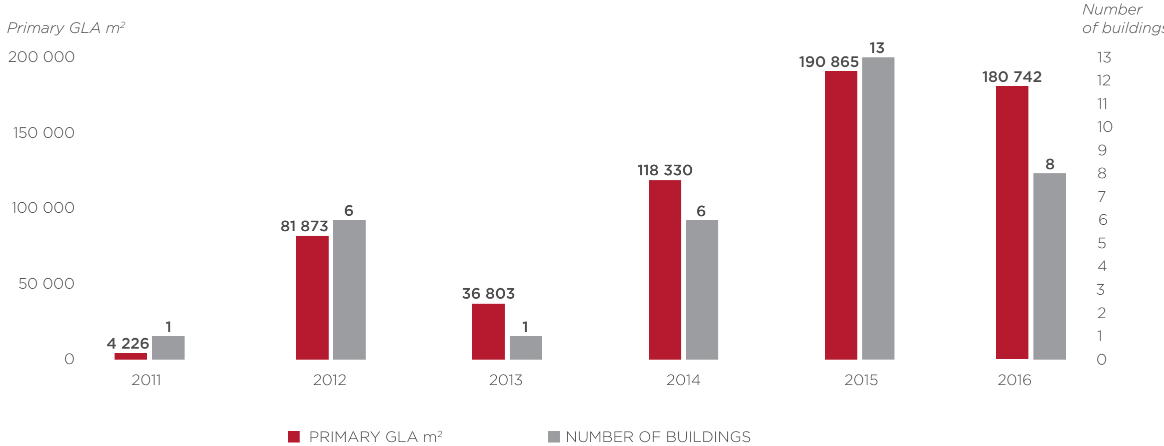
	Hotel		Total	
	2016	2015	2016	2015
Developments under construction				
Valuation at year-end (R'000)	–	73 018	1 185 084	2 624 017
Estimated value on completion (R'000)	–	105 500	2 177 045	5 801 023
Estimated total capital cost (R'000)	–	98 300	1 812 988	428 8261
Number of properties	–	1	5	9
Average property value on completion (R'000)	–	105 500	435 409	580 102
Primary GLA on completion (m²)	–	4 228	104 360	172 679

Data is compiled per building, where each building is allocated to a sector according to its predominant use.

Values provided above are based on external valuation and reflect Attacq's undivided share in the properties and developments. Recently secured projects are not included.

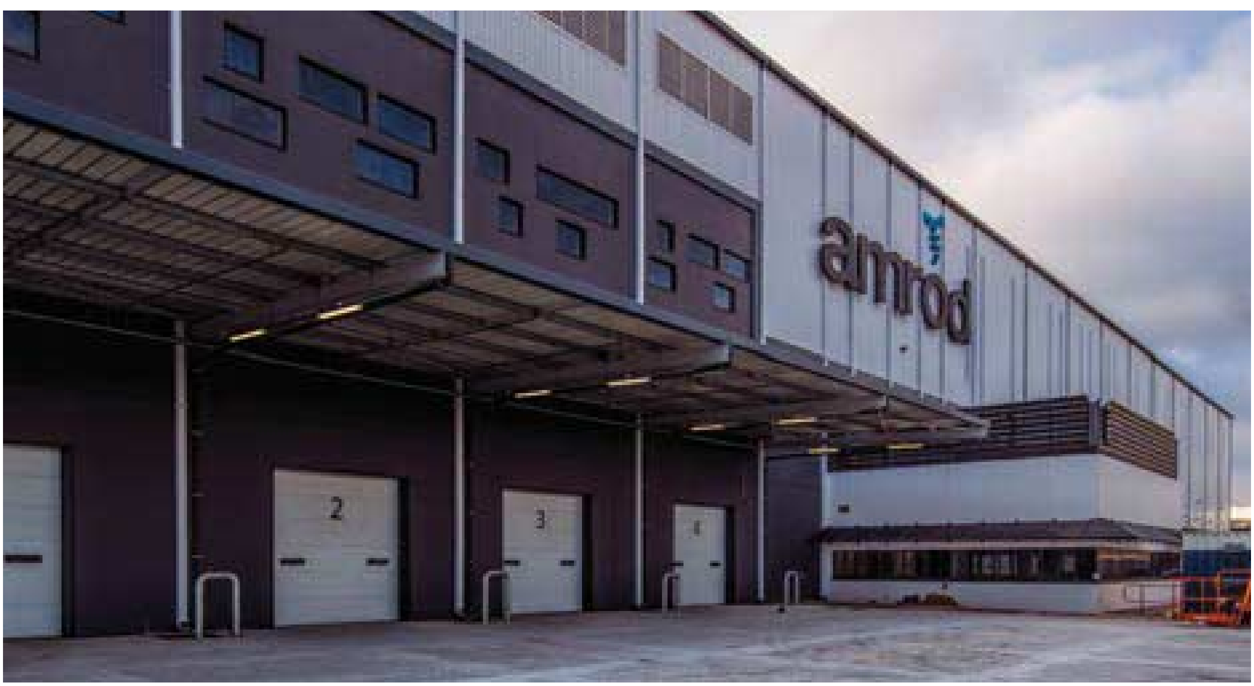
Delivering on our developments

The timeline below sets out the history of developments completed.



Delivering on our developments remains a key focus. The completion of the Mall of Africa was significant, as it marked a milestone in the portfolio. Refer to page 88 for an integrated case study of the mall.

Securing pipeline remains a strategic priority. We believe that the development pipeline remains strong, with five projects currently under development. Construction on the PwC Tower is on schedule and the building has become a dominant feature of the Gauteng skyline, attracting attention to the entire Waterfall development.



Amrod – Waterfall

The table highlights our developments completed during the year:

Developments under construction	R'000
Valuation as at 30 June 2015	**2 624 017**
Capital expenditure on buildings during the year	1 724 314
Reallocated from development rights, infrastructure and services	122 488
Buildings completed and reallocated to completed developments	(4 016 472)
Reallocated to assets held for sale	(27 577)
Fair value adjustments	758 314
Valuation as at 30 June 2016	**1 185 084**

Property	Sector	Completion date	Primary GLA m²	Occupancy %	Value on date of reallocation R'000	External valuation at 30 June 2016 R'000
Waterfall						
Mall of Africa^	Retail	April 2016	104 830	99	3 479 323	4 080 000
Hilti^^	Industrial	October 2015	3 948	100	47 249	59 276
Servest^^	Industrial	August 2015	6 650	100	131 020	157 013
Stryker^^	Industrial	September 2015	3 220	100	56 892	61 314
Maxwell Office Park – Colgate*	Office and mixed-use	August 2015	2 121	100	50 692	61 472
Maxwell Office Park – Mac Mac House*	Office and mixed-use	October 2015	3 143	100	68 083	85 713
Maxwell Office Park – Magwa House*	Office and mixed-use	June 2016	3 609	100	90 933	100 796
Newtown Precinct						
City Lodge	Hotel	November 2015	5 828	100	92 276	106 500
Total completed developments					**4 016 472**	**4 712 084**

Values reflect Attacq's 50% undivided share in the property.
^ *Values reflect Attacq's 80% undivided share in the property and primary GLA subject to final measurement.*
^^ *Asset held for sale and therefore valuations based on sale value.*

Developments under construction at year-end

The table provides detail on the properties still in development at year-end.

Developments under construction	R'000
Valuation as at 30 June 2015	**2 624 017**
Capital expenditure on buildings during the year	1 724 314
Reallocated from development rights, infrastructure and services	122 488
Buildings completed and reallocated to completed developments	(4 016 472)
Reallocated to assets held for sale	(27 577)
Fair value adjustments	758 314
Valuation as at 30 June 2016	**1 185 084**

	Location	Province	Anticipated completion date	Primary GLA m[2^]
Office and mixed-use portfolio				
Allandale Offices	Waterfall	Gauteng	August 2016	14 848
PwC Tower and Annex˜	Waterfall	Gauteng	January 2018	33 917
Industrial portfolio				
Amrod	Waterfall	Gauteng	November 2016	38 455
Dimension Data warehouse	Waterfall	Gauteng	August 2016	8 230
Torre Industries	Waterfall	Gauteng	August 2016	8 910
Total				**104 360**

	Estimated capital cost R'000	Estimated value on completion R'000	Fair value as 30 June 2016 R'000	Pre-let %
Office and mixed-use portfolio				
Allandale Offices	317 984	420 749	322 095	>70
PwC Tower and Annex˜	985 137	1 182 141	463 401	100
Industrial portfolio				
Amrod	329 488	365 802	261 942	100
Dimension Data warehouse	73 705	83 772	59 345	100
Torre Industries	106 674	124 581	78 301	100
Total	**1 812 988**	**2 177 045**	**1 185 084**	**>96**

Data compiled per building, where each building is allocated to a sector according to its predominant use.

^ Estimated primary GLA, subject to change upon final remeasurement post-completion.
˜ Values provided above reflect Attacq's undivided share in the property: 75%.

Changes subsequent to year-end

We took the initiative to develop a speculative office building with a primary GLA of 13 891 m^2, named Gateway Building West. The anticipated date of completion is August 2017, and the building will be linked to the Mall of Africa.

We established a Joint Venture with Equites in respect of a portfolio of industrial properties at Waterfall with effect from 1 July 2016. As a result of this transaction, the following eight operational industrial properties were classified as non-current assets held for sale at year-end and were transferred into the new entity on 31 August 2016:

1. Angel Shack
2. Cummins (50% undivided share)
3. Dräger
4. Hilti
5. Medtronic
6. Servest
7. Stryker
8. Westcon

Equites has subscribed for an 80% shareholding in EA Waterfall Logistics JV Proprietary Limited ("EAJV"), the acquirer of the portfolio, for a subscription consideration of R292.7 million, payable on the transfer of the portfolio into EAJV. We will hold the remaining 20% of EAJV.

Attacq entered into an agreement for the disposal of its development rights in respect of Land Parcel 24, Waterfall on loan account for R86.4 million to a new Joint Venture company, Winter Robin Investments 26 Proprietary Limited ("WRI"). The shareholding in WRI is 20% held by us and 80% held by Sanlam Properties. We have the right to increase our shareholding in WRI to 50%. As part of the transaction, WRI acquired certain light industrial development rights from one of the Mia affiliate companies for R371.6 million. We advanced R16.9 million on loan account to WRI to fund the acquisition, and the balance of the acquisition was funded by Sanlam Properties on loan account. After the conclusion of the transaction, the total development rights in WRI equate to approximately 114.0 hectares.

We contracted to dispose of our 15 000 m^2 retail development rights on Land Parcel 3 to a separate Joint Venture company with Sanlam Properties, titled AWIC Pocket 3 JVCO Proprietary Limited ("P3JV"). We disposed of the retail rights for R28.3 million and the amount remains outstanding on loan account. P3JV also acquired the remaining retail development rights on the same land parcel from the Mia affiliate company for R28.3 million. Attacq and Sanlam Properties each hold 50% of P3JV.

An advantage is that we act as the developer, and therefore earn a developer fee. We will also fulfil the role as asset manager upon completion of the development.

Developments in the South African portfolio

Waterfall

Waterfall is a 2 200 ha piece of land that joins Modderfontein to the east and Kyalami and Sunninghill in the west, creating a large commercial growth node that enjoys superb access from Pretoria via the N1, R21 and R55, and from Sandton and Johannesburg via the M1, N1, N3 and R55. Attacq secured all the commercial, retail and industrial development rights, which will include some residential development in Waterfall City.

The concept behind Waterfall is to create a mixed-use development in which people can live, work and play. The total node was planned as a greenfield development: developed from scratch and thus allowing for the best urban design principles to determine infrastructure, services and open public spaces. The fact that all developments are completely new means that green design can be a prominent focus.

The heart of Waterfall is Waterfall City, a land parcel with an area of 1 045 000 m^2 and potential development bulk of 878 760 m^2 zoned for mixed-use comprising retail, office space, hotels and residential developments. Waterfall City is built around the 131 038 m^2 super-regional Mall of Africa and its adjoining 13 400 m^2 Waterfall Park.

For more on the Mall of Africa, see page 88.

During the year, we took the strategic decision to accelerate the internalisation of the Waterfall development management function to enable us to take full control of the strategic planning, marketing and roll-out of the Waterfall development. As such, Attacq and Atterbury agreed to amend the development management agreement to enable us to undertake the Waterfall developments internally, and not to await the expiry of Atterbury's exclusivity as developer on 31 January 2018. Attacq made a prepayment of R39.5 million to Atterbury, relating to current projects that Atterbury will continue to manage until finalisation of the developments.

The current market in South Africa poses a challenge, causing development to slow down across the country. However, Waterfall's unique location and offering ensures that the development continues to attract interest for space. We believe that company consolidations and Waterfall's ability to be competitive in terms of price and quality will ensure that our development portfolio will continue to grow at a steady pace.

While Waterfall constitutes the biggest percentage of our portfolio and remains our key focus, we believe that geographic diversification is essential. As such, we continue to explore new areas of development, and are currently considering potential investments in Cape Town and Durban.

Our Waterfall opportunity

Our 1.87 million m² (2015: 1.83 million m²) of total approved bulk is spread across 12 individual land parcels. As at 30 June 2016, development of 409 509 m² (2015: 273 860 m²), or 21.9%, of the available developable bulk (2015: 273 860 m², or 15%), was completed, with a further 140 321 m², or 7.5%, under construction (2015: 209 467 m², or 11.4%). Remaining developable bulk of 70.6% is available for future development.

In addition, we plan to increase the allowable bulk on the land parcels, as the spatial development framework of the City of Johannesburg evolves over time.

City Lodge – Waterfall City

Waterfall development rights

The Group's investment in development rights only relates to Waterfall, including Waterfall City.

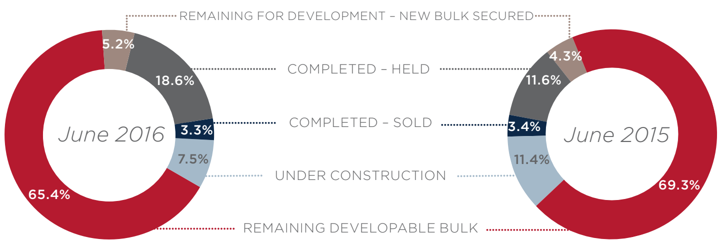
Property name	Location	Province	Remaining bulk m²	Book value at 30 June 2016 R'000
Waterfall development rights	Waterfall on both sides of the N1 Highway between Allandale Road and Buccleuch Interchange	Gauteng	1 322 005	1 174 018

The value of development rights decreased from R1.5 billion to R1.2 billion due to a more conservative outlook on the future roll-out period of potential developments and the reclassification of Land Parcels 3 and 24 to non-current assets held for sale.

Waterfall bulk

The graph below shows the progress made in developing Waterfall's available bulk.

As at 30 June 2016, 1 322 005 m^2 (2015: 1 347 921 m^2) of the 1 871 835 m^2 (2015: 1 831 248) is available for development. To date, 783 000 m^2 of Waterfall land has been serviced. During the year, seven buildings on Waterfall land were completed, with Mall of Africa being the most significant development of 131 038 m^2 causing a movement of 49.5% in completed Waterfall bulk.



Attacq Development Team

Land parcel number	Land parcel description	Development Rights in place	Total developable bulk m²	Completed – held m²	Completed – sold m²	Under construction and secured pipeline m²	Remaining undeveloped bulk m²
Land Parcel 3*	Convenience Corner	Retail	15 000	–	–	–	15 000
Land Parcel 8	Waterfall Distribution Campus	Industrial	222 883	55 944	8 046	45 946	112 947
Land Parcel 9	Waterfall Logistics Precinct	Industrial	165 592	21 165	–	–	144 427
Land Parcel 10	Waterfall City	Commercial	878 760	151 408	25 800	60 092	641 460
Land Parcel 10A	Waterfall City – Corporate City	Commercial	150 000	–	–	–	150 000
Land Parcel 10B	Corporate Campus	Commercial	30 000	–	–	–	30 000
Land Parcel 12	Capital City	Commercial	48 356	–	–	–	48 356
Land Parcel 15	Lifestyle Estate	Commercial/ Retail	50 600	39 723	–	–	10 877
Land Parcel 20	Woodmead North Office Park	Commercial	4 194	4 194	–	–	–
Land Parcel 21	Landmark Park	Commercial	58 200	44 200	–	–	14 000
Land Parcel 22	Commercial District	Commercial	94 000	30 912	28 117	34 283	688
Land Parcel 24*	Factory Depot	Industrial	154 250	–	–	–	154 250
Total			1 871 835	347 546	61 963	140 311	1 322 005

* *After year-end the development rights on Land Parcels 3 and 24 were sold into two separate Joint Ventures with Sanlam Properties. Please see page 83 – changes subsequent to year-end – for more information.*

For more information on our Waterfall development, please refer to our website, www.attacq.co.za.

Allandale Building – Waterfall City

MALL OF AFRICA

The Mall of Africa opened for business as scheduled, making it the largest first phase mall development in southern Africa to date. The mall is a super-regional shopping and lifestyle destination that is intended to serve a large and growing community as part of Gauteng's newest city in the making, Waterfall City.

- Bulk earthworks started on **28 October 2012**, and took **42** months to complete
- Opened for business as scheduled on **28 April 2016**
- Boasts **304 outlets** across the **131 038 m² mall** and anchor tenants include: **Checkers Hyper, Edgars, Game and Woolworths**
- First in South Africa international brands: **Armani Exchange, Helly Hansen, Zara Home and The Kooples**
- Convenient location with easy access from the N1 Allandale interchange
- **±6 500** parking bays
- Externally valued at R5.1 billion, with our share of the value being **R4.1 billion**
- For the months of May and June 2016:
  - **1.2 million** average foot count
  - **269 765** average car count
- More than **3 500 people employed** during construction and it is estimated that around **4 500 people** are **employed** in Mall of Africa

For more information on the social impacts of the development, refer to page 111 of the social and relationship resources section.

“The opening of this super-regional mall marks a significant strategic milestone for retail in South Africa and takes the African retail experience to a the next level.”

Morné Wilken,
Chief Executive Officer

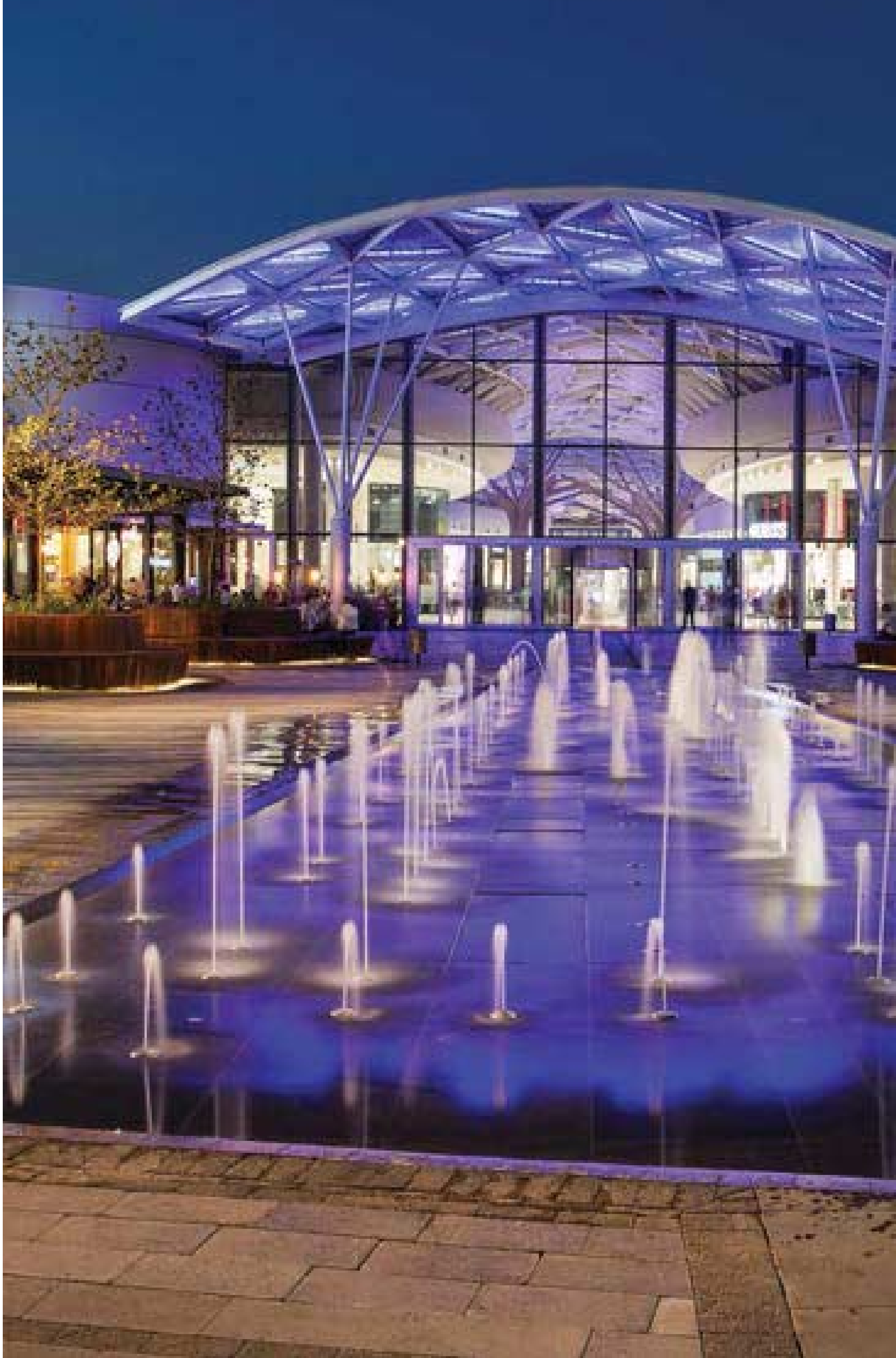
“The inspiration and evolution of the design process was to provide not just a mall in Africa, but ***the*** *Mall of Africa, something of greatness on the African continent”*

Tia Kanakakis
MDS Architecture

Where beauty and functionality meet

The Mall of Africa boasts great shopping, many lifestyle features, events infrastructure, attractive surrounding environments and landscaped gardens. The mall was named after our great continent, and drew inspiration from its beauty. The mall’s architectural appearance is inspired by Africa’s geological features and landscapes.

Shopping courts are divided into sections to depict various aspects of Africa’s success and unique beauty, each holding a unique identity. A diverse array of colours, textures, patterns and materials are used to define each section separately. Africa’s mineral wealth is depicted in the Crystal Court with sharp geometrical shapes to symbolise crystal and diamond. The Sand Court combines desert tones, soft contours and colours of the north African desert region, with unique features and motifs found in that architectural style. The great lakes of Africa are depicted in the Great Lakes Court, while the Oleum Court sports bold colours and dark, dramatic patterns to display the harsh but beautiful landscapes of the west African oil-producing region. All of these are tied together with the Forest Walk, the central spine of the mall which pays homage to the central African rainforests. The Forest Walk’s dramatic roof feature is said to be the largest of its kind in the world, and a spectacular lighting design adds drama and wonder for those visiting the Mall of Africa after dusk.



Where nature is reflected and protected

Appearance and functionality were not the only considerations on the design; harmony with the environment was also a key matter. In March 2016, Attacq began the construction of a 4 755 kWp PV plant on the roof of the Mall of Africa, one of the largest PV installations of any South African mall to date. More than 15 000 solar panels, covering 29 000 m^2, were used. Once completed, the plant will generate approximately 7 984 000 kWh of electricity annually. This represents roughly 17% of the Mall's electricity consumption. The PV plant will save 8 200 tonnes of carbon emissions per annum, roughly equivalent to the electricity consumption of 1 450 average households.

The mall also takes national and regional challenges into account and will benefit from full generator back-up power complemented by its own solar energy generation. The innovative design will further conserve energy through efficient lighting design and state-of-the-art air conditioning. In terms of water, rainwater will be harvested and used extensively in its operation.

Waste management receives top priority at the mall. Please refer to the waste management at the Mall of Africa case study on page 121.

Where convenience is the norm

The layout of the mall is both straight and curved with a racetrack circulation. It can be accessed through 26 entrances, has 49 sets of lifts, hoists and tenant lift facilities and 40 escalators in the mall and within tenant stores. Visitors will benefit from convenient parking with more than 6 500 parking bays located across its footprint.

Waterfall City and the mall are conveniently located next to the N1 highway on the first free-flow intersection of its size in Africa at the Allandale Road exit. Thus, getting to Waterfall City is easy from all surroundings. Waterfall City and Mall of Africa are on a convenient Gautrain bus route from the nearby Midrand Gautrain station with buses stopping inside the mall at the porte cochère. Ample provision has been made for public taxi access with two taxi ranks inside the building providing access for employees and shoppers directly from the mall. Dedicated Uber pickup and drop-off points are a first on offer in a South African retail environment.

Where our dreams have become a reality

With the opening of the mall, we confirm our pursuit of sound capital growth, delivering our strategic business model for long-term returns for our stakeholders. Our share (80%) of the mall is externally valued at R4.1 billion, the capital cost being R2.7 billion, thereby reflecting our share of the fair value gain at R1.4 billion.

Grow and enhance the value of our portfolio through active management

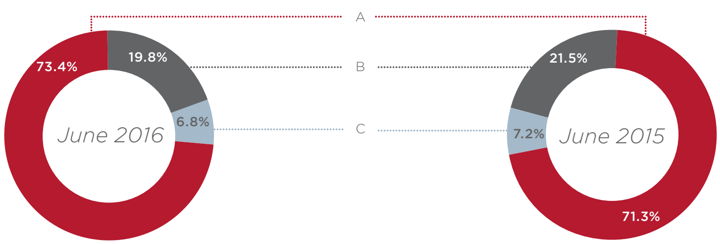
South African property management

Our property management team is supported by solid systems and structures, with the goal that our KPIs are not only achieved, but exceeded. We focus on factors we can control while staying close to our tenants, understanding their needs and striving to deliver excellent service in order to retain their business.

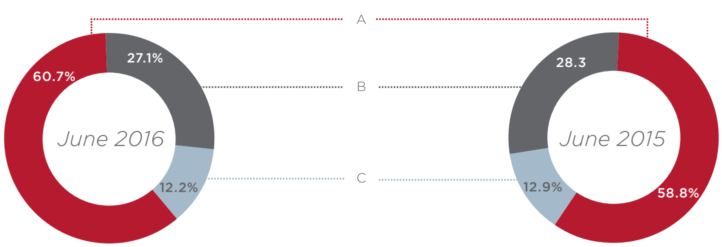
Understanding and engaging with our tenants

Our property management team engages regularly with our tenants in person, to ensure that issues and challenges are dealt with as and when they occur. We believe that fostering good relationships with our tenants enables continued, mutually beneficial business. We also appoint independent consultants who conduct tenant satisfaction surveys to help us understand their concerns.

TENANT PROFILE BY GLA



TENANT PROFILE BY GROSS MONTHLY REVENUE[1]



[1] *Gross monthly revenue is basic rentals (office, warehouse, ATM, industrial, hotel, shop, mezzanine) and operational recoveries, excluding utilities*

The increasing cost of, and inconsistent and unreliable availability of, electricity and water, coupled with the low growth in the economy remains a challenge and a concern for us and, in turn, our tenants. Electricity costs account for approximately 14.3% of the occupancy cost of a building, thus increasing the burden on our tenants, from whom we recover these costs.

To mitigate these challenges, we explore and invest in alternative energy sources where financially feasible. We also provide back-up resources such as generators and water tanks at the majority of our buildings. We work closely with an outsourced utility management company to manage utilities accurately and optimally to the benefit of our tenants.

We build sustainable buildings with energy efficiency being a major priority. Eight of our buildings have achieved three, four and five-star green building ratings (by design) from the Green Building Council of South Africa.

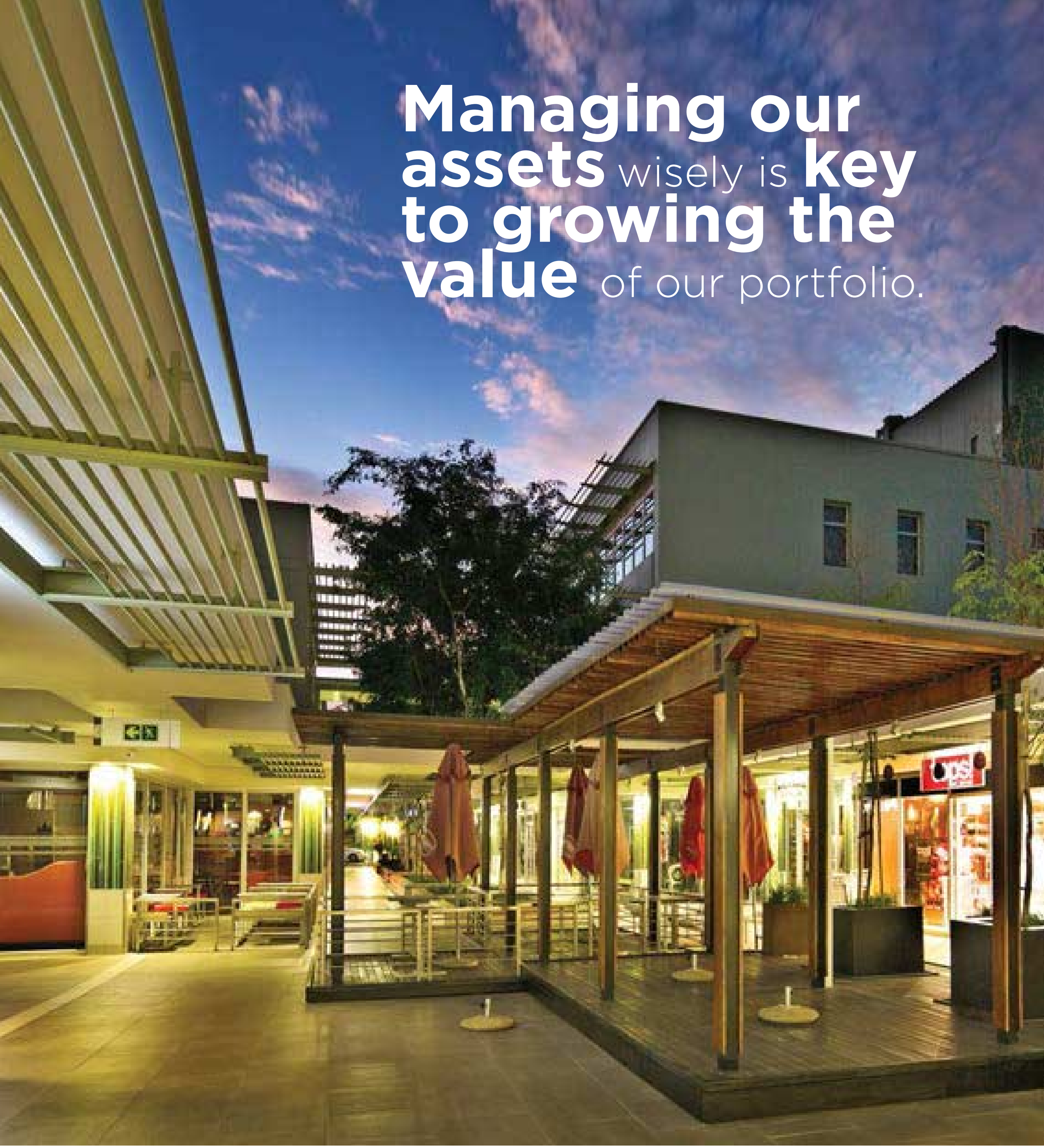
For more information on our green building initiatives, see page 118.

The majority of our tenants, 73.4% by GLA, are categorised as **'A', being large international and national tenants, listed entities, and government or major franchisees** (2015: 71.3%). These include, among others, Nedbank, Absa, Woolworths, Shoprite Checkers, Massbuild, Truworths and Edcon.

Smaller international and national tenants, categorised as 'B', such as The Pro Shop, Virgin Active, Planet Fitness and the Cape Union Mart Group, make up 19.8% (2015: 21.5%) of our tenancy.

The balance consists of approximately 417 **smaller tenants and sole proprietors (2015: 348 tenants), categorised as 'C'.**

Management puts considerable effort into the tenant mix of each property in order to mitigate risks and offer a superior shopping experience to our customers.



Glenfair Boulevard – Pretoria

Managing leasing and vacancies

Our in-house property and asset management team performs the management of leasing and vacancies, with a focus on long-term tenant retention. A number of our newer properties are single-tenanted with long-term leases, resulting in a relatively longer-dated lease expiry profile, as can be seen in the table below.

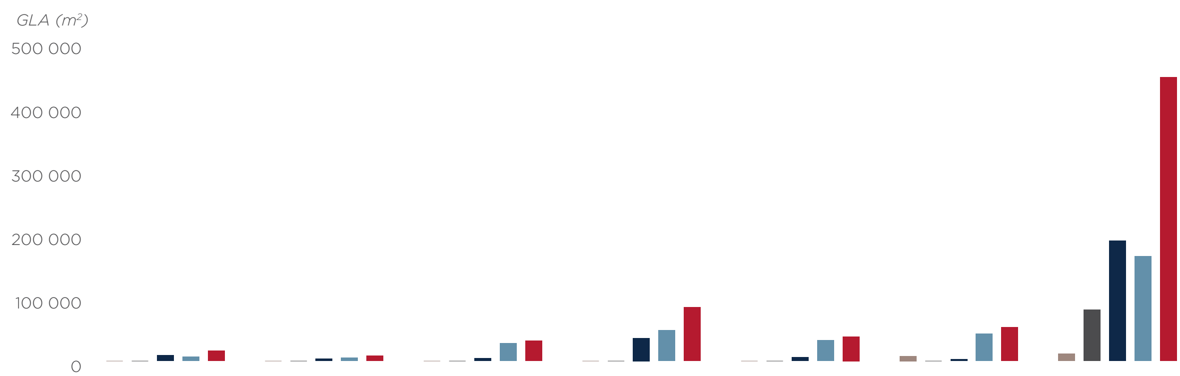
Lease expiry profile (by GLA and gross monthly rentals)

	Retail		Office and mixed-use	
	Primary GLA* m^2	Gross monthly rental R'000	Primary GLA* m^2	Gross monthly rental R'000
Vacancy	7 070	–	9 203	–
2016	4 987	974	3 516	626
2017	27 773	6 330	4 364	704
2018	48 668	7 587	36 184	6 078
2019	32 760	6 789	5 804	899
2020	42 747	7 725	2 732	399
2021+	164 606	29 138	189 170	28 829
Total	**328 611**	**58 543**	**250 973**	**37 535**

** Sectoral classification performed based on the primary GLA of each individual lettable area.*

During the year, 25 802 m^2 of leases expired, of which 23 144.8 m^2 (89.7%) was renewed, 128 m^2 (0.5%) sold, 2 021.3 m^2 (7.8%) was leased by new tenants and 507.9 m^2 (2%) remain vacant.

LEASE EXPIRY PROFILE



	Vacancy	2016	2017	2018	2019	2020	2021+
RETAIL	7 070	4 987	27 773	48 668	32 760	42 747	164 606
OFFICE	9 203	3 516	4 364	36 184	5 804	2 732	189 170
INDUSTRIAL	-	-	-	-	-	-	80 933
HOTEL	-	-	-	-	-	7 946	11 572
TOTAL	16 273	8 503	32 137	84 852	38 564	53 425	446 281
% of total	**2.4**	**1.3**	**4.7**	**12.5**	**5.7**	**7**	**65.6**

Industrial		Hotel		Total			
Primary GLA* m²	Gross monthly rental R'000	Primary GLA* m²	Gross monthly rental R'000	Primary GLA* m²	% of total	Gross monthly rental R'000	% of total
–	–	–	–	16 273	2.4	–	-
–	–	–	–	8 503	1.3	1 600	1.5
–	–	–	–	32 137	4.7	7 034	6.8
–	–	–	–	84 852	12.5	13 665	13.2
–	–	–	–	38 564	5.7	7 688	7.4
–	–	7 946	1 319	53 425	7.8	9 443	9.1
80 933	4 691	11 572	1 401	446 281	65.6	64 059	62.0
80 933	**4 691**	**19 518**	**2 720**	**680 035**	**100.0**	**103 489**	**100.0**

Vacancies

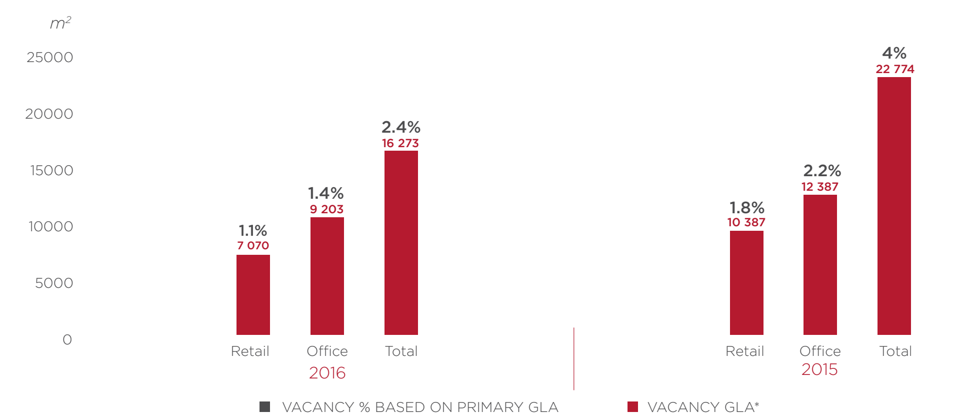
Managing our vacancies is fundamental to ensuring that our business is successful and profitable. The current economic challenges require our management team to be proactive in ensuring that our vacancy levels remain low. Vacancy levels in our portfolio have improved significantly to 2.4% (2015: 4%). Key highlights are:

- Water Research Commission leasing 2 472 m² at the Lynnwood Bridge Precinct in Pretoria; and
- new let to BOUNCE Inc (2 860 m²) at the Waterfall Lifestyle Centre.

We manage the portfolio proactively by staying in touch with our tenants regularly, the key focus being on the ever-changing needs of our tenants, and the objective being tenant retention and long-term relationships. We engage and keep in close contact with the property broker community to assist in sourcing new tenants. In addition, the team ensures placement of tenants through long-term relationships and direct enquiries.

The vacancy profile provided below reflects the vacancy percentage in terms of total GLA by sector, based on existing leases as at 30 June 2016.

VACANCIES



* *Sectoral classification performed based on the primary GLA of each individual lettable area.*

Rental escalations

Our portfolio delivered a weighted average rental escalation of 7.8% (2015: 7.9%) for the entire portfolio. The weighted average rentals per primary GLA as at 30 June and the weighted average rental escalations, based on existing leases, are as follows:

	2016		2015	
Sectors	Gross monthly rental R/m²	Weighted average rental escalation %	Gross monthly rental R/m²	Weighted average rental escalation %
Retail	182.1	7.5	152.4	8.4
Office and mixed-use	155.3	8.2	144.8	7.7
Industrial	58.0	7.1	53.4	6.2
Hotel	139.4	7.0	130.4	7.0
Total	**155.9**	**7.8**	**134.9**	**7.9**

Sectoral classification performed based on the primary GLA of each individual lettable areas.

Managing arrear debt

Arrear management is a challenge, given the current economic climate and the ever-increasing cost of occupancy for our tenants. With this in mind, we believe that upfront tenant credit checks and financial vetting go a long way towards ensuring that our arrears remain under control and below industry benchmarks.

In line with our philosophy of maintaining close relationships with our tenants and keeping abreast of their needs and business challenges, we believe we are able to manage the arrears effectively and in case of a default, to mitigate our losses as quickly as possible.

Breakdown of trade receivables	2016 R'000	2015 R'000	% movement
Current	37 478	14 750	154.1
30 and 60 days	4 390	12 872	(65.9)
> 90 days	9 242	12 109	(23.7)
Total arrears	**51 110**	**39 731**	**28.6**
Less: past due, considered to be impaired and provided for	(8 186)	(7 350)	11.4
Trade receivables	**42 924**	**32 381**	**32.6**
Net arrears[1]	5 446	17 631	(69.1)
Rental income	1 472 656	1 140 335	23.5
Total arrears (% of rental income)	3.0	3.1	–
Trade receivables (% of rental income)	2.6	2.5	–

[1] *Trade receivables, past due but not impaired.*

Managing our international portfolio

The size and diversification of our portfolio has the potential to create challenges for managing all of our assets effectively. As the portfolio grows and strengthens, this challenge requires further attention.

Atterbury Cyprus and Atterbury Serbia each have their own management teams. They conduct general management on the ground and report to us on a regular basis.

MAS is a JSE main board-listed entity in its own right, and Morné Wilken sits on the MAS Board, allowing us input into the management of MAS. In order to play an active role in this core asset, Peter de Villiers was appointed as a permanent invitee to the MAS Board and Investment Committee.

We manage all other assets in the international portfolio through regular reports from general management on site. We examine the performance of the operational assets in terms of income growth, vacancies, costs, the valuation of the asset, etcetera. Developments in progress are monitored in terms of costs, budgets, time to completion, letting status and valuation.

Recycling of capital

We disposed of our investments in Mauritius, the remaining 50% undivided share in the Great Westerford building and our remaining 10% interest in Atterbury. We also sold our interest in The Club, Geelhoutboom, Bishopsgate and over nine million shares in MAS. This allowed Attacq to release R1.3 billion in capital, which will be redeployed in higher-yielding development and investment opportunities that are available to us. For more information on how we manage and deploy our capital, refer to page 59.

Dimension Data – Waterfall

HUMAN RESOURCES

"We believe that the **passion and engagement of our employees are our most important differentiator.** By attracting and retaining talented employees, and through the application of their **diverse skills, capabilities and experience, we create sustainable value for Attacq and our stakeholders."**

Morné Wilken
Chief Executive Officer

At a glance

RELATED MATERIAL MATTERS	RELATED STRATEGIC PILLARS	RELATED BUSINESS MODEL COMPONENTS
Growing our people, processes and brand strategically	**GROW** Our long-term investment commitment continues to deliver exceptional, sustainable capital growth	9 Support

UNDERSTANDING OUR HUMAN RESOURCES

Our employees' knowledge, skills and engagement align with our strategy, values and habits, and enable us to perform and shape our future.

WHY IT MATTERS TO US

We believe that the calibre of our employees is a differentiator in an increasingly competitive property sector and, therefore, our human resources are an essential building block for creating and sustaining value. We recognise that to achieve our strategic objectives, we need an appropriately skilled and diverse team of employees who are motivated and dynamic. Refer to page 8 for our values and habits.

HOW WE MANAGE HUMAN RESOURCES

We develop our employees through investing in their personal and professional growth. To attract and retain exceptional employees, we recognise performance, invest in training and development, provide career opportunities and competitive remuneration. For more information on how we remunerate our employees, refer to page 143.

OUR HUMAN RESOURCE SCORECARD

	2016	2015	2014
Number of employees	94	77	69
Number of Directors	10	12	11
Number of Independent Non-Executive Directors	7	6	5
Total employee turnover (%)	19.5	18.9	21.9*
Value of gross assets per employee (R'million)	293.9	302.6	267.6
Training hours per employee	35.3	27.8	N/A

* *Excludes property and asset management employee turnover for the Attacq retail portfolio.*

- 94.3% of employees received training, an increase from 77% in 2015

LOOKING AHEAD

In 2017, we will focus on:

- the implementation of formal job profiles and defined KPIs, with a link to Company values and habits;
- employee development, which will be addressed through Personal Development Plans;
- periodically reviewing policies and processes to ensure continued improvement in productivity and efficiencies;
- creating opportunities for employees to develop, both personally and professionally; and
- pursuing further initiatives to promote employee wellbeing.

Invest in an engaged and aligned Group

Embedding our culture and values in a growing Group

Our growth over the last few years has been a good opportunity and an ongoing challenge that needs to be carefully and thoughtfully managed. We have grown from one full-time employee in 2012 to 94 employees at 30 June 2016.

	30 June 2016	30 June 2015
Total Group employees	94	77
Total gross asset value per employee	R293.9 million	R302.6 million

While this growth brought new talent, insight and energy into our organisation, our challenge is to preserve the entrepreneurial spirit upon which we were founded. Creativity and innovation are key for us, and we encourage it through the way we work. We operate on a flat structure with minimal hierarchy. We believe working like this creates value. This allows everybody to see the big picture, encourages interaction and increases communication between different parts of the organisation. By increasing the number of points of view regarding a problem, we stay agile and focused without losing the overall strategy.

Going forward, maintaining a connected and open culture remains a priority. An ongoing focus for our leadership is to maintain a corporate culture where every employee is a valued member of the team. To preserve this sentiment, several key initiatives were rolled out to ensure employees interact with one another on a regular basis.

Our values remain central to the way in which we conduct ourselves in the property sector. We believe our integrity drives our success, maintains our licence to operate, and sets minimum standards of behaviour for our people. Insider trading and anti-corruption training are included in the quarterly induction of new employees so as to further instill our requirements for the highest standard of ethical behaviour.

Appropriate training with regards to the JSE Listings Requirements, IFRS, governance and other regulatory compliance is also provided to our employees.

In 2015, we undertook a process to identify and define our values. We also defined the habits that support our values. During 2016, we made progress in ensuring these values and habits were entrenched across the Group. In June 2015, we conducted an employee breakaway in order to roll out our values and assist in ensuring team buy-in. Employee KPIs are linked to our values, which impact employees' Short-Term Incentives ("STI") to encourage behaviour aligned with our values. We also introduced awards for employees who demonstrated outstanding behaviour in exemplifying our values.

An ongoing challenge is to build fit-for-purpose policies, processes and systems in our evolving Group, while still maintaining the Group's entrepreneurial spirit and sense of community. During the year, policies were implemented to specifically address this challenge.

Strengthening the Group by focusing on diversity

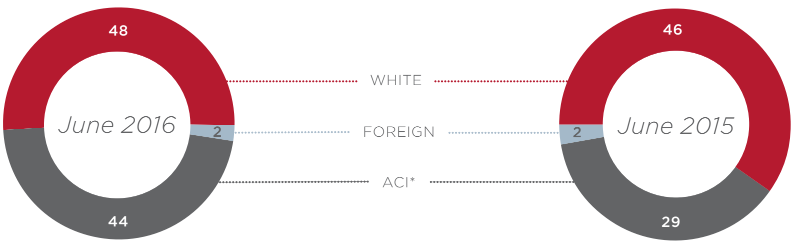
Attacq is committed to an inclusive culture that respects and embraces diversity. We aim to attract, develop and retain the most capable employees from all cultures, ethnicities, races, genders, sexual orientations, backgrounds and experiences. We believe that the pursuit of diversity is an opportunity to strengthen the Group as a whole. We continue our efforts to employ individuals from previously disadvantaged groups, and to improve gender representation, especially in our core skill areas and senior management.

The internalisation of certain functions, such as asset and property management, can result in onboarding of employees from other organisations that may not assist the achievement of our Employment Equity ("EE") targets. In addition, we are facing a skills shortage in our industry and the necessary skills are not always available in EE candidates.

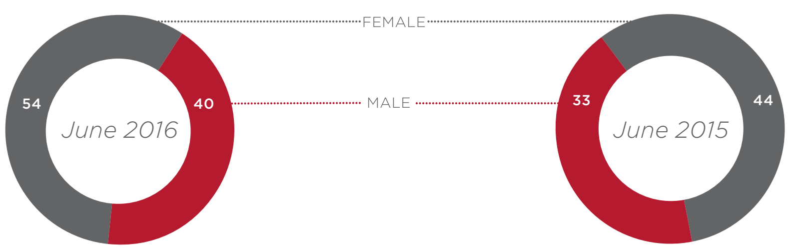
Despite these setbacks, we continue to advance our transformation objectives, increasing our EE (African, Coloured and Indian candidates) from 37.7% in 2015 to 46.8% in 2016. During the year, we reported on our EE policy, accompanying plan and the Group's EE performance for the second consecutive year to the Department of Labour.

An EE Committee was established in the previous financial year, which comprises employees and employer representatives. The representatives and management teams have been trained on EE matters and how the Group plans to meet its EE targets. The EE Committee is mandated with monitoring the implementation of the Group's EE plan, and addressing any concerns or opportunities regarding EE within the business. Both the TSE Committee, and the Remuneration and Nomination Committee ("Remco") oversee Company compliance with EE.

EMPLOYMENT EQUITY DISTRIBUTION PER NUMBER OF EMPLOYEES



TOTAL NUMBER OF EMPLOYEES BY GENDER



* *ACI: African, Coloured and Indian*

During the year, our total employee turnover was 19.5% (2015: 18.9%). For all resignations, exit interviews are held and action is taken accordingly. Recruiting and employing the right people remains a challenge in a growing company such as ours. A Long-Term Incentive ("LTI") Scheme was approved in January 2015 in order to retain employees. In addition, long service awards are given in five-years intervals.

Aligning our reward system to our strategic ambitions

We strive for a high-performance culture within the Group and, as such, performance reviews are an important tool in driving and rewarding performance. We completed the job profiling process, and aligned the KPIs for these job profiles.

Every year, 360-degree, formal performance assessments are conducted to provide employees feedback on their performance for the prior financial year. The assessments have behavioural criteria, role-related and Company-specific criteria. The assessments include a self-assessment, peer review and, in the case of managers, a subordinate review. These results are then tallied and used as the basis for the Group's STI Scheme. For employees who are not performing in line with expectations, we have a clear process to help pinpoint areas for development and identify training programmes and mentorship.

We participate in a market-related salary survey annually in order to benchmark salaries against the market. The results of the survey inform our remuneration offerings to employees. For more information on how the Group remunerates its employees, refer to page 143.

Develop a stronger Group by growing talented and diverse employee profile

We are committed to attracting, developing and rewarding a diverse and talented workforce with the goal of being an employer of choice, well known for the excellence of both our people and business practices.

Restructuring to support continued growth

We revised our organisational structure in order to better support our Company strategy. The Development Team was established as a result of the internalisation of the development function.

Engaging and developing our most valuable resource

Our flat structure keeps us entrepreneurial and aids our ability to make decisions quickly. This also poses a challenge in that employees may perceive the lack of promotional opportunity as a career limitation, when in fact, we believe it creates the opportunity to expand beyond traditional vertical growth. This will be done by expanding horizontally, encouraging creativity, innovation and growing knowledge.

"As part of my training and growth path, I was **afforded the privilege to manage more buildings as well as a bigger employee complement**. I was also awarded the opportunity to attend various courses."

Colette Curle
Property Manager

"I had the opportunity to grow from Financial Controller to Centre Financial Manager. **I am proud to say that I am part of the Attacq team** and the opportunities they give to their employees."

Jonel du Toit
Centre Financial Manager

We address this challenge by taking self-development seriously, making it a standard KPI for all job profiles. Our training approach offers in-house training and encourages employees to seek opportunities outside our immediate environment, thus exposing them to learning experiences that will increase our organisational knowledge and the intellectual resources of the Group as a whole.

We offer employees formal and informal training to ensure they are able to fulfil their roles. To meet the Group's training needs, we engaged with managers to understand the training needs of their division, both from a compliance and operational perspective. Thereafter, we assessed the areas of development that spanned across the Group. Following this engagement, identified areas were addressed through targeted and customised training interventions.

We follow the 70/20/10 principle, where we believe that 70% of the training should be on-the-job training, with 20% of the training taking place via mentorship and coaching, and the balance of 10% addressed through targeted and customised training interventions.

TOTAL TRAINING SPEND

R998 280

2015: R649 765

NUMBER OF TRAINING INTERVENTIONS

337

June 2015: 234

NUMBER OF TRAINING HOURS

2 890

June 2015: 1 587

TOTAL TRAINING SPEND PER EMPLOYEE

R10 620

2015: R8 439

NUMBER OF TRAINING INTERVENTIONS PER EMPLOYEE

3.6

June 2015: 3.0

NUMBER OF TRAINING HOURS PER EMPLOYEE

35.3

June 2015: 27.8

Grow and nurture a healthy work environment for our people

Thriving business relies on employees who have a sense of wellbeing and are healthy, motivated and productive.

Initiatives to support wellbeing include:

- financial wellness benefits, such as tax and financial consulting, a pension fund and Group life cover;
- emotional wellness initiatives such as regular employee functions to support milestones in colleagues' lives;
- cultural days to grow diversity awareness in the Group; and
- family functions to acknowledge the importance of family.

These include an internal fund for organised social events, allowing employees to interact and engage with one another as a larger team. We believe in acknowledging the personal lives of our employees, and we ensure that at least one session is held every month to acknowledge the milestones in the lives of our colleagues.

CREATING A TALENT PIPELINE

"Attacq partnered with Royal Bafokeng in a programme which creates sustainable economic growth through the provision of work experience and educational opportunities to suitable candidates. I was one of these candidates. After a year's work experience, I was approached by Attacq to move from a learnership position to become a Junior Building Supervisor for both Glenfair Boulevard and Lynnwood Bridge Office Park and Retail. After 20 months of hard work and mentorship, I was offered a promotional position as the Junior Operational Manager in Waterfall, the position that I currently hold. **In short, the opportunities afforded to me by Attacq have changed my life."**

Shadrack Sedumedi
Junior Operations Manager

SOCIAL AND RELATIONSHIP RESOURCES

"Attacq is continuously striving to be a good corporate citizen. We **invest in the development of our communities to grow the leaders** of tomorrow."

Danny Vermeulen
Transformation Specialist

At a glance

RELATED MATERIAL MATTERS	RELATED STRATEGIC PILLARS			RELATED BUSINESS MODEL COMPONENTS
Responding to the South African socio-economic landscape Growing our people, processes and brand strategically Building partnerships	**INVEST** As a capital growth property company, we deliver sustainable returns	**DEVELOP** A strong development pipeline, both local and abroad, creates sound investment opportunities	**GROW** Our long-term investment commitment continues to deliver exceptional, sustainable capital growth	1 Source 2 Assess 3 Secure 9 Support

UNDERSTANDING OUR SOCIAL AND RELATIONSHIP RESOURCES

Social and relationship resources refer to the networks or relationships we have with our diverse base of customers and communities, and our investors, financiers, business partners and governments that are central to the ongoing success of our business.

WHY IT MATTERS TO US

We understand that building relationships of trust with our stakeholders is key to the ongoing viability of our business, and we continue to drive internal focus on sustaining healthy relationships through constant meaningful engagement with those who affect and are affected by our business operations.

By listening and responding to our stakeholders' needs, we enhance our brand and ensure our business remains relevant.

OUR SOCIAL AND RELATIONSHIP RESOURCES SCORECARD

- 366 employee hours and R6.5 million (2015: R4.9 million) spent on community investment, reaching more than 2 000 beneficiaries
- Introduced our new website
- Launched new brand to clarify our market position
- Scored 89% on our overall CSI purpose (industry average is 65%)
- Scored 46% on strategy development (industry average of 38.9%)

LOOKING AHEAD

In 2017, we will focus on:

Corporate Social Investment

- contributing positively to educational and training initiatives, as we believe this is the most important way to create and sustain long-term value for our community at large;
- reviewing and improving our current CSI strategy and ensuring that we set ourselves specific objectives and KPIs to reach; and
- setting internal targets related to social and relationship resources elements.

Stakeholder management

- creating a platform on the website whereby stakeholders can provide feedback;
- implementing an employee engagement survey; and
- launching a tenant survey for commercial and mixed-use properties to assist in identifying and addressing tenants' needs.

Invest in effective communication with our stakeholders

We are committed to creating and maintaining profitable stakeholder relationships that assist in creating and sustaining shared value. With the ongoing competition in the property market, we understand the need to constantly ensure that our stakeholders are on board with our strategy and direction. Continuous engagement and investment in our stakeholders' wellbeing are a key priority for the continued success of our business.

Stakeholder engagement and communication are actively managed across the Group using various channels and platforms, both formal and informal, to drive meaningful engagement with all of our key stakeholders. Our engagement methods are set out on page 21.

STAKEHOLDER	STRENGTHENING OUR CONNECTEDNESS: STAKEHOLDER CONCERNS AND HOW WE ADDRESS THEM
Employees	**Fair remuneration:** We continually strive to be transparent with employees regarding how they are remunerated, and ensure the link between performance and remuneration is clear. We annually participate in a market-related salary survey to benchmark our Guaranteed Total Package ("GTP") against the market. **Training and development:** We offer employees formal and informal training to ensure they are able to fulfil their roles. **Career development:** We have a flat structure with little hierarchy, and employees may perceive the lack of promotional opportunity as a demoralising factor. As a result, we strive to continually inform employees of the opportunities for them to grow and expand horizontally. **Addressing concerns:** The Group has an Employee Representative Committee that deals with employee concerns and wellbeing in general. An employee's first port of call is their line manager. Concerns raised directly with human resources are escalated to the line manager and Exco. In addition, employees have access to the anonymous whistle-blowers' hotline.
Shareholders and investment analysts	**Financial performance, access to information and senior management:** We continue to share our strategy with our stakeholders and the investment community, and make management and information available as and when appropriate.
Financiers	**Adequacy of security and our ability to service debt, credit quality of our tenants and the calibre of management:** There is constant engagement between us and our financiers, including the provision of information on an ongoing basis to demonstrate the value of our security and our continuing ability to meet obligations. Management meets with financiers regularly to provide them with an update of our progress, the implementation of its strategy, and how we manage our tenants.

SOCIAL AND RELATIONSHIP RESOURCES continued

STAKEHOLDER	STRENGTHENING OUR CONNECTEDNESS: STAKEHOLDER CONCERNS AND HOW WE ADDRESS THEM
Government (national and local), municipalities and regulators	**Contribution to and management of infrastructure:** We engage regularly with government, regulators and improvement districts to ensure our developments are supported by the appropriate infrastructure. This includes detailed traffic impact assessments. **Payment of taxes:** We remain committed to ensuring we have the highest levels of compliance regarding all legislation, including taxation legislation.
Property brokers	Property brokers' main concerns are **fair commission and availability of information.** We see working with property brokers as an important partnership, and we treat them fairly.
Tenants	**Cost of occupation:** We continually invest in cost-saving initiatives in respect of power and water. We remain committed to using green building principles in our developments. **Safe and secure environment:** Through continual engagement with tenants and security experts, we strive to remain on the cutting edge of centre security. **Tenant mix:** Ensuring the right tenant mix, is key to both consumers and tenants. We carefully manage the tenant mix and engage with our tenants to address their concerns in this regard. **B-BBEE compliance:** We actively monitor our B-BBEE compliance and plan ahead for any adverse impacts that may affect the Group.
Consumers	**Safe and secure shopping environment:** We provide visible security at retail sites, with efficient response through the media and other channels relating to safety incidents. **Engaging with consumers:** We offer multiple communication platforms and services directly to the shopper, i.e. electronic and manned information kiosks. We market promotions and events through multiple media channels, e.g. newsprint and radio spots.
Local communities and civil society	**Impact of developments on infrastructure and access:** We engage with local communities and government to ensure our impact on local infrastructure is positive and that the local systems can support our developments. Where necessary, these systems are upgraded to support our developments. **Positively contributing to local communities:** We believe that being socially relevant is an important part of an organisation's sustainability. We support local charities, employee volunteerism, and a range of enterprise and supplier development initiatives. We continuously monitor our impact on communities and adapt our involvement accordingly.

STAKEHOLDER	STRENGTHENING OUR CONNECTEDNESS: STAKEHOLDER CONCERNS AND HOW WE ADDRESS THEM
Suppliers and service providers	**Fair and transparent tender processes and reasonable payment terms:** We ensure that effective and efficient processes are in place and applied in the selection of suppliers and service providers, as well as for the assessment, certification and payment of suppliers.
Development partners	At the Waterfall precinct, we have access to secure development rights for future **partnerships with developers on a fair and equitable basis.**
Media	**Positive media engagement has resulted in good coverage.** A few media highlights include the opening of the Mall of Africa, rebrand of Attacq, interim and annual results presentations and expansion of the Attacq Waterfall footprint. Attacq is followed well by leading financial, property, investment and news media. It is important to note that the only negative coverage in the media were related to the taxi dynamics around the Mall of Africa and did not relate to the Attacq corporate brand.
Competitors	**Attacq is well positioned against its competitors** in the media. Amdec Group, Atterbury, Abland and Growthpoint Properties Limited ("Growthpoint") enjoy strong development media coverage and are seen as sources of quality industry opinion. Pivotal Property Fund Limited is positioned as a competitive capital growth fund and investment business, while Zenprop enjoys a strong comparative media and social media following for their developments across South Africa (particularly in the Sandton business node), UK, Germany and Australia.

Develop our brand

Ensuring our brand is communicated consistently and congruently in the marketplace is key to our success. During the year, we embarked on a campaign to develop and implement an integrated marketing communication strategy. This included the launch of a new brand design on 5 July 2016, to effectively communicate our vision to the market.

The refreshed brand boasts a new colour palette dominated by red and grey, denoting confidence in our future sustainability, and is akin to the investment leadership position we have carved for ourselves. The modern and vibrant logo supported by an equally recognisable icon element identifies and differentiates Attacq in the real estate segment and the investment world.

The new brand resonates with our creative approach to business and is supported by our business philosophy of Invest, Develop and Grow.

Grow key relationships through meaningful investment

We understand the importance of maintaining our social licence to operate in order to secure the long-term viability of our business. We are committed to creating and maintaining profitable stakeholder relationships that assist in creating and sustaining shared value.

Social Economic Development

Our communities are of utmost importance to our organisation as they provide both the human resources needed to operate efficiently, and the market in which we operate. We understand that growth and stability in our surrounding communities means growth and stability within Attacq. Development of struggling communities also provides strength in the market and, as such, greater opportunities for business. However, contributing to this growth in the most beneficial manner in order to foster sustainable positive impact is an ongoing challenge.

The Attacq Foundation was established to address this challenge and to serve our surrounding communities. It was awarded non-profit organisation and public benefit organisation status, enabling the Foundation to function as a tax exempt organisation and to secure third party funding, thereby enhancing our social impact.

Our initiatives have ensured that our beneficiaries increased to 240 (2015: 53). These initiatives included:

- **Pre-primary level:** Established the Bana ba Rona Early Childhood Development Centre in Villa Liza, Boksburg for 75 children.
- **Secondary school level:** Through Columba Leadership, a contribution was made to the Charlotte Maxeke Secondary School, which saw our programme beneficiaries increase from the initial 12 learners and three educators to 53 scholars and three educators. In addition, our 2016 Columba Leadership funding was used to fund the final class at the Phomolong Secondary School for 12 scholars and two educators, which was nearly cancelled due to a funding shortfall from another donor.
- **Higher education:** Through the Atterbury Trust, we continued to fund 11 students with bursaries for post-matric programmes (2015: 11 students).

Enterprise and Supplier Development

As the business environment of South Africa continues to remain uncertain, economic growth and stability are ongoing concerns. We believe that small businesses are essential for strength and stability in the economy. As small businesses find success, larger companies and corporations begin to prosper. We understand our role in supporting Small to Medium-sized Enterprises ("SME") for the benefit of Attacq and South Africa as a whole.

Attacq established the Group ESD Proprietary Limited to function as a social enterprise vehicle that aims to empower SMEs through training and resource development. Furthermore, the aim is to generate profits and declare it to its 100% shareholder, the Attacq Foundation, as dividends.

We believe that supporting Enterprise and Supplier Development ("ESD") is a key way in which we can meaningfully create change in South Africa. We continued our partnership with Property Point – established by Growthpoint – for significant enterprise development that delivers real, industry-specific results. Through this programme, we sponsor 17 SMEs. The objective is to collaborate in order to maximise meaningful transformation in the property sector by growing small business.

The programme runs over two years and culminates with a graduation ceremony for qualifying SMEs in November 2016. The programme's aim is to develop the SMEs to be supplier ready, and includes SMEs in various trades, ranging from painting and electrical contractors, to air conditioning contractors, and landscaping contractors, among others.

We are committed to supplier diversification and continuously consult our Transformation Specialist to identify opportunities for SME participation, in particular those SMEs graduating from the various enterprise development programmes in which the Group is involved. The results, to date, have been positive and business linkage opportunities resulted in four of these contractors participating in various projects in Waterfall and Newtown, including the development of Mall of Africa.

CREATING JOBS THROUGH ESD

After showing great potential as a landscaping contractor, **Kopano Ke Lesedi was recommended for Attacq's first Property Point intake during the development of Newtown Junction.** Since being trained by Property Point, Kopano has achieved a 46% growth in turnover. Furthermore, she was appointed as a subcontractor to various projects at Waterfall City, including the Mall of Africa, **creating three new jobs in addition to her existing staff complement of 10.**

During the year, two intakes for courses occurred: the Property Point enterprise development programme and the updated programme, now referred to as the Property Point enterprise and supplier development course.

INITIATIVE AND DATE STARTED	**Property Point Programme Intake 1** Programme aimed at enterprise development. Started January 2015 and ends November 2016.	**Property Point Programme Intake 2** Updated programme aimed at enterprise and supplier development, ensuring that all participants are given an opportunity within the Attacq supply chain. June 2016 – June 2017
OBJECTIVES	To provide the beneficiaries with training and support aimed at business development and growth.	
HOW ATTACQ IS SUPPORTING THE PROGRAMME	Attacq provides initial funding and ongoing mentorship and employee participation.	
HIGHLIGHTS	The participants collectively achieved revenue growth of 35% to R24.6 million. The combined businesses created 34 full-time employment opportunities.	This programme is still in its early stages.

	Property Point Programme Intake 1	Property Point Programme Intake 2
CHALLENGES	Unconditional support to the SMEs is not guaranteed, and they are subject to continuous and rigorous performance reviews. The programme sets an agreed-upon minimum standard of participation and performance, failing which may result in a beneficiary being removed from the programme; as was the case with two participants who, after numerous unsuccessful interventions, failed to meet the minimum criteria.	No significant challenges experienced at this point of the programme.
LOOKING AHEAD	We look forward to the remaining eight participants graduating from the programme in November 2016.	Nine participants are trained and mentored with the goal of ensuring that they are afforded supplier opportunities within our supply chain.

Corporate social investment and employee participation initiatives

As mentioned earlier, we believe that we are afforded an opportunity to conduct our business in South Africa by the community at large and, as such, we regard CSI as an imperative in order to maintain our licence to operate. The Group engages at a head office and mall level. The outreach efforts by our individual malls offer an opportunity to connect with the surrounding communities, while making a contribution.

During the year, the Group invested 366 hours of employee time in CSI participation, reaching more than 2 000 beneficiaries. Our CSI programme creates and sustains value internally by providing a platform for our employees to participate in the establishment of a better South Africa, and this ensures that broader community awareness is garnered. For more information on our CSI initiatives, refer to our CSI supplementary report, available at www.attacq.co.za/investors/csi_overview_2016.pdf.

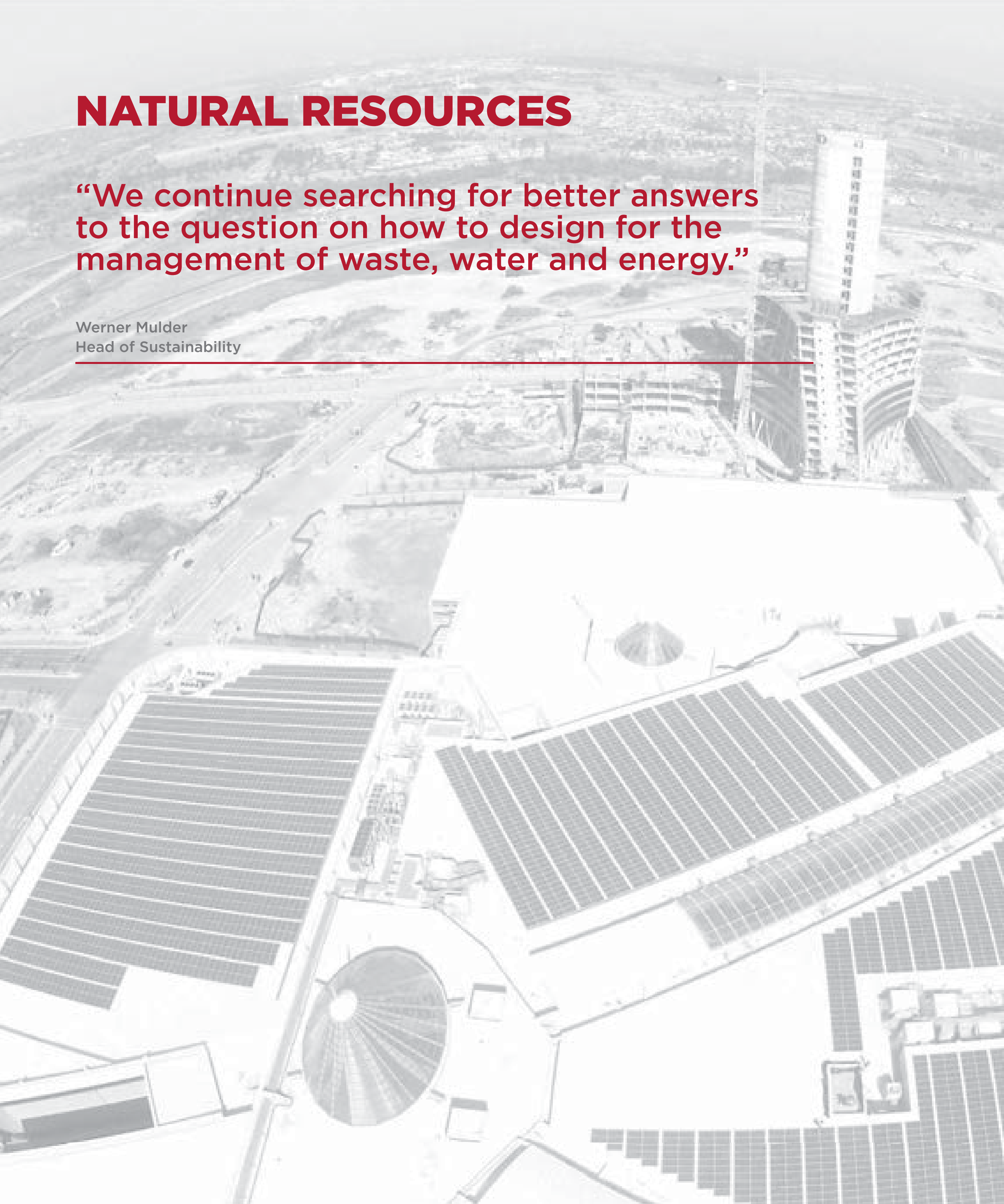
We are a Nation Builder member and know that CSI is not only about giving to the community, but also about being responsible in making sure that our giving actually makes a lasting and sustainable difference.

Through our membership, we also monitor ourselves for year-on-year improvement, collaborating with and contributing to other industry leaders along the way. The analysis of our CSI strategy, with the use of the Good Giving Benchmarking Tool from Nation Builder, resulted in a score of 89% on our overall purpose (industry average is 65%). We achieved 46% on strategy development and, although this result is higher than the industry average of 38.9%, we view this as an area that requires further improvement.

NATURAL RESOURCES

“We continue searching for better answers to the question on how to design for the management of waste, water and energy.”

Werner Mulder
Head of Sustainability



NATURAL RESOURCES continued

At a glance

RELATED MATERIAL MATTERS	RELATED STRATEGIC PILLARS			RELATED BUSINESS MODEL COMPONENTS
Responding to the South African socio-economic landscape Ensuring optimal capital growth	**INVEST** As a capital growth property company we deliver sustainable returns	**DEVELOP** A strong development pipeline, both locally and abroad, creates sound investment opportunities	**GROW** Our long-term investment commitment continues to deliver exceptional, sustainable capital growth	1 Source 2 Assess 3 Secure 5 Develop 6 Enhance 7 Evaluate

UNDERSTANDING OUR NATURAL RESOURCES

Water, waste and energy are natural resources we use and on which we have an impact in our day-to-day business. Natural resources, like our other resources, are central to our ability to sustain our business in the short, medium and long term.

WHY IT MATTERS TO US

We understand and acknowledge our interaction with renewable and non-renewable resources of the natural environment. In order to continue delivering sustainable capital growth to our shareholders, we have to understand our impact on this resource and aim to reduce or offset any negative impact while exploring opportunities to create and sustain value. The way we design for, manage and consume water, electricity and waste influences:

- the cost of ownership of our buildings to Attacq and our tenants;
- our ability to operate when faced with constrained water and electricity supply; and
- our impact on the environment.

HOW WE MANAGE OUR NATURAL RESOURCES

The Board monitors strategy implementation and performance targets and related risks and opportunities. These responsibilities have been delegated to the TSE Committee. The roles and responsibilities of the TSE Committee include driving environmental responsibility and sustainability matters, and formulating and implementing a green policy throughout the Group. Werner Mulder, an existing employee, was appointed as Head of Sustainability during the past year.

OUR NATURAL RESOURCES SCORECARD

	2016	2015	%
Carbon footprint (tCO_2e)	168 907	153 283	10.2
Renewable energy project pipeline[1] (kWp)	5 909	4 755	24.3
Renewable energy generating-capacity (kWp)	91.2	–	N/A
Waste recycled[2] (t)	1 042	574	81.5

[1] *Projects approved, not yet operational.*
[2] *Waste recycled represents total waste not diverted to landfill.*

LOOKING AHEAD

In 2017, we will focus on:

- increasing our renewable energy capacity;
- actively measuring and managing electricity and water consumption as well as waste generation of all our buildings; and
- applying green building standards on all developments.

Inverters at Mall of Africa's PV system – Waterfall City

Invest in a sustainable model for managing natural resources across the Group

As a growing organisation, we rely on a number of natural resources to grow and sustain our business. As a relatively new focus, however, measuring our use of and impact on these resources in order to develop rigorous and realistic targets and plans for improvement has been a challenge.

In identifying this challenge across the portfolio, an opportunity exists to develop a holistic, ground-up approach to managing our natural resources that seeks to build several layers of capability:

Management operating system to ensure monitoring and management

Execute projects | Set new standards and specifications

Set informed goals and targets

Identify opportunities through a cost versus benefit analysis

Baseline performance

Our first priority was to establish a baseline across all our buildings in order to identify opportunities for improvement. Opportunities were ranked based on a rigorous cost benefit analysis. This is an ongoing activity that will bear fruit in future. Thereafter, goals and targets can be established. Projects which meet our agreed goals and targets will then be executed, and new standards and specifications for our buildings can be set. Once all these steps are in place, an integrated management system can be designed and implemented to ensure the monitoring and management of natural resources across the Group.

We completed our second annual carbon footprint assessment. This allowed us to identify trends and benchmarks across our portfolio to identify areas of improvement regarding building performance, focusing on electricity and water usage, waste management, and our general carbon footprint. Our first example is MooiRivier Mall, which had the highest carbon footprint in the Attacq portfolio for 2015. In the past year, 4 600 lights were retrofitted with units that are approximately 60% more energy-efficient, and a PV plant was built on the roof of the mall that will reduce its carbon footprint by a further estimated 8%.

Develop internal structures and capabilities to manage our natural resources

As we continue on our journey towards truly integrated thinking, actively considering our use of various resources, their cost and impact on our business, operations and environment, we continue to identify areas for improvement in order to strengthen the integration of these resources into our decision-making processes. A number of sustainability strategies implemented in the past were neither centrally managed nor coordinated effectively. This resulted in the pursuit of initiatives that did not necessarily all contribute to a Group-wide benefit.

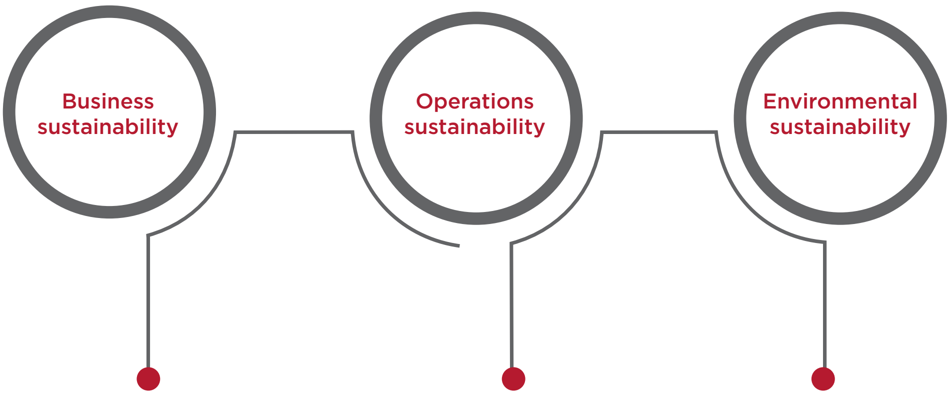
To remedy this and leverage opportunities to have impact through scale, workshops with executives were held during the year to determine the key drivers and priorities for sustainable business. Subsequently, our management and governance strategy was significantly altered and a three-year plan was approved.

The Group reorganised and dedicated a senior resource, Werner Mulder, as Head of Sustainability, to focus on natural resources. Attacq Energy was created as a wholly owned subsidiary of Attacq with a dedicated focus to develop, own and manage renewable energy solutions across our portfolio.

Grow our environmental sustainability

Our environmental sustainability is built around four important drivers:

1. **Business sustainability:** Cost effectiveness and efficiency of our buildings
2. **Operations sustainability:** Continuity of utility supply through interruptions of service delivery
3. **Environmental sustainability:** Being environmentally responsible
4. **Comparing and benchmarking:** Our performance over time and across our portfolio is compared and benchmarked against the market to ensure we provide a compelling offering to existing and future tenants



This refers to any savings in operational costs due to more efficient design and operation of our developments

- Energy efficiency
- Water efficiency
- Waste management

Key question:

Are we operating at as low a cost as possible (in terms of water, energy and waste)?

This refers to our directly held buildings being able to operate during interruptions of service delivery and utility supply

- Back-up power for a range of realistic scenarios (not only for load shedding)
- Continuity water plans
- Continuity waste plans

Key question:

How long can we operate when we lose key services?

This refers to the impact our business activities have on the environment and include

- Green strategy
- Carbon footprint
- Light pollution
- Energy efficiency

Key question:

Are we environmentally responsible?

Cost effectiveness and efficiency of buildings

We believe that focusing on green development is a question not only of ethics, but also a sound business decision. Green design, although a higher capital investment upfront, reduces total operating costs and results in long-term savings. This is especially true in the South African context as we face potential carbon taxes, stricter regulations and rising utility costs and constraints, with the supply of electricity being a particular concern. In light of these challenges, green design can help mitigate our risk.

We are seeing an increasing demand from tenants for green buildings, especially from international companies from countries where it is mandatory to disclose levels of building performance. Although disclosure in South Africa is voluntary, pressure is on the rise.

In pursuing green building best practice, we considered various building rating systems. The green building rating system creates a benchmark for buildings around the world to measure against the norm and understand a building's relative impact. The system is also useful in guiding the design and construction teams.

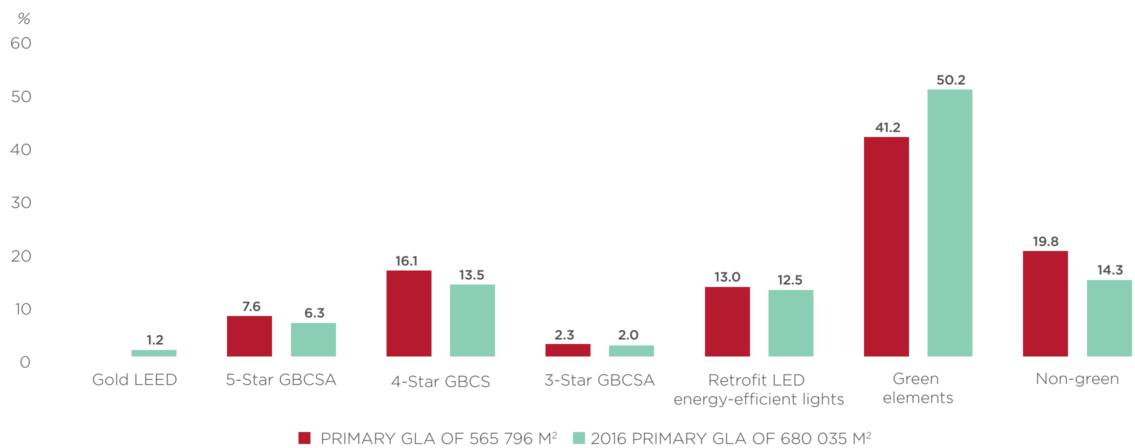
After careful assessment, we decided to make use of two green building rating systems, depending on our tenant needs. In this way, we are able to make our buildings as competitive as possible.

These two systems are:

The GBCSA's Green Star rating system to recognise and reward environmental leadership in the built environment. This rating system is based on the Australian system and has been customised for the South African context. A scale from three to six stars is used, six being awarded for the highest level of compliance.

The LEED system, as an internationally recognised set of criteria for the design, construction, operation and maintenance of green buildings, which recognises and rewards best-in-class building strategies and practices. Buildings are rated and awarded a Silver, Gold or Platinum status.

GREEN RATINGS (by design)



We set a green building standard for all our new developments to ensure that all buildings designed conform to minimum efficiency standards equal to a 4-Star GBCSA or a Silver LEED rating. The additional 127 198 m² primary GLA added to our portfolio during the year, from the eight buildings that we completed, were rated under green elements due to the fact that they were not formally rated. Should a tenant require a building to be rated, the formal GBCSA or LEED rating process can be performed. During the year, the Novartis building, completed during 2015, was awarded a Gold LEED rating.

NOVARTIS HEAD OFFICE LEADS THE WAY IN ENVIRONMENTALLY RESPONSIBLE DESIGN

"We are proud of the LEED certification of our new Novartis Building. This is an achievement in line with our Attacq urban design principles."

Morné Wilken,
Chief Executive Officer

The Novartis head office building in Waterfall was completed in 2015, and features several design elements and technical installations that contributed to ensuring the building achieved a LEED Gold rating in 2016.

The Novartis head office achieved its certification for the implementation of practical and measurable strategies and solutions in the creation of a sustainable building, including water savings, energy efficiency, materials selection and indoor environmental quality.

Water savings

The rainwater harvesting system, alongside water saving fittings, aided in achieving an overall water use reduction projection of 72.3% for the project. The building's water-efficient fixtures include lavatories and showers fitted with water saving sets (aerators) for low flows, low-dual-flush toilets and low-flush urinals. The building also installed a system to harvest rainwater that is used for toilet flushing. In total, these measures will reduce the building's water consumption by approximately 2 million litres per year. Water-wise gardening is also a key feature of the building to further reduce water consumption.

Energy efficiency

The Novartis building has incorporated the following elements to improve energy efficiency:

- High-performance glazing on all facades combined with solar shading
- Energy-efficient lighting with occupancy sensors
- Renewable energy systems using 294 PV panels on 700 m^2 of the roof, producing an estimate of 147 000 kWh of energy annually

This contributed to the building being approximately 39% more energy-efficient with renewable energy-contributing a further 10.8% of total projected energy use. A thermal ice storage system was installed to reduce peak demand load by shifting some peak power demand to off-peak periods. This resulted in further energy cost savings.

Material selection and indoor environmental quality

The team also focused on material selection, heat island effect reduction to minimise impacts on the microclimate, day lighting, indoor air quality and thermal comfort, which will inherently contribute to the building's energy and water savings.

The net result is a remarkably efficient building for both the tenant and Attacq, demonstrating our pragmatic approach to sustainability.

Continuity of utility supply

All our properties depend on water and electricity supply and, less visibly, on waste removal to be able to continue operations. While South Africa is struggling to deal with business disruptions caused by power outages, we predict water supply to become a key concern going forward, with both local water infrastructure and national water supply under pressure.

Our focus on sustainability has to go beyond our desire to reduce our impact on natural resources. It includes a desire to find sustainable ways of operating in this challenging context. By focusing on reducing water and electricity consumption, while improving back-up water and power facilities in Attacq-owned buildings, we create resilient buildings that are cost-effective, yet can operate when water and electricity supplies are under constraint, placing us ahead of our competitors.

Novartis – Waterfall City

WASTE MANAGEMENT AT THE MALL OF AFRICA – IT IS NOT WASTE UNTIL IT IS WASTED

Our focus on environmentally responsible practices extends beyond the design and construction of new buildings to include the operation of these assets.

At the Mall of Africa, where more than 100 tonnes of waste is generated every month, waste management is a top priority. There is a continuous drive to reduce the waste generated by tenants in the mall, and any waste that is generated is actively managed by recycling as much as possible.

Major environmental benefits accrue through the process of waste minimisation and the recovery and recycling of waste materials. Environmental benefits, as calculated by Don't Waste, at the Mall of Africa achieved during May and June 2016 include:

CO_2 SAVED (m^3)
337 105

kW/h OF ENERGY SAVED
1 599 713

LITRES OF WATER SAVED
4 119 496

NUMBER OF TREES SAVED
2 680

Over the past months, there has been a remarkable improvement in the percentage of both recycling and disposal. Over the initial two months required for full site set-up, the percentage of recycling related to disposal stayed fairly constant at approximately 50%. However, once the site was up and running, there was a significant increase in the recycling percentage. As this increasing trend of recycling continues, we anticipate that the average will improve further from the current 63%.

We implemented waste management and recycling projects for all of the buildings in our directly held portfolio, resulting in a total of 3 627 tonnes of waste being handled (increased by 24.7% from 2 909 tonnes in 2015). More importantly, total waste recycled increased by 81.5% to 1 042 tonnes (2015: 574 tonnes).

Co-generation and reduction in carbon footprint

We have taken a policy decision to pursue sensible energy projects that make economic and environmental sense to the Company and its tenants. The scale of our portfolio and the size of some of our properties is creating the opportunity for renewable energy projects in Attacq; most notably PV systems.

Attacq Energy was created during the year to focus on developing a portfolio of PV systems. This resulted in the development of a significant pipeline of PV projects. Once in operation, the PV systems are expected to generate one-eighth of the current electricity energy demand of our directly held buildings. The pipeline includes PV projects in the following stages of development:

1 305 kWp
DESIGNED AND WAITING FOR APPROVAL

4 905 kWp
UNDER CONSTRUCTION

TOTALS
7 305.2 kWp
OF PV SYSTEMS

1 004 kWp
COMPLETED IN JUNE 2016, NOT YET OPERATIONAL

91.2 kWp
IN OPERATION

Some highlights with regard to our renewable energy projects include:

- Attacq's first PV plant, 91.2 kWp at Novartis, Waterfall, became operational in August 2015. The plant generated 135 450 kWh in the year, providing one-eighth of the building's total electrical energy demand.
- Our first PV plant on a mall, a 1 004 kWp system at MooiRivier Mall, was completed in June 2016. It will supply 10% of the mall's total electrical energy demand. In the previous financial year, MooiRivier Mall was the building with the largest carbon footprint in the Attacq portfolio. It is estimated that the PV plant will reduce the carbon footprint of the mall by 8%.
- We commenced with the construction of a 4 755 kWp rooftop PV plant in March 2016 on the Mall of Africa. This will significantly reduce the carbon footprint of the mall (saving an expected 8 200 tonnes of carbon per year once in full operation in 2017) and reduce the dependence of the mall on Eskom for electricity.

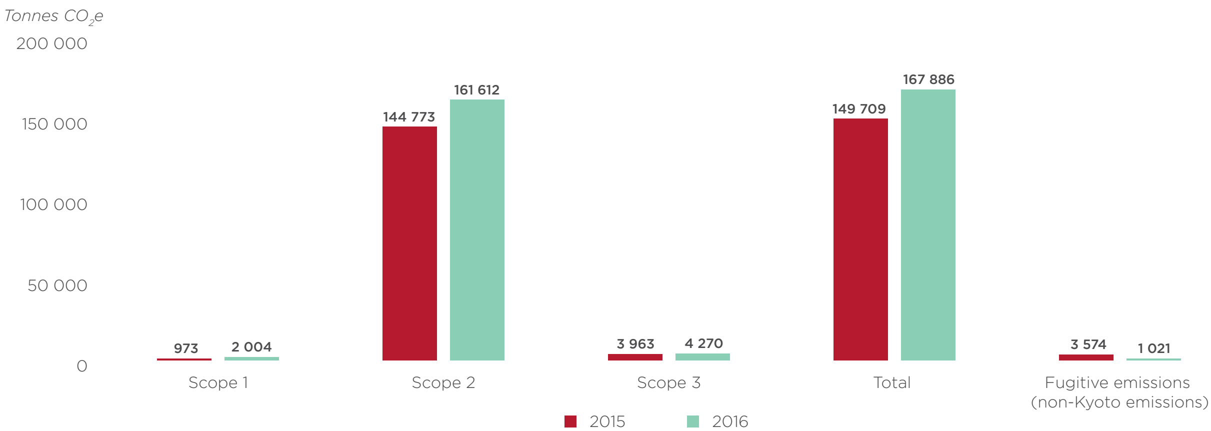
Compare and benchmark our carbon footprint

By understanding our carbon and environmental footprint and our water and electricity consumption at a portfolio and an individual building level, we hold ourselves accountable to develop and operate buildings efficiently, using as little water and electricity as is practical. This reduces the costs and environmental impact of our buildings and makes it easier to provide the necessary measures to continue operations during power and water interruptions, ensuring that our properties and developments remain attractive and competitive.

Our carbon footprint assessment includes scope 1 direct emissions (refrigerant gases, mobile and stationary consumption), scope 2 indirect emissions (electricity purchased) and scope 3 indirect emissions (business travel, employee commute, purchased water and waste generated in operations).

The biggest driver behind our carbon footprint remains electricity consumption, which is increasing with our growing portfolio. This has fuelled our focus on renewable energy projects.

CARBON FOOTPRINT



PV system at Mall of Africa – Waterfall City

GOVERNA
AND
ACCOUNTA

NCE

ABILITY

CORPORATE GOVERNANCE REPORT

The Board believes that achieving the **highest standards** of **corporate governance** is key to **achieving** the Group's **vision and strategy**, and **creating and sustaining value** for the Group's **stakeholders**.

Commitment to compliance

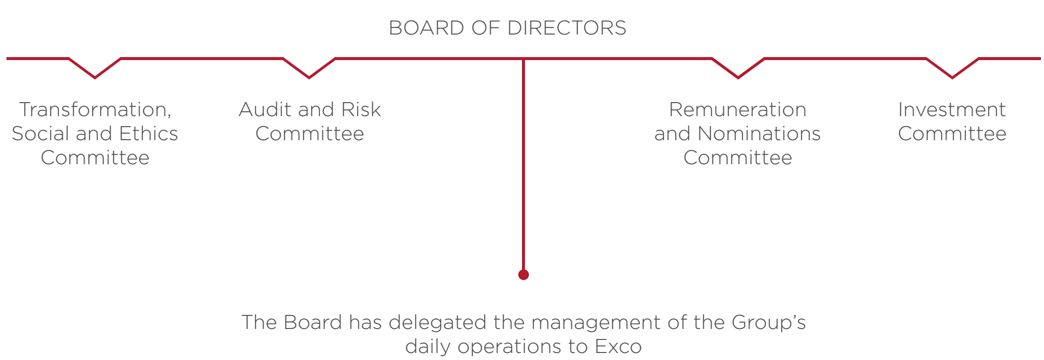
We are committed to complying with all legislation and regulations applicable to our business including, but not limited to, the Companies Act, JSE Listings Requirements and the recommendations of established corporate governance frameworks, such as King III.

The Board recognises the need to conduct business in accordance with the principles of King III. These principles include discipline, independence, fairness, social responsibility, transparency and the accountability of directors to all stakeholders. We strive to meet these objectives as set out in King III. Refer to our website (www.attacq.co.za/investors/King_Code_Corporate_Governance_2016.pdf) for the detailed King III checklist which includes our compliance with the principles. We applied the principles of King III throughout the financial year and elected to explain the principles that are not applied.

We continue to monitor the development of King IV, and are committed to compliance once the code is in effect.

Governance framework

We seek to maintain strong corporate governance structures and processes by working within a clearly defined governance framework, enabling the delivery of sustainable growth to all our stakeholders. The governance framework establishes a Board subcommittee structure that supports the Board in the execution of its duties. The Board has delegated specific authority to each subcommittee while enabling elective control and preserving its accountability. Roles and responsibilities for each committee are defined in the Board-approved Terms of Reference of the committees. The Board delegates authority to Exco to manage the business and affairs of the Group.



Board of Directors

Overview

The Board is of the view that sound governance practices are fundamental to earning the trust of stakeholders, which is critical to sustaining performance and preserving shareholder value.

The Board is the highest decision-making body in the Group. It approves the Group's strategy, and ensures that it is aligned with the Group's values. The Board monitors strategy implementation and performance targets as well as any risks involved in the implementation of the strategy. It is collectively responsible for the Group's long-term success.

The Board is accountable to shareholders and strives to balance the interests of the Group and those of its various stakeholders. The Board meets at least four times per year. *Ad hoc* Board meetings are held as and when required to plan and review strategy, financial performance, resources, operations, risk, capital expenditure, reporting and compliance matters, standards of conduct, transformation, diversity, employment equity, human resources and environmental management.

A clear division of responsibilities between the directors is maintained to ensure that no single director has unfettered decision-making powers.

Board composition and independence

As at 30 June 2016, the Board consists of seven Independent Non-Executive Directors, one NED and two Executive Directors. The Board composition is in line and in accordance with the principles of King III. The Non-Executive Directors have the necessary skills and experience to provide judgement that is independent of management on matters relating to strategy, performance, resources, transformation, diversity, employment equity, standards of conduct and evaluation of performance.

At the beginning of the year, Brett Nagle joined the Board as shareholder representative of Royal Bafokeng. During the year, Pieter Faure and Wilhelm Nauta resigned from the Board. Brett Nagle and Johan van der Merwe resigned from their positions at Royal Bafokeng and Sanlam Group Limited respectively and, therefore, no longer act as representatives of these shareholders. The Board agreed that, based on the significant value that both Brett Nagle and Johan van der Merwe added to the Board, they will remain as directors, but in an Independent Non-Executive capacity in terms of the provisions of King III.

COMPOSITION OF THE BOARD AS AT 30 JUNE 2016

7 INDEPENDENT NON-EXECUTIVE DIRECTORS
June 2015: 5

1 NON-EXECUTIVE DIRECTORS
June 2015: 4

2 EXECUTIVE DIRECTORS
June 2015: 3

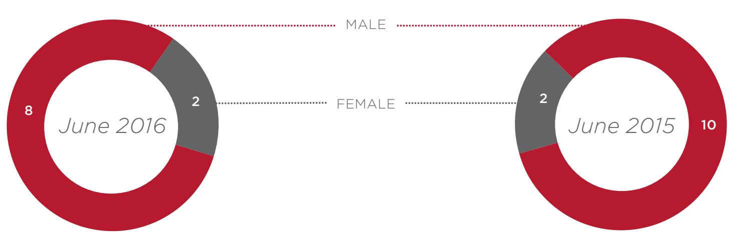
TENURE

≤3 YEARS 40%

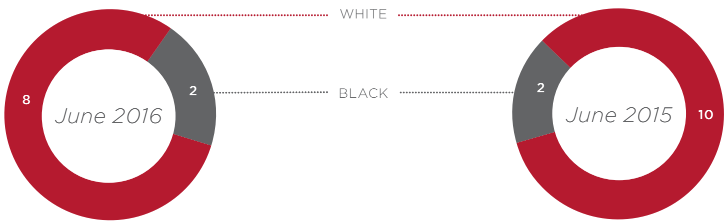
4 TO 7 YEARS 30%

≥8 YEARS 30%

GENDER



DEMOGRAPHICS



Board appointment and re-election process

We have a formal and transparent policy regarding the appointment of Directors to the Board. While the appointments are a matter for the Board, the authority to oversee the nomination and to carry out the interview processes have been delegated to the Remco.

Apart from a candidate's experience, availability and likely fit, the Committee also considers the candidate's integrity, as well as other directorships and commitments to ensure that the candidate will have sufficient time to discharge his/her role properly. The Remco also considers race and gender diversity in its assessment.

In line with the amendments to the JSE Listings Requirements, which came into effect in November 2015, the Committee is in the process of finalising the Board's gender diversity policy, which will be tabled for consideration in the coming year. In accordance with the Company's Memorandum of Incorporation ("MOI"), a director, having been appointed by the Board since the last Annual General Meeting ("AGM") of the Company, is obliged to retire and being eligible, offer him/herself for election at the next AGM.

In terms of King III and the MOI, one-third of the Non-Executive Directors is required to retire and if available and eligible, stand for re-election at the Company's AGM. Those Directors who have been in office the longest, as calculated from the last re-election or appointment date, are also required to stand for re-election. At the 2016 AGM, three directors will retire and be eligible for re-election.

Board training

A formal induction programme assists new directors and is overseen by the Chairperson and the Company Secretary. Should directors lack experience, mentorship programmes are available to assist them. Continuing professional development programmes ensure directors receive regular briefings on changes in risks, regulations and other matters.

Board evaluation

The Board conducted an external independent performance evaluation process covering, among other areas:

- an evaluation of the role of the Chairperson and the Company Secretary;
- the composition and effectiveness of the Board; and
- the functioning of the Board subcommittees.

Overall, the findings were that the balance of the Board has improved and that a suitable mix of skills, experience, diversity and knowledge was represented on the Board. The role, Terms of Reference and composition of the Board subcommittees were found to be functioning well.

For more information, refer to the Chairperson's review on page 39.

Succession planning

The management of the Board succession process is crucial to our sustainability. The Remco ensures that, as Directors retire, candidates with the necessary skills and experience are identified to ensure that the Board's competence and balance is maintained and enhanced, taking into account the Group's current and future needs. In addition to succession planning for the CEO role, the Board considered the talent management and development of the senior leadership team, and is satisfied with the depth of talent in the team.

The role of the Board in formulating and prioritising our strategy remains a focus area, as well as the mix of financial and operational information to support the measurement of the strategy. Informal succession planning for the Board Chairperson and subcommittees' Chairpersons and the executive team, were discussed and agreed at a Remco meeting. Formal succession planning is not considered necessary due to the small size of our workforce.

Board composition, responsibilities, focus and meeting attendance

SUMMARISED ROLES AND RESPONSIBILITIES	MEMBERS AS AT 30 JUNE 2016	MEETING ATTENDANCE
• Governing the Group on behalf of its shareholders • Being responsible for strategy and strategic decision-making and execution • Appointing the Chief Executive Officer • Ensuring communication to stakeholders is timeous and transparent • Ensuring compliance with relevant legal requirements • Approving and monitoring the annual budget • Guarding and promoting the values and ethics • Managing the Group's risk profile For the full Board charter, refer to www.attacq.co.za	***Independent Non-Executive Directors***	
	Pierre Tredoux (Chairperson)	5/5
	Thys du Toit	4/5
	Hellen El Haimer	5/5
	Keneilwe Moloko	3/5
	Brett Nagle^*	5/5
	Wilhelm Nauta*#	4/4
	Stewart Shaw-Taylor	5/5
	Johan van der Merwe*	5/5
	Non-Executive Directors	
	Pieter Faure#	4/4
	Louis van der Watt	5/5
	Executive Directors	
	Morné Wilken	5/5
	Melt Hamman	4/5

FOCUS DURING THE YEAR

- Waterfall pipeline and future prospects
- Mall of Africa
- Investing in developed and emerging markets
- Cashflow management
- Governance
- Enterprise Risk Management

LOOKING AHEAD

- Building strategic alliances with partners
- Continuous development of Waterfall
- Focus on enhancing offshore investments in developed and emerging markets to increase shareholder returns
- Balance sheet optimisation due to current economic climate
- Board diversification
- Continuous focus on governance and risk management

^ *Appointed during the year, effective 1 July 2015.*
* *Status changed to Independent Non-Executive Directors during the year, effective 1 February 2016.*
\# *Resigned during the year, effective 30 April 2016.*

Board committees

Through our clear governance framework, the Board has established specific committees to give detailed attention to certain responsibilities. The committees are governed by Terms of Reference that have been approved by the Board and serve to outline each committee's role, authority, responsibilities and accountability. The Terms of Reference are subject to change as and when required by the Board to accommodate our changing needs. The committees report quarterly to the Board on their activities.

Transformation, Social and Ethics Committee

The TSE Committee meets on a quarterly basis and more frequently if necessary. The Committee's roles and responsibilities as well as its composition are set out below.

ROLES AND RESPONSIBILITIES	MEMBERS AS AT 30 JUNE 2016	MEETING ATTENDANCE
• Planning, implementing and monitoring the Group's strategy for transformation • Monitoring compliance with legislation • Monitoring employment equity and fair labour practices • Monitoring good corporate citizenship and the Group's contribution to the development of communities • Driving environmental responsibility and sustainability matters • Formulating and implementing a green policy throughout the Group	***Independent Non-Executive Director***	
	Hellen El Haimer (Chairperson)	4/4
	Executive Director	
	Melt Hamman	4/4
	Head of Legal	
	Helena Austen	4/4
	Other members	
	Debbie Theron	4/4
	Danny Vermeulen	4/4
	Company Secretary	
	Tasja Kodde	4/4

FOCUS DURING THE YEAR

- Sustainability
- Stakeholder engagement
- Social and economic development
- Transformation

LOOKING AHEAD

- Supplier and enterprise development
- Leadership development
- Transformation
- Gender diversity of full time employees
- Sustainability

Employees

In respect of our employees, it is the aim of the TSE Committee to ensure that we create a workplace where employees are treated with fairness, dignity and respect. We provide opportunities for personal improvement and growth. The sharing of ideas is encouraged and suggestions are welcomed. For more information on our employees, please refer to the human resources section on page 98.

B-BBEE rating

We achieved a Level 4 rating under the Property Charter. The existing scorecard is valid until 31 May 2017. Our tenants are able to claim 100% B-BBEE procurement recognition for services rendered and purchases from the Group. The Draft Revised Property Sector Charter and Scorecard has gone through the public participation process and we anticipate the gazetting thereof to be imminent. We supported various enterprise and supplier development initiatives. For information on our Social Economic Development initiatives, refer to page 110.

Audit and Risk Committee

Our CEO, Morné Wilken, and CFO, Melt Hamman, attend meetings by invitation. The Board is satisfied that the independence, experience and qualifications of each member enable them to fulfil the Committee's mandates. In addition to quarterly meetings with the Board, the Committee meets at least once a year with our internal and external auditors without management being present. The internal audit function is outsourced to PricewaterhouseCoopers.

Refer to page 3 of the Annual Financial Statements for the Audit and Risk Report of the ARC.

ROLES AND RESPONSIBILITIES	MEMBERS AS AT 30 JUNE 2016	MEETING ATTENDANCE
• Providing the Board with additional assurance regarding the efficacy and reliability of the financial information used by the Directors to assist them in the discharge of their duties • Reviewing interim and Annual Financial Statements and the Integrated Report • Overseeing the internal audit function • Ensuring that significant business, financial and other risks have been identified and are being managed suitably • Ensuring independence of external auditors and overseeing the external audit process • Ensuring good standards of governance, reporting and compliance are in operation	***Independent Non-Executive Directors***	
	Stewart Shaw-Taylor (Chairperson)	4/4
	Hellen El Haimer	4/4
	Keneilwe Moloko	4/4
	Brett Nagle^	1/1
	Wilhelm Nauta#	3/3

FOCUS DURING THE YEAR

- Internal and external audit matters
- Enterprise risk management
- Financial and integrated reporting

LOOKING AHEAD

- Enterprise risk management
- Internal controls
- Combined assurance
- Financial and integrated reporting
- Financial sustainability

^ *Appointed during the year, effective 1 May 2016.*
\# *Resigned during the year, effective 30 April 2016.*

Remuneration and Nominations Committee

A decision was made to combine remuneration and Board nomination-related matters, thus a combined Remco was established. All of the committee members are Independent Non-Executive Directors. When dealing with remuneration matters, Johan van der Merwe chairs the Committee, and when dealing with nomination matters, Attacq's Chairperson, Pierre Tredoux, chairs the Committee. Our CEO, CFO and Company Secretary are permanent invitees to the Committee.

ROLES AND RESPONSIBILITIES	MEMBERS AS AT 30 JUNE 2016	MEETING ATTENDANCE
• Identifying and nominating new Directors for approval by the Board • Ensuring that appointments to the Board are formal and transparent • Approving the classification of Directors as independent • Overseeing induction and training of Directors and conducting annual performance reviews of the Board and Board committees • Overseeing an appropriate separation between Executive, Non-Executive and Independent Directors • Ensuring the proper and effective functioning of the Group's various Board committees • Reviewing the Group's Board structure, the size and composition of the various Board committees and making recommendations	***Independent Non-Executive Directors***	
	Johan van der Merwe# (Chairperson – Remuneration Committee)	4/4
	Pierre Tredoux (Chairperson – Nominations Committee)	4/4
	Thys du Toit	4/4

Johan van der Merwe's status changed to Independent NED with effect from 1 February 2016.

Attacq's Board of Directors

Investment Committee

The Investment Committee meets when necessary to consider investment proposals that include decisions on acquisitions, developments and sales of real estate investments. A quorum consists of two Non-Executive Directors and two Executive Directors being present at the meeting. Where the Non-Executive Directors do not unanimously approve an investment proposal or wherever certain maximum amounts, as determined by the Investment Committee's mandate, are exceeded, the investment proposal is referred to the Board.

Investment Committee as at 30 June 2016

ROLES AND RESPONSIBILITIES	MEMBERS AS AT 30 JUNE 2016	MEETING ATTENDANCE
• Reviewing the Group's investment strategy • Setting investment targets and criteria • Approving strategic investments • Approving proposals for development, acquisitions and possible disposals	***Independent Non-Executive Directors***	
	Pierre Tredoux (Chairperson)*^	4/4
	Brett Nagle#	3/5
	Stewart Shaw-Taylor^	5/5
	Non-Executive Director	
	Louis van der Watt*	2/4
	Executive Directors	
	Morné Wilken	5/5
	Melt Hamman	5/5

* *Pierre Tredoux and Louis van der Watt were requested to not attend one meeting due to conflict of interest with a specific transaction.*
^ *Stewart Shaw-Taylor chaired the meeting in Pierre Tredoux's absence.*
\# *Brett Nagle's status changed to Independent Non-Executive Director with effect from 1 February 2016.*

Ethics and organisational integrity

The Board aims to provide effective and ethical leadership, and ensure that its conduct and that of management is aligned with our values. In ensuring that we operate ethically, the Board uses the inclusive stakeholder model of governance that considers the interests of all our stakeholders.

Insider trading and anti-corruption training is included in the quarterly induction for new employees and, going forward, will also be held once a year for existing employees.

Conflicts of interest

Directors are required to formally disclose their shareholdings, additional directorships, and any potential conflicts of interest when there are changes, as well as on an annual basis at the Board and subcommittee meetings.

Share dealings

Prior to our listing, we implemented a formal policy on any dealings in Attacq shares by Board members, Directors of major subsidiaries, the Company Secretary and their associates. Board members are required to obtain clearance from the CFO or CEO prior to any share dealings by any Directors or their associates.

The Group prohibits dealings by Directors and certain employees for the periods from 31 December and 30 June to the date of the announcement of financial results (designated closed periods). In addition, the Board prohibits dealings during periods that Attacq is trading under cautionary, and at any other time deemed necessary.

Prescribed Officers

As set out in the Companies Act, a person is a prescribed officer if such person exercises general executive control over and management of the whole, or a significant portion, of the business and activities of the Company or regularly participates to a material degree in the exercise of general executive control over and management of the whole, or significant portion, of the activities of the Company.

Company Secretary

The Board has direct access to the Company Secretary, Tasja Kodde, who provides guidance and assistance in line with the requirements outlined in the Companies Act, King III and the JSE Listings Requirements. She advises on corporate governance and is responsible for the administration of Company documentation.

The Company Secretary, where necessary, arranges training on changing regulations and legislation and can involve the Group's sponsors, auditors or organisations such as the Institute of Directors. The Company Secretary is not a member of the Board and an arm's-length relationship between the Board and the Company Secretary is regulated through the provisions of a service agreement.

The Board has considered and is satisfied with the Company Secretary's competence, qualifications and experience.

Governance of Information Communications Technology

The Board is responsible for ICT governance and has the ultimate responsibility to ensure that information and ICT strategies are aligned with the strategies of the business. The Board exercises oversight of the efficient and effective use of ICT infrastructure through our ICT Steering Committee. ICT is driven by the CFO at Board level.

Specific emphasis was placed on maturing our ICT governance processes. As the business grows, our reliance on ICT systems has increased significantly, and specific projects have been implemented in order to standardise business processes to optimise our utilisation of ICT infrastructure, ensuring consistent outcomes. We have also engaged with strategic ICT service providers to support our ICT environment in line with our growth and modernisation expectations.

Investments have been made to consolidate business information, thereby enhancing our ability to leverage off business intelligence built into systems for key strategic decisions and gearing the organisation for growth.

Information contained in our Annual Financial Statements

The control environment

Ultimate responsibility for internal control rests with the Board. The ARC is tasked with monitoring the control environment. For more information on the internal control environment, refer to the Audit and Risk Report on pages 3 to 8 of the AFS.

Internal audit

We have outsourced our internal audit function to PricewaterhouseCoopers. Refer to the Audit and Risk Report on page 7 of the AFS.

Going concern

Refer to the Audit and Risk Report on page 7 of the AFS.

Cell C Campus – Waterfall

BOARD OF DIRECTORS

PIERRE TREDOUX

Independent Non-Executive Chairperson

Appointed: February 2005
Qualification: CA(SA)
Committees: Investment; Remuneration and Nominations

Pierre is the founder and Executive Director of the Barnstone group. Pierre is also a former partner and Managing Director of Deloitte Consulting South Africa. He has advised many of South Africa's leading organisations on corporate strategy and structure, operational and performance improvement, enterprise applications and corporate governance. Pierre has worked in the financial services, manufacturing, mining and resources, communications, beverages, professional services, tourism and leisure sectors locally and internationally. He is also the Chairperson of Atterbury, and was appointed as Independent Non-Executive Chairperson of Attacq in 2012.

THYS DU TOIT

Independent Non-Executive Director

Appointed: August 2013
Qualifications: BSc Agric, MBA
Committee: Remuneration and Nominations

Thys is an investment professional with 30 years' experience, the bulk of which was gained at Coronation Fund Managers Limited ("Coronation"). In 1993, he was one of the founding members of Coronation. Thys held the position of CEO from 1997 to 2008. During his tenure, Coronation listed on the JSE and grew into the second-largest independent fund manager in South Africa. Thys graduated with a BSc Agric and MBA Cum Laude from the University of Stellenbosch. In 1985, Thys started his career as a stockbroker with George Huysamer & Partners and in 1990 joined Syfrets Managed Assets as a portfolio manager. Thys serves on the boards of a number of JSE-listed companies and he now runs an investment management business, Rootstock Investment Management.

HELLEN EL HAIMER

Independent Non-Executive Director

Appointed: August 2013
Qualifications: BSoc Sci, LLB (Hons) Strategic Management, HDip Property Investment
Committees: Audit and Risk; Transformation, Social and Ethics

Hellen is the Managing Director of the FM Institute Proprietary Limited, a facilities and property management consulting company. She is also a director of Rhyco Risk Projects, an electronic integration company. She is an Attorney by profession, with over 17 years' post-qualification experience in the legal, property and facilities management fields. Hellen has held senior positions in both the public and private sector, namely the Department of Public Works, SARS, and Absa in property and facilities disciplines.

STEWART SHAW-TAYLOR

Independent Non-Executive Director

Appointed: November 2012
Qualification: CA(SA)
Committees: Audit and Risk; Investment

Stewart has more than 32 years' experience in investment banking and real estate. Prior to his retirement from the Standard Bank of South Africa Limited ("Standard Bank") on 30 September 2016, he was Head of Real Estate Investments, Corporate and Investment Banking, a division of Standard Bank, responsible for the equity-related real estate activities undertaken by Corporate and Investment Banking. He currently serves on a number of boards including Hyprop and Pivotal Property Fund Limited.

KENEILWE MOLOKO

Independent Non-Executive Director

Appointed: February 2015
Qualifications: CA(SA), BSc QS
Committee: Audit and Risk

Keneilwe is a Chartered Accountant and a Quantity Surveyor. She has expertise in the construction sector environment, auditing and investment management. Keneilwe started her career as a Quantity Surveyor with Grinaker Building. After a period of six years in the construction industry, she returned to university to study to become a Chartered Accountant. On completion of her articles at KPMG working in the financial services and tax divisions, she took up the position of Development Executive at Spearhead Property Holdings Limited. Thereafter, she joined Coronation as fixed-interest credit analyst and was appointed as a member of their credit committee. She serves on a number of listed and unlisted boards.

BRETT NAGLE

Independent Non-Executive Director*

Appointed: July 2015
Qualification: CA(SA)
Committee: Investment, Audit and Risk (since 1 May 2016)

Brett joined Rand Merchant Bank ("RMB"), a division of FirstRand Bank Limited ("FirstRand"), in 2002 where he worked until 2013, gaining extensive investment banking, corporate finance and mining experience. Thereafter, he was Head of Investments for Royal Bafokeng and also served as an NED of Impala Platinum Holdings Limited. Currently Brett is a Director of Safe Mode Investments Proprietary Limited t/a Panacea Capital focusing on investment management.

* *Brett's status changed to Independent Non-Executive Director with effect from 1 February 2016.*

BOARD OF DIRECTORS continued

LOUIS VAN DER WATT

Non-Independent Non-Executive Director

Appointed: January 1997
Qualifications: CA(SA), ACMA
Committee: Investment

Louis co-founded the Atterbury Group in 1994 and has grown Atterbury into one of the largest and most successful property developers in the country. In 2009, he was awarded the Christo Wiese Medal for Entrepreneurship by the South African Academy for Science and Arts, and in 2012 he received the University of Pretoria Alumni Laureate Award. Louis is the current CEO of Atterbury.

JOHAN VAN DER MERWE

Independent Non-Executive Director*

Appointed: May 2008
Qualifications: CA(SA), MCom (Tax), MPhil Finance
Committee: Remuneration and Nominations

Johan has more than 20 years of financial and investment experience and is currently the Co-CEO of African Rainbow Capital, before which he was the CEO of Sanlam Investment Management for 11 years. Prior to that, Johan was a director and Exco member of Investec Asset Management, where he was responsible for private equity and its Botswana office. At Investec Asset Management, Johan also served as global sector Head of Resources, Head of Equities and Sector Head of SA Resources. Johan also worked for Gencor's corporate finance division.

* *Johan's status changed to Independent NED with effect from 1 February 2016*

MORNÉ WILKEN

Chief Executive Officer

Appointed: August 2009
Qualification: BEng (Hons) Industrial
Committee: Investment

Leading Attacq's listing on the JSE, Morné has extensive experience in property development, property investment, property finance, corporate restructuring and acquisitions. Morné spent 10 years in the property finance division of First National Bank and RMB, a divisions of FirstRand, where he excelled as a top dealmaker. Morné then led the strategic roll-out and development of Waterfall for Atterbury before joining Attacq in 2009 as Chief Operating Officer. He was appointed as the CEO of Attacq in 2011 and also serves as an NED of MAS.

MELT HAMMAN

Chief Financial Officer

Appointed: July 2013
Qualification: CA(SA)
Committees: Investment; Transformation, Social and Ethics

Prior to joining the Group in July 2013, Melt was the Chief Risk Officer at WesBank, a division of FirstRand, and served on the WesBank Exco. Melt has served as Credit Risk Manager at both BoE Bank Limited and Nedbank Limited and was a Director at Loubser du Plessis Consulting Proprietary Limited. Subsequently, he was the Head of Credit for FNB Corporate Property Finance Division and Financial Director of Eagle Ink Systems Proprietary Limited. Melt has extensive experience in banking and business operations and is currently a Non-Executive Member at FirstRand's Debt Restructuring Committee for their commercial customers.

EXECUTIVE MANAGEMENT

MORNÉ WILKEN

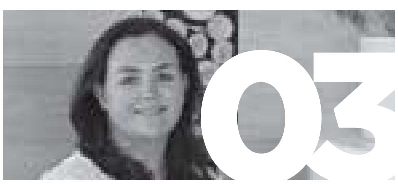
Chief Executive Officer

See Board of Directors on page 139 for Morné's summary curriculum vitae.

MELT HAMMAN

Chief Financial Officer

See Board of Directors on page 139 for Melt's summary curriculum vitae.



TASJA KODDE

Company Secretary

Qualification: Chartered Secretary
Committee: Transformation, Social and Ethics

Tasja joined the Group as the Company Secretary in March 2015. Tasja has worked as a Company Secretary since 2001, for organisations such as Bidvest, the Public Investment Corporation ("PIC") and WesBank, a division of FirstRand, making her the perfect fit for Attacq. During her tenure at the PIC, Tasja assisted in the creation of the organisation that administered the PIC's property investments, furthering her understanding and direct value in the Group.

DEBBIE THERON

Head of Asset and Property Management: Office and Mixed-Use

Qualification: BA Law
Committee: Transformation, Social and Ethics

Debbie commenced her career in property as part of a dynamic team at Goldfields, managing a diverse mixed-use portfolio. Thereafter, Debbie not only spearheaded the first phase of the prestigious Melrose Arch development while employed by Investec, but also managed a successful portfolio of properties at Growthpoint as the Sector Head. She joined the Group during June 2014, ensuring realisation of new heights and greater achievements for the portfolio.

PETER DE VILLIERS

Head of Asset Management: International

Qualifications: CA(SA), CFA

Peter studied BCom Accounting Sciences at the University of Pretoria and completed his articles at Deloitte, qualifying as a Chartered Accountant in 2002. Thereafter he worked at Deloitte Corporate Finance, BJM Corporate Finance Proprietary Limited and One Capital prior to joining the Group in March 2013.

MICHAEL CLAMPETT

Head of Asset and Property Management: Retail

Qualification: CA(SA)

Michael completed his BCom Accounting at Stellenbosch University and obtained his Honours in 2004 while completing his articles as a Chartered Accountant.

In 2009, Michael started Pro-Clean Services, a cleaning company, as well as the EA Group, an audit, tax, accounting and corporate finance practice. In 2011, he opened an agricultural retail operation in Potchefstroom that he sold in November 2013.

Michael joined Atterbury as a key member of the asset management team during January 2014, and was employed by Attacq in July 2015.

RAJ NANA

Investment Officer

Qualification: CA(SA)
Committee: Investment

Raj completed his Bachelor's Degree in Accounting at the University of Witwatersrand and served his articles with the FirstRand group. During his career in investment banking, Raj was employed at RMB and Barclays Africa Group Limited where he worked in the sectors of property finance, corporate debt and acquisition and leveraged finance. Prior to joining Attacq in April 2014, Raj was a leveraged finance transactor.

Raj joined the Exco on 1 April 2016.

PIETER MACKENZIE

Head of Developments

Qualifications: BSc Building Management, MBA

Pieter has over 25 years' experience in the property construction, development and investment industries, in a career that includes a progression of senior positions with performance-driven companies. Pieter holds a Bachelor of Sciences Building Management Degree from the University of Cape Town and an MBA from Wits Business School.

Pieter joined the Group and Exco on 1 January 2016.

EXECUTIVE MANAGEMENT

Exco is responsible for our operational activities, developing strategy proposals for consideration by the Board, and implementing the Board's directives and policies. Other responsibilities include providing leadership to all employees; developing, implementing and managing the annual budget, and internal controls, governance, risk management, ethics and authority levels.

Attacq Executive Management Team

REMUNERATION REPORT

Remuneration strategy

Our reward philosophy consists of a set of beliefs that underpin our remuneration strategy. It governs reward policies and provides the foundation for the guiding principles that determine how reward processes operate. Remuneration as a management process is fully integrated into other human resources processes such as performance and talent management.

Our philosophy is to structure remuneration in a way that ensures a fair and equitable level of remuneration for all employees, and is formulated in a manner which attracts, retains, motivates and rewards high-calibre employees. Through the various components of remuneration, high and sustainable levels of team and individual performance, which are aligned with our strategic direction and specific values are encouraged.

We aim to position guaranteed remuneration at the median of the market, with superior performance at stretch levels, enabling management, including executives, to achieve remuneration levels in excess of median levels, where truly deserved.

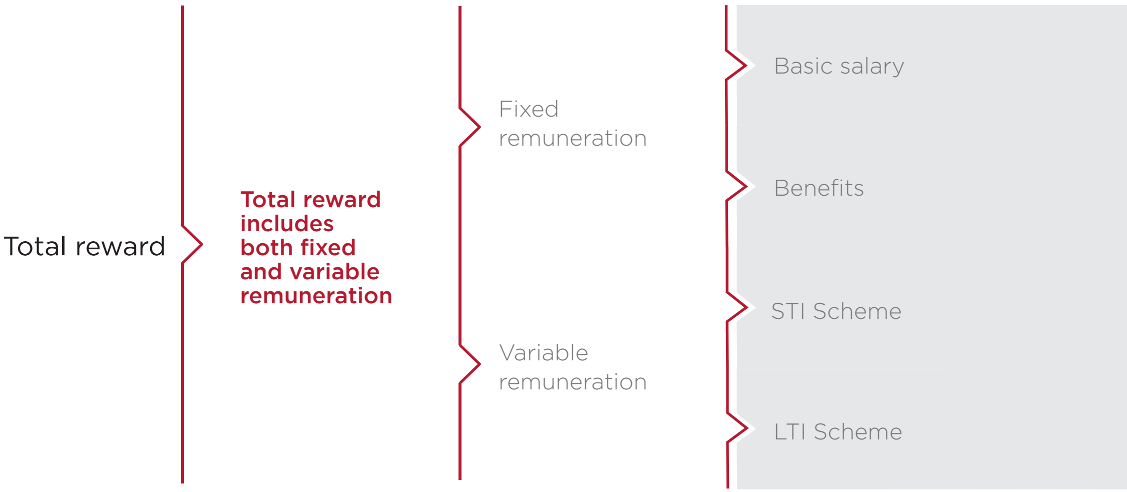
Key principles underpinning our remuneration policy and processes

The following key principles shape our policy and are representative of our remuneration approach. As such, they are the basis upon which employees are rewarded.

1	A critical success factor for us is our ability to attract, retain and motivate the talent required to achieve operational and strategic objectives. Remuneration policies are aligned with the agreed business strategy and are reviewed regularly in light of changes in the business strategy.
2	Our remuneration policies are transparent and understandable, both for stakeholders and for internal use and application.
3	Remuneration policies are equitable and balance internal equity (all employees being fairly rewarded for their roles) and external equity (all employees being fairly rewarded in terms of the market).
4	Remuneration policies promote risk management and adequately balance risk and reward.
5	Remuneration takes into account our financial performance.

Understanding how we reward employees

Our remuneration strategy aims to attract, retain and incentivise high-quality employees with the right competence who will contribute to long-term value creation. Employees' compensation should encourage good performance, sound behaviour and risk-taking that is aligned with the Company's intentions. Compensation is based on experience and performance, and promotes long-term commitment to creating and sustaining value.



Fixed remuneration

Fixed remuneration is the GTP, which includes the basic salary and benefits that accrue on a monthly basis. GTP is aligned with the job requirements and the competence of each employee.

The GTP represents payment for the satisfaction of each employee's day-to-day job requirements and is frequently benchmarked against the market. The GTP of each employee is based on a role profile and pay scale for each role. Pay scales are designed around the median of the market. Pay scales are wide enough to allow for adequate differentiation, where appropriate, in terms of differentiating levels of performance.

To ensure that we attract and retain the best talent, base packages are reviewed annually, with increases effective from 1 October each year. The annual review process seeks to review where each employee's pay is in relation to the policy pay ranges adopted for the following year and make adjustments, where necessary, to ensure alignment with the pay policy. Annual increases are determined based on a number of factors, including inflation, affordability, our financial position, market movements and the employee populations' market position, and are expressed as a percentage increase to individual GTP.

Fixed remuneration includes employee benefits as follows: leave, paid maternity leave, death cover, disability cover, pension fund contributions, funeral cover and education cover for dependents, among others.

Variable remuneration

Short-Term Incentive Scheme

The purpose of the STI Scheme is to motivate employees, to drive performance and to retain key talent over the course of the annual operating cycle.

All employees are eligible for the STI Scheme, however, the reward is variable and is determined by the achievement of our financial performance, as well as the individual's personal contribution to the growth and development of their immediate division and the wider Group. The bonus pool driver and sharing percentage are reviewed annually, ensuring the support of our strategy. The bonus pool is determined taking into account the adjusted NAVPS growth of the respective financial year ended 30 June, and approval is obtained at the September Remco meeting.

Distribution of the bonus pool is based on the employees' GTP, on-target STI and personal performance score (individual and divisional key performance areas). No STIs are paid to employees if the minimum targets are not achieved and payments are at management's discretion.

The annual bonus, which is based on the performance over the previous financial year, is paid on 14 October each year if the bonus is less than or equal to six months' GTP. The bonus amount exceeding six months' GTP is deferred over three equal tranches payable on 14 October, during December and February of the following year. The deferred balances are forfeited in the event that the employee leaves the Group.

Long-Term Incentive schemes

Long term Incentive Scheme

Conditional Share Plan ("CSP")

Performance shares

These shares require performance measured against conditions. Performance shares will vest if predetermined performance metrics (the performance conditions) and the continued employment for a predetermined period of time (the employment conditions) are met.

Retention shares

These shares are aimed at addressing employee retention and require the continued tenure of the participant until the expiry of the predetermined vesting period. Retention shares are awarded to individuals to address specific retention risk or to specifically address sign-on requirements. There are no performance conditions linked to these shares.

Conditional Share Appreciation Rights

Share Appreciation Rights ("SARs")

These shares represent the right to the increase in the value of a certain number of shares between the award date and the exercise date. The vesting of SARs is subject to the employment conditions and performance conditions.

The LTI Schemes aim to align the objectives of management and shareholders for a sustained period and form the long term component of remuneration for Exco, senior management and key employees. The LTI Schemes aim to support our growth objectives by retaining and attracting top talent.

The purpose of the plan is to provide participants with the opportunity of receiving shares through the award of conditional rights to shares (conditional shares) and SARs.

The conditions applicable to the vesting of performance shares, retention shares and SARs are as follows:

- Performance shares vest after three years, subject to the satisfaction of the performance and employment conditions.
- Retention shares will vest after a three-year period, subject to the employee remaining employed by the Group. There are no performance conditions linked to these shares.
- As performance shares and retention shares are full shares, and not option-type instruments, the participant is not required to exercise for settlement to occur.
- The SARs awards are rights to the increase in the value of a certain number of shares between the award date and the exercise date.
- The vesting of SARs is subject to the employment conditions and performance conditions. SARs will vest after a three-year period. Employees are able to exercise awards within a two-year period following the vesting date. Awards not exercised after the two-year period following the vesting date will lapse.

Employment condition, performance conditions and vesting

The employment condition for the SARs and CSPs stretches over three years. All SARs and CSPs (excluding retention shares) will be subject to predetermined performance conditions measured over a rolling three-year period ("performance period") in addition to the employment condition, for vesting.

The Remco set the following performance conditions for the September 2015 award, taking into account the existing business environment at the time of making the awards. All SARs are subject to the adjusted NAVPS growth performance condition, while 70% of performance shares is subject to adjusted NAVPS growth performance condition, and the balance of 30% is subject to strategic non-financial performance conditions.

20% of the strategic, non-financial conditions is subject to a roll-out condition and the remaining 10% is subject to a transformation target.

THRESHOLD – 30% VESTING	TARGET – 100% VESTING	STRETCHED – 150%
Financial: 70%	***Financial: 70%***	***Financial: 70%***
Compound annual adjusted NAVPS growth over the performance period of CPI + 3% per annum	Compound annual adjusted NAVPS growth over the performance period of CPI + 10% per annum	Compound annual adjusted NAVPS growth over the performance period of CPI + 16% per annum
Non-financial: 30%	***Non-financial: 30%***	***Non-financial: 30%***
Transformation (10%) *Match prior year score*	Transformation (10%) *Predetermined improvement in score*	Transformation (10%) *Predetermined improvement in score*
Roll-out (20%) *Incremental roll-out of 35 000 m² per annum*	Roll-out (20%) *Incremental roll-out of 52 500 m² per annum*	Roll-out (20%) *Incremental roll-out of 65 000 m² per annum*

In line with best practice and the provisions of King III, the proposed vesting scale is as follows:

- Threshold achievement of performance (the minimum level of performance for vesting of any incentive) – 30% vesting
- Target achievement of performance (the level of performance for payment of an on-target incentive) – 100% vesting
- Stretched achievement of performance (representing exceptional performance in the context of the current business environment) – could attract vesting greater than 100% up to 150%.

Linear vesting will be applied to performance between the above levels. In line with corporate governance principles, performance conditions will not be retested if they are not met at the end of the performance period, and to the extent that they are not satisfied, awards will lapse at this time.

Regular annual awards, in terms of the plan, will be made on a consistent basis to ensure long-term shareholder value creation. Retention shares are primarily designed to attract new employees as part of their sign-on offer and to compensate for potential loss of existing long-term rewards that they could forfeit.

Participants will not be entitled to any shareholder rights before the vesting and/or exercise date and subsequent settlement of the shares.

Remuneration of Executive Directors and Prescribed Officers

The remuneration for Executive Directors and Prescribed Officers is reviewed and considered by the Remco.

Management's incentives

The employment agreements of Morné Wilken and Melt Hamman, in their capacities as Executive Directors, include a formula-based STI. The quantum of the STI is a function of the annual growth in the adjusted NAVPS. Only if the annual growth in the adjusted NAVPS exceeds 7%, a standard reward percentage will be applied to their GTP. For details of Executive Directors' and Prescribed Officers' remuneration and LTI, please refer to note 31 of the Annual Financial Statements, starting on page 121.

Remuneration of Non-Executive Directors

NEDs' remuneration is dependent on the number of meetings they attend during a one-year cycle, which commences on 1 July each year. The fees are based on an assessment of the Non-Executive Director's time, service and expertise, as well as legal obligations and risk.

The Group's policy is to pay competitively for the role, while recognising the required time commitment. For this reason, and to ensure fairness, fees are benchmarked against a suitable peer group of JSE-listed companies. As a policy principle, fees are aimed at the median of the selected comparator group. In line with the provisions of King III, NEDs do not participate in either the STI or LTI schemes, except where NEDs previously held executive office and they remain entitled to unvested benefits arising from their period of employment.

We do not provide pension contributions to NEDs. The Remco reviews NEDs' fees annually, and recommendations are made to the Board which, in turn, proposes fees for approval by shareholders at the AGM.

Non-executive remuneration

Per annum	Approved fees for the 2016 and 2017 years R
Basic fees	
Board Chairperson	360 000
Non-Executive Director	288 000
Committee fees	
ARC – Chairperson	126 000
ARC – member	100 800
TSE Committee – Chairperson	44 000
TSE Committee – member	35 200
Remco – Chairperson	44 000
Remco – member	35 200
Investment Committee – Chairperson	88 000*
Investment Committee – member	70 400*

* *Covers four meetings per annum. The Chairperson will receive R22 000 per additional meeting and Committee members will receive R17 600 per additional meeting.*

Appointment and terms of employment

All employees are on permanent or fixed-term contracts. NEDs do not have employment contracts with the Group.

Executive Directors

The most salient terms and conditions included in the existing employment agreements are as follows:

- The notice period for the CFO and CEO is four weeks and three months, respectively.
- The Group is not committed to pay on termination arising from a director's failure to fulfil his duties.
- If a director is dismissed because of a disciplinary procedure, a shorter notice period could apply without entitlement to compensation for the shorter notice period.
- In exceptional situations of termination, the Remco, assisted by Labour Law Legal Advisers, has the right to oversee the terms and conditions of the termination.

ADDITIONA
INFORMAT

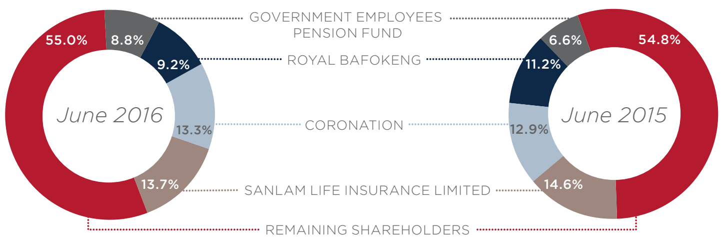

AL
ION
PRIMI

SHAREHOLDER INFORMATION

Beneficial shareholders

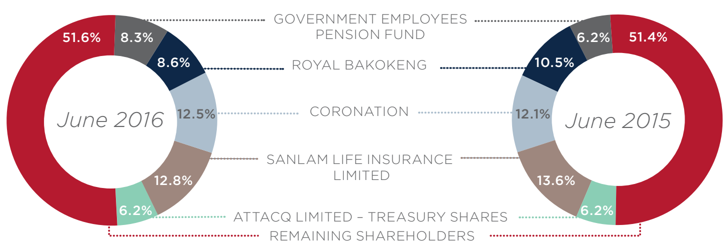
Beneficial shareholders holding 5% or more of Attacq's issued share capital, excluding treasury shares:

EXCLUDING TREASURY SHARES



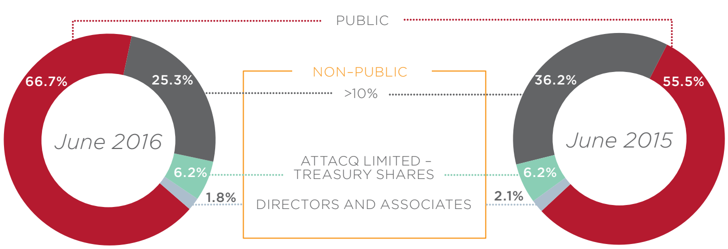
Beneficial shareholders holding 5% or more of Attacq's issued share capital, including treasury shares:

INCLUDING TREASURY SHARES



Beneficial shareholder spread

BENEFICIAL SHAREHOLDER



Summary of trading in Attacq shares

	For the year ended 30 June 2016	For the year ended 30 June 2015	For the year ended 30 June 2014*
Number of trades	133 699	110 030	27 304
Total number of shares traded	233 302 270	260 780 214	171 946 470
Total value of shares traded (R'000)	4 624 098	5 752 733	2 953 392
High (R)	23.30	27.88	19.00
Low (R)	16.22	17.45	16.00
Closing price (R)	**18.81**	**22.20**	**17.72**

* *From listing 14 October 2013 to 30 June 2014.*

Dräger – Waterfall

SUMMARISED CONSOLIDATED

FINANCIAL STATEMENT

FOR THE YEAR ENDED
30 JUNE 2016

ATTACQ

INVEST • DEVELOP • GROW

TS

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Audited 30 June 2016 R'000s	Audited 30 June 2015 R'000s
ASSETS		
Non-current assets		
Property, plant and equipment	33 925	10 641
Investment properties	18 043 192	16 187 873
Per valuation	18 644 041	16 670 072
Straight-line lease debtor	(600 849)	(482 199)
Straight-line lease debtor	600 849	482 199
Deferred initial lease expenditure	6 539	9 154
Intangible assets	312 599	344 523
Goodwill	67 774	67 774
Investment in associates	3 126 328	2 369 884
Other financial assets	222 651	102 993
Other investments	408 339	402 414
Deferred tax assets	24 627	19 829
Total non-current assets	**22 846 823**	**19 997 284**
Current assets		
Taxation receivable	2 411	408
Trade and other receivables	290 579	223 084
Loans to associates	2 302 472	741 037
Other financial assets	100 266	907 282
Cash and cash equivalents	437 281	747 145
Total current assets	**3 133 009**	**2 618 956**
Non-current assets held for sale	1 649 845	684 441
Total assets	**27 629 677**	**23 300 681**
EQUITY AND LIABILITIES		
Equity		
Stated capital	6 442 805	6 439 419
Distributable reserves	5 891 513	4 815 584
Available-for-sale reserve	847 499	682 579
Share-based payment reserve	100 453	90 359
Foreign currency translation reserve	318 734	45 740
Acquisition of non-controlling interests reserve	(116 483)	(116 483)
Equity attributable to owners of the holding company	**13 484 521**	**11 957 198**
Non-controlling interests	(13 201)	7 252
Total equity	**13 471 320**	**11 964 450**
Non-current liabilities		
Long-term borrowings	10 445 221	8 863 852
Deferred tax liabilities	1 892 145	1 365 868
Other financial liabilities	50 705	28 086
Cash settled share-based payments	787	–
Provisions for liabilities relating to associates	–	1 579
Finance lease obligation	77 745	71 346
Total non-current liabilities	**12 466 603**	**10 330 731**
Current liabilities		
Other financial liabilities	109 400	113 258
Finance lease obligation	–	1 332
Loans from associates	2 880	70 989
Taxation payable	2 260	10 185
Cash settled share-based payments	5 172	–
Trade and other payables	557 662	462 636
Provisions	2 081	1 422
Bank overdraft	–	19 349
Long-term borrowings	265 276	326 329
Total current liabilities	**944 731**	**1 005 500**
Non-current liabilities associated with non-current assets held for sale	747 023	–
Total liabilities	**14 158 357**	**11 336 231**
Total equity and liabilities	**27 629 677**	**23 300 681**
The following information does not form part of the statement of financial position:		
Net asset value per share (cents)	1 923	1 706
Net asset value per share adjusted for deferred tax (cents)	2 189	1 898

SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Audited 30 June 2016 R'000s	Audited 30 June 2015 R'000s
Gross revenue	1 621 018	1 312 935
Rental income	1 472 656	1 140 335
Straight-line lease income adjustments	148 362	172 600
Property expenses	(502 745)	(358 885)
Net rental income	**1 118 273**	**954 050**
Other income	448 579	205 590
Operating and other expenses	(347 315)	(305 589)
Operating profit	**1 219 537**	**854 051**
Amortisation of intangible asset	(19 964)	(20 303)
Fair value adjustments	1 041 553	1 114 224
Investment properties	1 074 224	1 110 711
Other financial assets and liabilities	(32 452)	68 089
Other investments	(219)	(64 576)
Gain on available-for-sale financial assets	507 524	–
Net income from associates	35 098	50 568
Investment income	235 785	142 531
Finance costs	(839 975)	(685 872)
Profit before taxation	**2 179 558**	**1 455 199**
Income tax expense	(794 559)	(471 038)
Profit for the year	**1 384 999**	**984 161**
Attributable to:		
Owners of the holding company	1 387 828	978 654
Non-controlling interests	(2 829)	5 507
Other comprehensive income		
Items that will be reclassified subsequently to profit and loss		
Gain on available-for-sale financial assets	315 813	661 986
Taxation relating to components of other comprehensive income	93 720	(63 153)
Realisation of available-for-sale financial assets	(507 524)	–
Other comprehensive (loss) income for the year net of taxation	**(97 991)**	**598 833**
Total comprehensive income for the year	**1 287 008**	**1 582 994**
Attributable to:		
Owners of the holding company	1 289 837	1 577 487
Non-controlling interests	(2 829)	5 507
Earnings per share		
Basic (cents)	197.9	142.4
Diluted (cents)	196.7	142.0

RECONCILIATION BETWEEN EARNINGS AND HEADLINE EARNINGS

	Audited 30 June 2016 R'000s	Audited 30 June 2015 R'000s
Profit for the year	**1 387 828**	**978 654**
Headline earnings adjustments	(1 303 490)	(964 063)
Profit on disposal of associates	(116 734)	(89 161)
Profit on disposal of other investments	(30 862)	(956)
Profit on disposal of investment property	(836)	(29 132)
Impairment of associates and other investments	53 880	3 486
Impairment of goodwill	–	109 670
Realisation of other comprehensive income	(507 524)	–
Impairment of intangible asset	11 960	–
Fair value adjustments	(1 041 553)	(1 114 224)
Net income from associates	(35 099)	(50 568)
Loss on disposal of subsidiary	6 033	–
Tax effect of adjustments	369 517	218 169
Non-controlling interests' share	(12 272)	(11 347)
Headline earnings	**84 338**	**14 591**
Number of shares in issue*	701 395 224	700 995 224
Weighted average number of shares in issue*	701 388 667	687 046 081
Diluted weighted average number of shares in issue*	705 418 136	689 256 626
Headline earnings per share		
Basic (cents)	12.0	2.1
Diluted (cents)	12.0	2.1

* *Adjusted for 46 427 553 treasury shares (2015: 46 427 553)*

Mall of Africa – Waterfall City

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

	Audited 30 June 2016 R'000s	Audited 30 June 2015 R'000s
Net cash generated from operating activities	**140 551**	**66 575**
Cash generated from operations	837 693	650 572
Investment income	336 949	119 673
Finance costs	(839 975)	(627 902)
Taxation paid	(194 116)	(75 768)
Net cash utilised in investing activities	**(1 166 362)**	**(2 182 147)**
Net cash generated from financing activities	**735 296**	**2 453 684**
Total cash movement for the year	**(290 515)**	**338 112**
Cash at the beginning of the year	727 796	389 294
Cash acquired with subsidiaries	–	390
Total cash at the end of the year	**437 281**	**727 796**

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Stated capital R'000s	Distributable reserves R'000s	Available-for-sale reserve R'000s
Audited balance at 1 July 2014	**5 798 843**	**3 836 930**	**83 746**
Total comprehensive income	–	978 654	598 833
Profit for the year	–	978 654	–
Other comprehensive income	–	–	598 833
Foreign currency translation reserve	–	–	–
Derecognition of non-controlling interest	–	–	–
Issue of shares	640 576	–	–
Recognition of change in ownership reserve	–	–	–
Recognition of share-based payments	–	–	–
Audited balance at 30 June 2015	**6 439 419**	**4 815 584**	**682 579**
Total comprehensive income	–	1 387 828	(97 991)
Profit for the year	–	1 387 828	–
Other comprehensive income	–	–	(97 991)
Foreign currency translation reserve	–	–	–
Issue of shares	3 386	–	–
Derecognition reserves and non-controlling interests due to sale of subsidiaries	–	(311 899)	262 911
Recognition of non-controlling interests reserve	–	–	–
Modification of equity-settled share-based payments	–	–	–
Recognition of share-based payments	–	–	–
Audited balance at 30 June 2016	**6 442 805**	**5 891 513**	**847 499**

Novartis – Waterfall City

Share-based payment reserve R'000s	Foreign currency translation reserve R'000s	Acquisition of non-controlling interests reserve R'000s	Equity attributable to owners of the holding company R'000s	Non-controlling interests R'000s	Total equity R'000s
83 317	**111 929**	**(2 574)**	**9 912 191**	**214 567**	**10 126 758**
–	–	–	1 577 487	5 507	1 582 994
–	–	–	978 654	5 507	984 161
–	–	–	598 833	–	598 833
–	(66 189)	–	(66 189)	–	(66 189)
–	–	–	–	(212 822)	(212 822)
–	–	–	640 576	–	640 576
–	–	(113 909)	(113 909)	–	(113 909)
7 042	–	–	7 042	–	7 042
90 359	**45 740**	**(116 483)**	**11 957 198**	**7 252**	**11 964 450**
–	–	–	1 289 837	(2 829)	1 287 008
–	–	–	1 387 828	(2 829)	1 384 999
–	–	–	(97 991)	–	(97 991)
–	431 306	–	431 306	–	431 306
–	–	–	3 386	–	3 386
–	(158 312)	13 000	(194 300)	(17 624)	(211 924)
–	–	(13 000)	(13 000)	–	(13 000)
(9 035)	–	–	(9 035)	–	(9 035)
19 129	–	–	19 129	–	19 129
100 453	**318 734**	**(116 483)**	**13 484 521**	**(13 201)**	**13 471 320**

SUMMARISED SEGMENTAL ANALYSIS

Business segment	Note	Audited 30 June 2016 Gross revenue R'000s	Audited 30 June 2016 Net profit (loss) R'000s	Audited 30 June 2016 Investment properties R'000s	Audited 30 June 2016 Net asset value R'000s	Audited 30 June 2015 Revenue R'000s	Audited 30 June 2015 Net profit (loss) R'000s	Audited 30 June 2015 Investment properties R'000s	Audited 30 June 2015 Net asset value R'000s
Brooklyn Bridge Office Park	2	80 683	4 472	636 999	308 217	71 864	11 727	611 581	224 026
Great Westerford*	1	33 904	10 792	–	–	34 363	18 982	272 762	204 377
Lynnwood Bridge – Offices		100 565	39 666	825 629	483 448	80 101	55 137	801 408	424 072
Aurecon Building		98 556	26 705	662 560	281 201	97 596	23 867	641 770	176 559
Newtown Junction – Offices		68 852	(1 024)	626 693	196 487	55 592	(7 185)	615 652	144 714
Majestic Offices		21 136	(1 652)	132 510	29 687	12 849	3 905	134 361	27 921
PwC Sunninghill		45 533	(2 154)	345 199	(44 001)	18 961	4 075	351 306	(29 371)
Waterfall – Altech Building*		6 431	4 546	43 944	29 991	8 142	3 225	40 647	25 296
Waterfall – Cell C Campus		135 372	65 671	794 486	396 015	127 696	47 182	778 013	624 091
Waterfall – Group Five		71 570	36 430	562 318	238 546	80 008	50 112	543 093	252 420
Waterfall – Maxwell Office Park – Phase I, II and III*		43 170	37 334	486 240	290 359	26 824	11 060	239 659	121 847
Waterfall – Novartis		25 247	9 443	207 963	63 930	2 190	33 303	194 620	122 126
Office and mixed-use		**731 019**	**230 229**	**5 324 541**	**2 273 880**	**616 186**	**255 390**	**5 224 872**	**2 318 078**
Glenfair Boulevard Shopping Centre		56 849	27 256	419 044	222 217	50 208	62 529	388 900	157 480
Lynnwood Bridge – Retail		44 858	21 616	335 267	175 244	43 806	27 005	311 313	160 844
Newtown Junction – Retail		83 465	(40 331)	637 826	(56 580)	61 662	(14 711)	653 051	72 649
Garden Route Mall		139 701	56 848	1 247 711	502 504	122 846	74 004	1 186 014	452 361
Brooklyn Mall#		75 601	49 971	740 972	330 398	71 999	36 919	677 335	260 397
MooiRivier Mall		119 751	51 998	1 106 356	459 450	113 591	56 078	1 042 802	398 427
Andringa Walk	3	26 554	10 714	182 908	80 143	24 864	711	169 323	65 922
Eikestad Mall ^		68 918	41 277	573 031	253 604	65 200	26 021	529 416	202 783
Mill Square^		8 681	11 521	96 044	47 210	7 596	1 778	78 975	30 161
Waterfall – Mall of Africa^		79 675	528 840	3 730 216	2 125 461	–	–	–	–
Waterfall – Waterfall Corner		29 268	18 503	204 741	136 623	28 758	10 447	185 440	88 943
Waterfall – Waterfall Lifestyle		21 142	464	116 153	40 125	14 751	10 324	112 371	28 172
Retail		**754 463**	**778 677**	**9 390 269**	**4 316 399**	**605 281**	**291 105**	**5 334 940**	**1 918 139**
Waterfall – Angel Shack	2	2 587	3 546	36 692	27 505	4 728	5 629	32 931	23 631
Waterfall – Medtronic	2	9 434	11 741	137 800	55 670	8 911	18 589	108 442	20 949
Waterfall – Cummins*	2	9 074	9 187	94 740	34 339	1 105	14 357	78 008	76 814
Waterfall – Dräger	2	5 663	1 626	75 294	31 073	6 829	12 601	71 250	32 118
Waterfall – Massbuild		39 793	16 486	256 380	87 619	32 939	16 073	243 439	40 028
Waterfall – Westcon	2	8 718	2 990	106 068	39 501	9 977	9 209	99 176	88 324
Waterfall – Hilti	2	4 591	3 148	59 276	28 978	–	–	–	–
Waterfall – Servest	2	11 999	12 581	157 013	69 180	–	–	–	–
Waterfall – Stryker	2	4 511	2 820	61 314	24 896	–	–	–	–
Light industrial		**96 370**	**64 125**	**984 577**	**398 761**	**64 489**	**76 458**	**633 246**	**281 864**
Newtown Junction – City Lodge		5 298	11 894	109 484	23 015	–	–	–	–
Lynnwood Bridge – City Lodge		21 042	14 089	180 838	91 234	20 428	14 134	170 481	88 127
Waterfall – City Lodge		12 897	(1 858)	94 526	44 980	5 812	(468)	99 904	46 361
Hotel		**39 237**	**24 125**	**384 848**	**159 229**	**26 240**	**13 666**	**270 385**	**134 488**

Business segment	Note	Audited 30 June 2016 Gross revenue R'000s	Net profit (loss) R'000s	Investment properties R'000s	Net asset value R'000s	Audited 30 June 2015 Revenue R'000s	Net profit (loss) R'000s	Investment properties R'000s	Net asset value R'000s
Le Chateau		–	(12 004)	5 000	2 753	–	(4)	17 000	14 755
Waterfall – Development rights	3	–	(178 510)	1 174 018	1 174 022	–	68 751	1 467 422	1 467 387
Waterfall – Infrastructure and services	3	–	(24 502)	1 115 750	832 447	25	(7 751)	615 991	207 744
Vacant land		**–**	**(215 016)**	**2 294 768**	**2 009 222**	**25**	**60 996**	**2 100 413**	**1 689 886**
Newtown Junction – City Lodge		–	–	–	–	–	4 656	73 018	25 425
Newtown – Carr Street		–	–	27 577	27 418	–	–	8 569	8 569
Waterfall – Allandale Building		–	52 542	322 095	242 397	–	3 627	69 848	52 023
Waterfall – Hilti		–	–	–	–	–	9 963	38 981	28 575
Waterfall – Mall of Africa^		–	–	–	–	–	339 686	2 010 139	624 601
Waterfall – Maxwell Office Park – Phase IV*		–	–	–	–	–	15 795	101 658	12 456
Waterfall – PwC Tower and PwC Annex~		–	13 106	463 401	170 114	–	27 895	152 688	187 564
Waterfall – Servest		–	–	–	–	–	28 073	127 134	40 125
Waterfall – Stryker		–	–	–	–	–	11 662	41 982	18 898
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	–	–	–	–
Developments under construction		**–**	**90 020**	**1 212 661**	**656 442**	**–**	**441 357**	**2 624 017**	**998 236**
MAS Real Estate Inc.		–	192 968	–	2 722 460	–	163 935	–	2 537 711
Atterbury Cyprus Limited		–	124 060	–	891 980	–	–	–	–
Atterbury Africa Limited		–	(1 685)	–	13 380	–	6 059	–	18 256
Stenham European Shopping Centre Fund Limited		–	43 747	–	380 803	–	(29 177)	–	344 256
Atterbury Serbia BV		–	(557)	–	34 237	–	–	–	–
Gruppo Investment Limited (Ikeja City Mall)		–	(23 396)	–	324 751	–	–	–	–
The Grove Mall of Namibia		–	36 521	–	163 049	–	54 842	–	143 486
Mall of Mauritius at Bagatelle Limited		–	–	–	–	–	3 013	–	188 394
Bagaprop Limited		–	–	–	–	–	7 484	–	468 020
Other international		–	5 633	–	104 369	–	925	–	72 793
International		**–**	**377 291**	**–**	**4 635 029**	**–**	**207 081**	**–**	**3 772 916**
Head office/other		**(71)**	**(62 443)**	**–**	**(977 642)**	**714**	**236 941**	**–**	**850 843**
Total		**1 621 018**	**1 287 008**	**19 591 664**	**13 471 320**	**1 312 935**	**1 582 994**	**16 187 873**	**11 964 450**

Notes:
1. Sold during the year
2. Held for sale at 30 June 2016
3. Portion held for sale at 30 June 2016
*Represents Attacq's undivided share in the property: *50%; #25%; ^80%; ~75%*

GLOSSARY

Adjusted NAVPS	Net asset value per share adjusted for deferred taxation
A-F-S	Available for sale
AFS	Company and Group Annual Financial Statements
AGM	Annual General Meeting
ARC	Audit and Risk Committee
ARF	Attacq Retail Fund Proprietary Limited
Artisan	Artisan Development Partners Limited
Attacq	Attacq Limited and its subsidiaries
AttAfrica	AttAfrica Limited
Atterbury	Atterbury Property Holdings Proprietary Limited
Atterbury Cyprus	Atterbury Cyprus Limited
Atterbury Europe	Atterbury Europe B.V.
Atterbury Serbia	Atterbury Serbia B.V.
Barrow	Barrow Construction Proprietary Limited
B-BBEE	Broad-Based Black Economic Empowerment
BRE	Balkans Real Estate B.V.
BreAtt	BreAtt B.V.
CAF	Combined Assurance Forum
CAGR	Compound annual growth rate
CBD	Central business district
CEO	Chief Executive Officer
CFO	Chief Financial Officer
Companies Act	The Companies Act, No 71 of 2008
Coronation	Coronation Fund Managers Limited
CSI	Corporate Social Investment
CSP	Conditional Share Plan
Development rights	The leasehold and development rights to develop and register long-term lease agreements against the title deeds of the Waterfall land parcels
EAJV	EA Waterfall Logistics JV Proprietary Limited
ED	Executive Director
EE	Employment Equity
Equites	Equites Property Fund Limited
ERM	Enterprise Risk Management
ESD	Enterprise and Supplier Development
Exco	Executive Committee or Executive Management
FCTR	Foreign Currency Translation Reserve
FirstRand	FirstRand Bank Limited
GBCSA	Green Building Council of South Africa
Geelhoutboom	Geelhoutboom Estate Proprietary Limited
GLA	Gross lettable area
Growthpoint	Growthpoint Properties Limited
GTP	Guaranteed Total Package
Hyprop	Hyprop Investments Limited
ICT	Information Communications Technology
IFRS	International Financial Reporting Standards
JSE	Johannesburg Stock Exchange

JSE Listings Requirements	The Listings Requirements, as issued by the JSE from time to time
Karoo Agterskot	Agterskot in respect of the disposal of Karoo Investment Fund S.C.A. SICAV-SIF
King III	The King Report on Governance for South Africa and the King Code of Governance Principles
KPI	Key Performance Indicator
LBOP	Lynnwood Bridge Office Park Proprietary Limited
LEED	Leadership in Energy and Environmental Design
LTI	Long-Term Incentive
MAS	MAS Real Estate Incorporated
MOI	Memorandum of Incorporation
NAV	Net asset value, being the equity attributable to the owners of the holding company
NAVPS	NAV per share
NCI	Non-controlling interest
NED	Non-Executive Director
Old Mutual	Old Mutual Investment Group (South Africa) Proprietary Limited
P3JV	AWIC Pocket 3 JVCO Proprietary Limited
PDP	Personal Development Plan
Performance period	Predetermined performance conditions measured over a three-year period
Primary GLA	Primary gross lettable area. The primary revenue-generating rentable area dedicated to the use of the tenant comprising usable and common area for offices and excluding common area for retail buildings
Prime Kapital	Prime Kapital Limited
PV	Photovoltaic
Remco	Remuneration and Nominations Committee
RMB	Rand Merchant Bank
Royal Bafokeng	Royal Bafokeng Holdings Proprietary Limited
SACSC	South African Council of Shopping Centres
Sanlam Properties	Sanlam Properties, a division of Sanlam Life Insurance Limited
SARs	Share Appreciation Rights
SENS	The Stock Exchange News Service of the JSE
SME	Small and Medium-sized Enterprise
Standard Bank	Standard Bank of South Africa Limited
STI	Short-Term Incentive
the Board	Board of Directors
the codes	The B-BBEE Codes of Good Practice
the Company	Attacq Limited and its subsidiaries
the Group	Attacq Limited and its subsidiaries
TSE	Transformation, Social and Ethics
WRI	Winter Robin Investments 26 Proprietary Limited
Zenprop	Zenprop Property Holdings Proprietary Limited

NOTES

CORPORATE INFORMATION

Attacq Limited

(Incorporated in the Republic of South Africa)
(Registration number 1997/000543/06)
JSE share code: ATT ISIN: ZAE000177218

Registered office

ATT House, 2nd Floor
Maxwell Office Park
Magwa Crescent West
Waterfall City
2090

Postal address

PostNet Suite 016
Private Bag X81
Halfway House
1685

Directors

P Tredoux#* (Chairperson)
MC Wilken (CEO)
M Hamman (CFO)
MM du Toit#*
HR El Haimer#*
KR Moloko#*
BT Nagle#*
S Shaw-Taylor#*
JHP van der Merwe#*
LLS van der Watt*
 # Independent
** Non-executive*

Company Secretary

T Kodde

Transfer Secretaries

Computershare Investor Services Proprietary Limited
Ground Floor, 70 Marshall Street, Johannesburg, 2001
(PO Box 61051, Marshalltown, 2107)

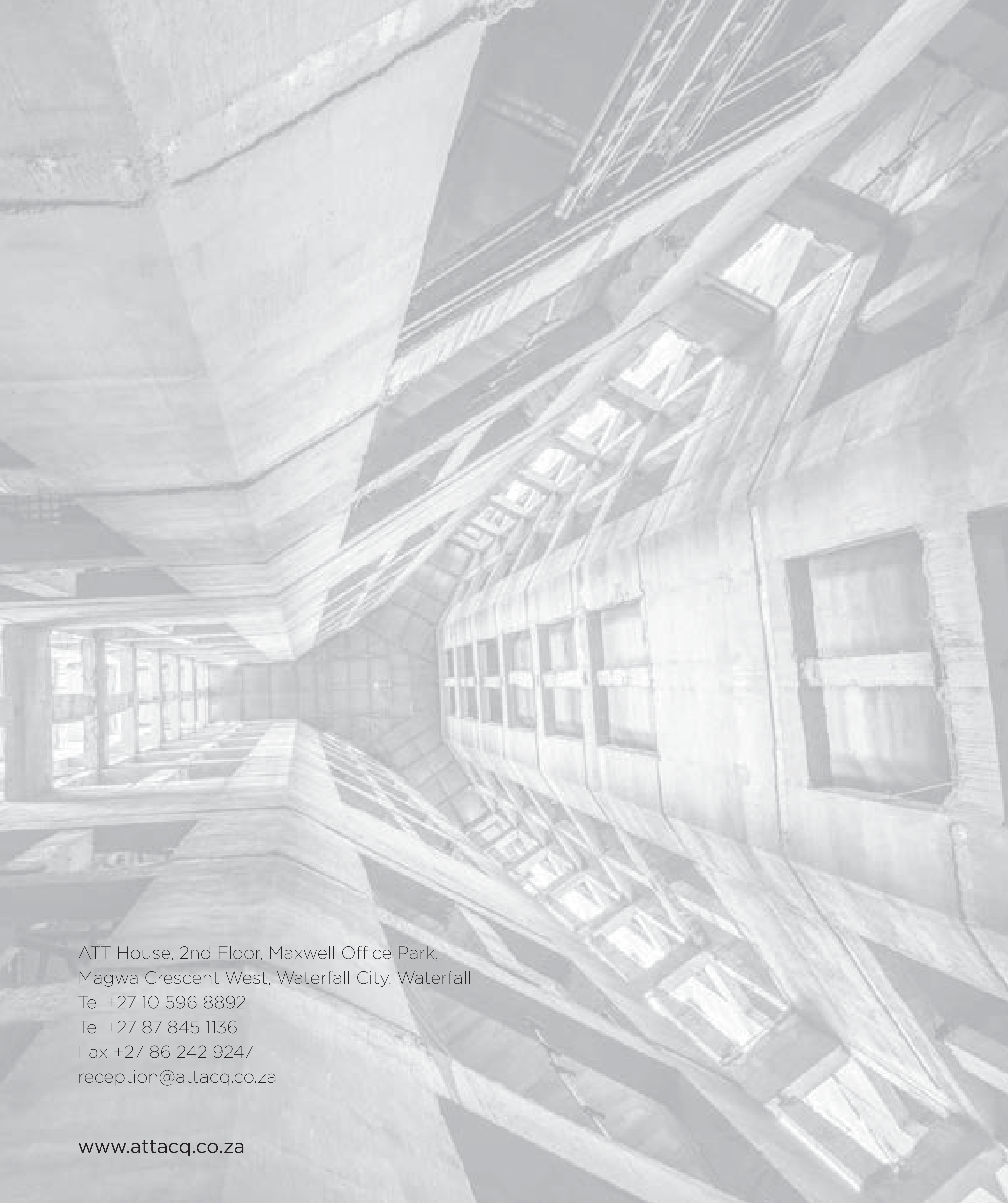
Sponsor

Java Capital

Independent auditors

Deloitte & Touche
Registered Auditors
Riverwalk Office Park, Block B
41 Matroosberg Road, Ashlea Gardens X6, Pretoria, 0081
(PO Box 11007, Hatfield, 0028)

GREYMATTER & FINCH # 10089



ATT House, 2nd Floor, Maxwell Office Park,
Magwa Crescent West, Waterfall City, Waterfall
Tel +27 10 596 8892
Tel +27 87 845 1136
Fax +27 86 242 9247
reception@attacq.co.za

www.attacq.co.za