



ATTACQ
INVEST • DEVELOP • GROW

**INTEGRATED
REPORT
2017**

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Mall of Africa, Waterfall City

NAVIGATION ICONS

We have identified our challenges, risks and opportunities as well as value creation, wherever possible, throughout the report using the following icons:



Challenges, risks and opportunities



Value creation

We used cross-referencing icons when more information is available:



Further information online



Further information in this report

SNAPSHOT OF THE YEAR

NAVPS* GROWTH

3.2% to
R22.59 per share

** Net asset value per share*

THREE-YEAR ROLLING ADJUSTED NAVPS CAGR*

12.0%
(June 2016: 17.0%)

** Compounded annual growth rate*

CONVERSION TO A REIT

FOCUS ON FOUR KEY VALUE DRIVERS

www.attacq.co.za



About this report


Attacq, founded in 2005, was listed on the JSE Securities Exchange (“JSE”) in October 2013. Our vision is to be the premier property company in South Africa and we pursue this through our strategic **value drivers**.

THE REPORT OBJECTIVE AND SCOPE

This Integrated Report (“IR”) presents the holistic performance of Attacq Limited and its subsidiaries (“Attacq” or “the Group” or “the Company”) for the year ended 30 June 2017. It includes 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 primary audience of this report is providers of financial capital, although it should also enable all other stakeholders to assess our ability to create and sustain value. We also regard the report as an internal tool to enhance our integrated thinking.

This report covers our South African, African and international activities, 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 at www.attacq.co.za.

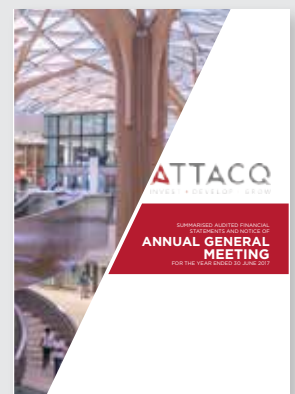
Any material events after year end, but before publication of this report, have been included. Unless indicated otherwise, information in this report refers to the Group.

REPORTING FRAMEWORKS AND REGULATIONS

We were 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 JSE Limited Listings Requirements; and
- International Financial Reporting Standards (“IFRS”).


We have applied the guiding principles and content elements of the International <IR> Framework, and remain committed to improving our disclosure.



OUR REPORTING SUITE

We produce a suite of reports to cater for stakeholders’ needs. Supplementary reports, see below, support our IR, and are tailored to meet our readers’ specific information requirements.

IR including the Summarised Consolidated Financial Statements

 www.attacq.co.za/investors/integrated-report_2017

Company and Group AFS for the year ended 30 June 2017

 www.attacq.co.za/investors/annual_financial_statements_2017

Corporate governance report

 www.attacq.co.za/investors/corporate_governance_2017

Our website

 www.attacq.co.za

About this report continued

We structured our report around the six capitals model, or as we refer to them – the resources, as described in the International <IR> Framework. We believe that this structure demonstrates our use and understanding of the impact of these resources clearly and concisely.

For our classification of resources, refer to our value creation process on pages 14 and 15. For convenience, the resources we used are:

- financial: page 44;
- manufactured: page 52;
- human: page 78;
- social and relationship: page 88;
- natural: page 92; and
- intellectual: page 99.

DETERMINING MATERIALITY

We have applied the principle of materiality in preparation of this report. A matter is considered material if it can substantively affect our ability to create and sustain

value over the short, medium or long term. After determining material matters, we assess these against the need to give our providers of capital a concise and complete view of our business. Material matters not prioritised for inclusion in the IR are disseminated via our website, www.attacq.co.za.

A range of evidence was considered to determine material matters, including Board documents, risk assessments, media releases and stakeholder engagements. This year, we also conducted executive-level workshops to interrogate our material matters.

These workshops grouped our material matters into the five themes illustrated below under the heading “Material matters”. This also summarises how materiality informs our business strategy.








Most material matters were determined in an integrated approach through:

- understanding the consequences and implications of risks materialising from our external environment;
- understanding the quality of our relationships and identified risks; and
- considering all our resources on hand to mitigate against identified risks.



In the table below, we describe our material matters and cross-reference them to more information in this report.

MATERIAL MATTER AND WHAT IT MEANS FOR ATTACQ	CROSS-REFERENCE
 REAL ESTATE INVESTMENT TRUST (“REIT”) CONVERSION <p>We aim to convert to a REIT, subject to JSE approval by the latest from 1 July 2018. Our key differentiator from other REITs is our investment in Mas Real Estate Inc (“MAS”) and our Waterfall development portfolio.</p>	Strategy CEO review Performance review Chairperson’s review
 MACRO-ECONOMIC <p>Challenges include a potential further sovereign credit rating downgrade, forex fluctuations, shifting investor risk appetite due to lower business confidence, oversupply of commercial space, reduced consumer disposable income and pressure on trading densities, impacting the affordability of leases for our tenants and development activity.</p>	
 TRANSFORMATION <p>Our B-BBEE score will be impacted by the new Property Sector Charter that came into effect in June 2017 as well as additional requirements after the REIT conversion. A lower B-BBEE rating can negatively affect tenant retention and expansion of our tenant footprint. The rating forms part of the performance criteria which impacts vesting under our Long-Term Incentive (“LTI”) scheme awards.</p>	Business overview Performance review Chairperson’s review
 SUSTAINABILITY <p>Water availability, quality and pressure are growing concerns in South Africa as well as uncertainty about future electricity supply, quality and cost. Tenants are looking at the total cost of occupancy, quality of buildings and security of services.</p>	
 DEVELOPMENTS <p>We internalised our development team on 1 July 2016 and have built a team of experienced professionals over the last year. They are responsible for ensuring the delivery of quality developments on time and within budget.</p>	Social and relationship resources Corporate governance report Natural resources Manufactured resources Waterfall development portfolio


About this report continued

Reflecting on our operating context, strategy and value creation model, we believe that this IR addresses all matters that have a material effect on our ability to create shareholder value.

ASSURANCE

We strive for 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.

Executive Directors are responsible for determining the adequacy, extent and operation of accounting and management information systems throughout the year by performing comprehensive reviews, and testing the effectiveness of internal control systems. Internal audit, outsourced to PricewaterhouseCoopers ("PwC"), provides assurance to the Audit and Risk Committee ("ARC") on the effectiveness of the overall control environment of the Group. This includes assurance on the effectiveness of internal controls that support the IR.

 Refer to pages 3 to 8 of our AFS for further information on internal controls.

Deloitte & Touche ("Deloitte") has independently audited the AFS. Its unmodified audit opinion appears on pages 12 to 17 of our AFS. The scope of the audit is limited to information on pages 18 to 163 of our AFS. Deloitte has also identified key audit matters which are addressed in its audit opinion.

FEEDBACK

We value your feedback in our endeavour to continuously improve our reporting. Any comments or requests for additional information can be emailed to Brenda Botha, our Head of Investor Relations, at investorrelations@attacq.co.za.

FORWARD LOOKING STATEMENTS

This IR contains forward looking statements that, unless indicated, reflect the Group's expectations as at 30 June 2017. Actual results may differ materially from the Group's expectations if known and unknown risks or uncertainties affect our business, or if estimates or assumptions prove to be 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 other than as required by the JSE Listings Requirements, even if new information becomes available as a result of future events, or for any other reason.

APPROVAL OF THE 2017 IR

As the Board of Attacq Limited, supported by the ARC, we acknowledge our responsibility to ensure the integrity of the 2017 IR. Together with management, and reflecting on our operating context, strategy and value creation model, we believe that this IR addresses all matters that have, or could have, a material effect on our ability to create shareholder value. We have applied our collective minds to the preparation and presentation of information in this report, which has been guided by the International <IR> Framework.

The Board authorised the IR for release on 29 September 2017.



P Tredoux

Chairperson



MC Wilken

Chief Executive Officer

Where we invest and develop

Gauteng, North West, Western Cape

1 South African property portfolio

Top 10 properties by value

- Mall of Africa
- Lynnwood Bridge Precinct, including Glenfair Boulevard
- Garden Route Mall
- MooiRivier Mall
- Cell C Campus
- Eikestad Precinct
- Newtown Precinct
- Brooklyn Mall
- Group Five
- Allandale building

Value of portfolio
R18.1 billion
(2016: R17.1 billion)

Percentage of total assets
(2016: 61.9%)



Germany, Switzerland, United Kingdom, Poland, Slovenia, Romania, Bulgaria

2 Investment in MAS

Our MAS investment is equity accounted and therefore disclosed at an investment value of **R2.7 billion** versus a market value of **R3.5 billion** (based on a closing share price of R23.50 per share as at 30 June 2017).

Value of investment
R2.7 billion
(2016: R2.7 billion)

Percentage of total assets
(2016: 9.9%)



Gauteng

3 Waterfall development portfolio

Key developments

Under construction at year end:

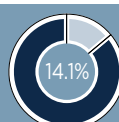
- PwC Tower and Annex
- Gateway West
- K101 Warehouse
- Corporate Campus, Building 1
- BMW Group SA regional distribution centre

Starting construction after year end:

- The Atria
- River Creek – Deloitte
- Waterfall Point

Value of portfolio
R3.8 billion
(2016: R3.6 billion)

Percentage of total assets
(2016: 13.0%)



United Kingdom
Poland
Germany
Switzerland
Slovenia
Romania
Bulgaria

Ghana

Nigeria

Zambia

Namibia

South Africa

Ghana, Nigeria, Zambia, Namibia

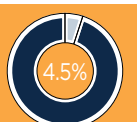
4 Rest of Africa retail investments

Key investments

- AttAfrica Limited ("AttAfrica")
- Ikeja City Mall
- The Grove Mall of Namibia

Value of investment
R1.2 billion
(2016: R1.4 billion)

Percentage of total assets
(2016: 4.9%)





Allandale building, Waterfall City

Business overview

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Risks and opportunities	20

Allandale building, Waterfall City

Chairperson's review

STRATEGIC MILESTONE ACHIEVED

In the four years since our debut on the JSE, we have focused on long-term sustainable capital growth through actively investing in the development of quality real estate assets. By balancing our strong entrepreneurial instincts with solid governance frameworks, we have delivered continuous growth in adjusted net asset value per share of 14.2% CAGR over the past five years.

The completion of our flagship Mall of Africa development last year, steady growth of commercial and industrial developments at Waterfall, our successful offshore investments through MAS, and the continuous proactive management of our balance sheet has enabled us to announce that Attacq will convert to a REIT. This will benefit shareholders from a blend of capital growth and distributions while maintaining the quality of assets.

Revising our strategy

The Board and management team have agreed a revised strategy to ensure focus on our core assets and that we capitalise on our key competencies. Four primary focus areas were identified, each supporting our aim of creating value through a combination of capital growth and income distribution:

- **Our South African portfolio** – Attacq has a high-quality operational portfolio of retail, commercial and industrial properties. Management's focus will remain on optimising these core assets.
- **Capitalising on our European investments** through the experience and knowledge of our MAS investment. This investment provides specialised focus, mitigates the risk of spreading Attacq's resources too thinly and enables management to focus on our core assets.
- **Our Waterfall development portfolio** – Attacq's core competency and strategic advantage is our ability to create lasting value from, arguably, the best development opportunity in South Africa.
- Working with our co-shareholders to optimise returns from the retail investments in our **rest of Africa portfolio**.

Weathering difficult trading conditions by **capitalising on our strengths**

OUR PERFORMANCE AND FOCUS ON SUSTAINABLE GROWTH

Despite the disappointing growth for the year, Attacq achieved several of the Key Performance Indicators ("KPIs") set out on pages 32 to 35.

While overall results were below the Board's expectations, and exacerbated by consecutive years of slow economic growth, we are confident that implementing our revised strategy will help Attacq weather difficult trading conditions and capitalise on its strengths for sustainable growth in future.

To put our performance in context:

- **South Africa** faces its greatest economic challenges in a decade, with the domestic retail sector trending down on low GDP growth and consumer spending. Fortunately, our strategy of investing in regionally dominant malls has kept vacancies low and trading densities sound. With our Waterfall development in the centre of the country's economic hub, Attacq has a significant advantage. This is reflected in the calibre of tenants we are attracting at Waterfall, particularly strong international brands – most recently BMW, PwC and Deloitte – underscoring the benefits of this location and our offering while strengthening the quality of our overall portfolio.
- Trading conditions were reasonable in **Europe**. Our investment in MAS is proving an effective conduit into Europe, given its capacity and understanding of those economies to make sound investments. Our active involvement through representation on the MAS Board and Investment Committee ensures that decisions benefit the shareholders of both groups.


Pierre Tredoux
Chairperson

A man with grey hair, wearing a dark blue suit jacket over a white button-down shirt, stands in front of a large window. The window looks out onto a cityscape with buildings and a clear sky. The lighting is bright, suggesting daytime.

Conversion to
a REIT and
revised strategy
**support
sustainable
growth**

Chairperson's review continued

- Most **African** economies have contracted considerably, with several facing liquidity or currency fluctuation challenges. Accordingly, our revised strategy excludes investing further in regional opportunities outside of South Africa.

 Please refer to page 44 for more detail on our financial performance.

Focus on sustainable growth

With infrastructural investment largely complete at Waterfall, we are now focused on securing appropriate developments to achieve our required returns. The nature of our industry dictates that, as part of a developer's investment cycle, money has to be spent upfront as profit and income only begin to flow once so-called top structures have been completed.

By partnering with experienced groups, we are adding residential developments to our portfolio, which will enhance the appeal of Waterfall City. In designing this city from a blank canvas – a rare and almost ideal opportunity to create a living city ambience – we are able to effectively manage the environment and traffic conditions, and streamline activities as far as possible.

 With its first trading year complete, the Mall of Africa is starting to add the value which we anticipated. Early trading densities are reasonable and the mall is functioning well, attracting growing numbers of shoppers. The Mall of Africa is proving an effective catalyst in positioning the greater Waterfall as a desirable destination, able to compete in the local market and contribute to the economic growth of this hub.


In refining our strategy for sustainable growth, we considered the changes underway in all of our operating sectors, understanding that we may have to design spaces differently as needs evolve. Green design remains a focus area, with renewable energy and water and waste treatment plants being incorporated into the design of our buildings. As South Africa's water resources are not currently well managed, it is inevitable that we will face water shortages in future. As material landowners, we have to find ways of ensuring continuous water and electricity supply.

With the developments planned for Waterfall and residential development rolling out, the Board believes that all the components are in place for strong and sustainable growth.

Retaining our entrepreneurial DNA while embedding **sound corporate governance**


GOVERNANCE AND OUR STAKEHOLDERS


Since listing, we have focused on strengthening the capacity, depth of skills and diversity on our Board. Similarly, our Board committees have been structured and resourced to effectively support the Board in meeting its mandate.


To assess our progress, we commissioned an external review of the Board's functioning every three years. Internal reviews in interim periods will track identified areas for improvement. Our recent survey identified some areas for improvement but concluded that the Board functions well and the skill set is appropriate. More detail appears in the corporate governance report, page 104. 

One of our strengths lies in retaining the entrepreneurial DNA and culture from our 2005 founding, while embedding sound corporate governance. As a Board, we keenly understand the entrepreneurial spirit that drives Attacq, in tandem with the requirements of good governance. All Board and related charters are therefore regularly reviewed to ensure compliance with the principles of the King III.

The importance of our stakeholders

Our stakeholders are the cornerstone of our business. As detailed on pages 16 to 19, each stakeholder group contributes in different ways to our success, and has different needs. How we anticipate and respond to these needs contributes as much to our sustainability as our financial results. Equally, as a listed company, we are bound to comply with statutory requirements and, as a responsible company, we have adopted voluntary standards to further benefit our stakeholders. 

In particular, we are serious about transforming our Board, management team and workforce to reflect the demographics of society as detailed on page 80. 

We are making a difference in our communities through initiatives under the Attacq Foundation and investing directly in entrepreneurship in our industry as well as education. More detail appears on page 90. 

The solid relationships with our tenants allow us to understand their business better, in line with our goal of being the premier property company. Given our strong development pipeline, we are able to attract high-profile tenants and we have the capacity to offer solutions that will make Attacq the supplier of choice in all its operating segments – retail, residential, office, industrial and hotel.

For our people, culture and interactivity are important benchmarks. Our core values and key value drivers underpin the soul of the Company, while developing the full potential of every individual ensures our sustainable growth.

As a Board, we believe that Attacq is correctly structured and focused for **long-term growth**

LOOKING AHEAD

The Board's primary responsibility is strategy, and ensuring that management delivers on that strategy to grow the business and deliver sustainable returns for shareholders. As such, our focus will remain on protecting our shareholders' investments and increasing shareholder value while understanding our responsibility to create lasting value for all stakeholders.

In achieving these multifaceted goals, we need to find the appropriate balance between managing external factors outside our control – from lacklustre economic growth and infrastructural constraints to political uncertainty – and factors we do control.

Because we are actively involved in both property management and developments, compared to other REITs that focus on managing the income yield of their portfolios, we believe that Attacq is correctly structured and focused for sustainable growth. Allied to our thorough understanding of asset management, this will serve us well for the next 10 to 15 years.

Attacq has singular strengths, including the quality of assets in our portfolio, the calibre of our tenant base, strength of our development pipeline, expertise of our management team and a strategy appropriately balanced between focus and diversification. In addition, competitive remuneration structures attract and retain skilled professionals focused on performance, while corporate policies align the interests of management and shareholders.

APPRECIATION

On behalf of the Board, I extend our appreciation to our tenants, service providers, strategic partners and shareholders for their continued support.

Attacq is home to a formidable team, with exceptional people contributing at every level. Thank you to all of our employees for their commitment and dedication to our business and shareholders. Under the leadership of our CEO Morné Wilken and CFO Melt Hamman, the management team is focused on growing the business and the Directors have full confidence in our team's commitment, expertise and capability to deliver on our strategy and create value for Attacq shareholders.

My sincere thanks to every member of the Board for your active participation in robust debate and your willingness to make tough decisions. Your contributions, at Board and committee level to ensure that we collectively meet our responsibilities, are appreciated.

At the end of the financial year, Louis van der Watt resigned as Non-Executive Director. As the co-founder of Attacq, Louis played a major role in our overall strategy formulation and the subsequent listing of Attacq. He was instrumental in negotiating and securing the Waterfall land and formulating our vision for the development of Waterfall City. As a passionate entrepreneur with deep experience and expertise in the property industry, he played a significant role at Board level and in supporting our management team. Louis, we are indeed grateful for your unique contribution to Attacq.



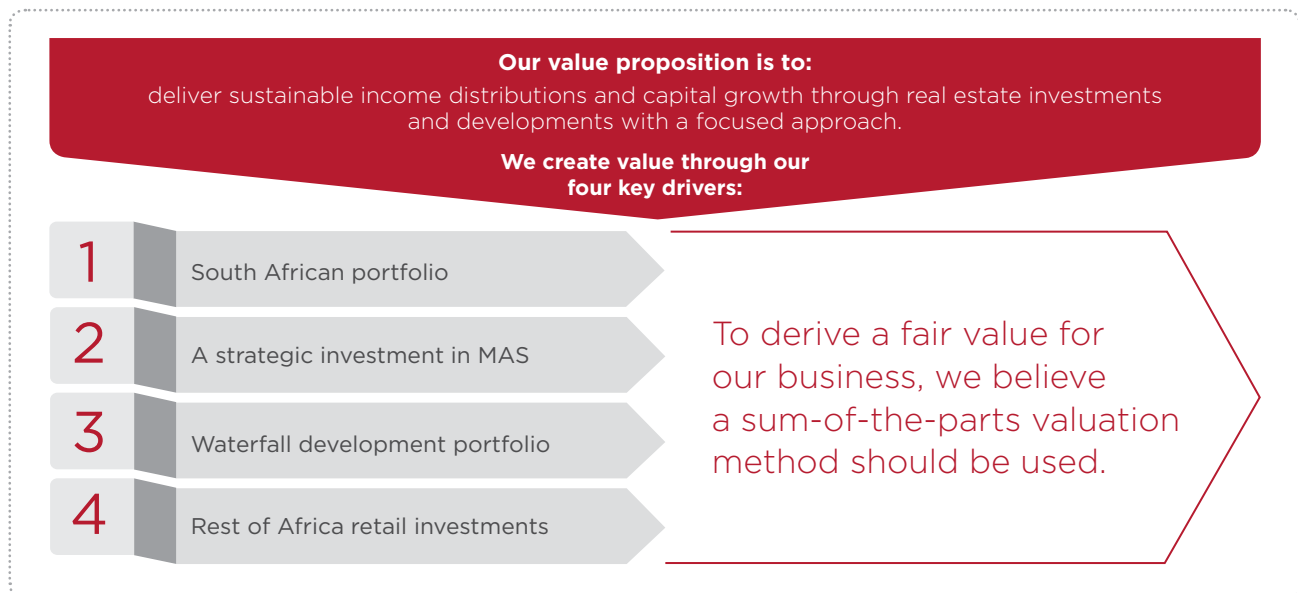
Pierre Tredoux

Chairman

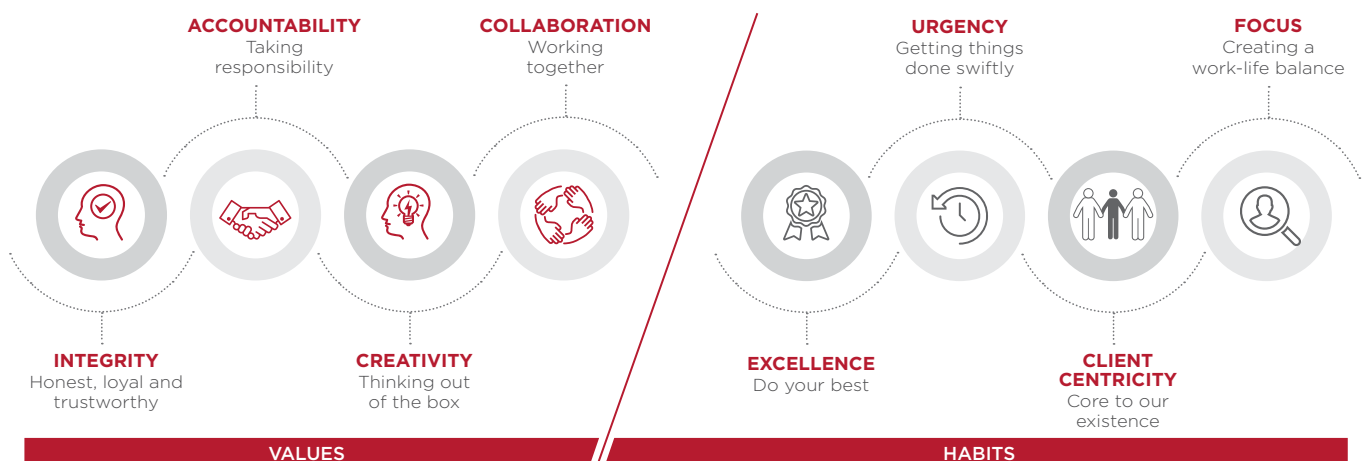
29 September 2017

Who we are

We previously focused primarily on long-term, sustainable capital growth. Our Board has resolved that it is now appropriate to adopt a strategy of **delivering both sustainable income distributions and capital growth with the objective, subject to the approval of the JSE, of receiving REIT status.**



Attacq's values and habits



Our transactional history

2013

- Secured **264 595 m² new development** pipeline in Waterfall
- Began developing **Lynnwood Bridge Phase III and Mall of Africa**
- Additional R54.0 million invested in **MAS**
- **Recycled capital**, including disposing of a 50.0% undivided share in Great Westerford and Riverport

2015

- **Completed 13 buildings in Waterfall, Lynnwood and Newtown**
- Refinanced our retail portfolio using R3.3 billion of existing debt
- **Raised a USD51.0 million debt facility**
- **Recycled capital**: disposed of three properties in the Retail Africa Wingspan Investments Proprietary Limited portfolio, and our interest in Rapfund Holdings Proprietary Limited

2017

- **Completed four buildings in Waterfall**
- Decision to convert to a REIT, subject to JSE approval
- Internalised development function
- Included in the FTSE/JSE Responsible Investment Index
- **Recycled R1.9 billion capital**: disposed of investments in Serbia, Cyprus, Pemba and eight industrial buildings
- Revised strategy with a more focused approach

2014

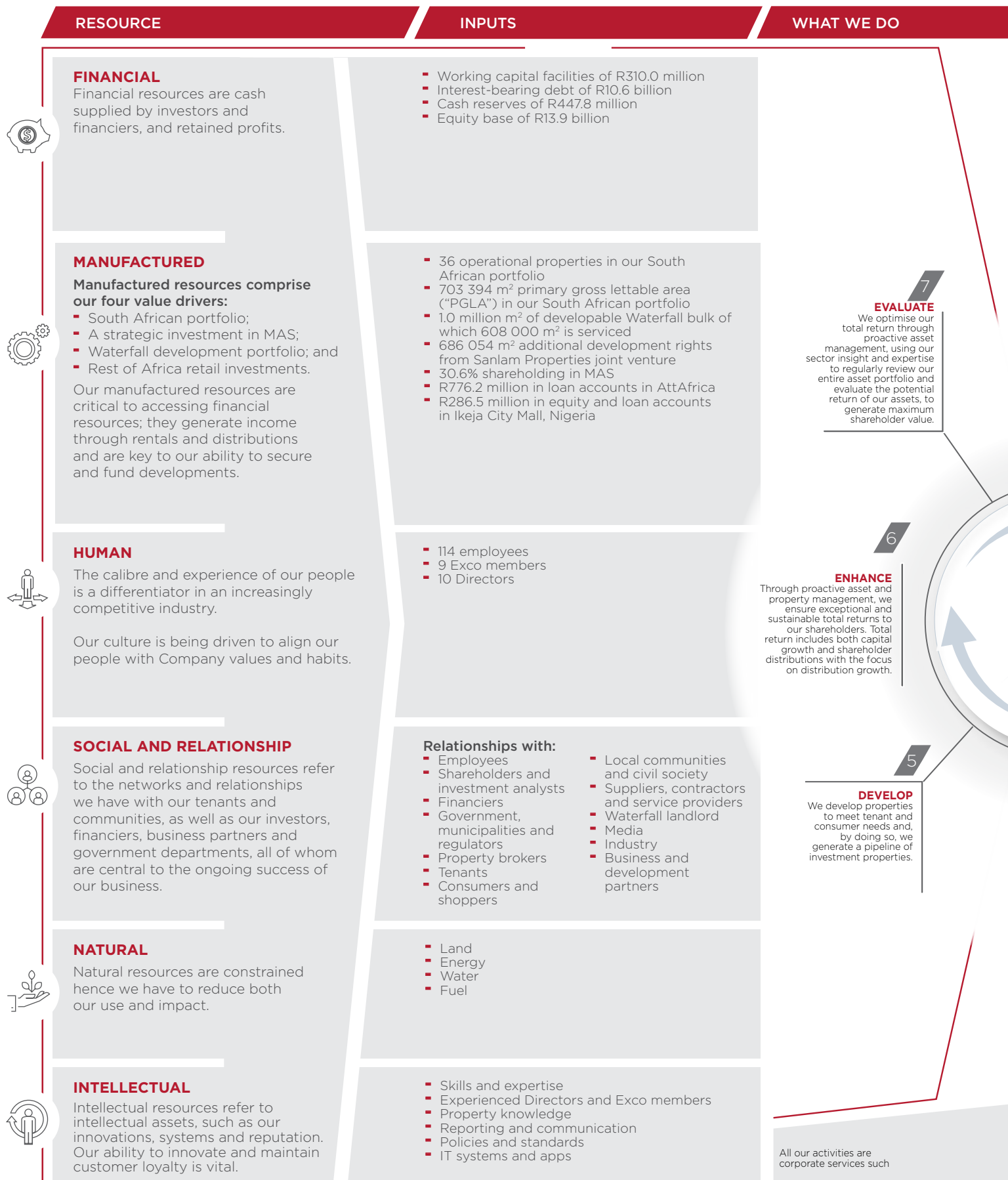
- Listed on the JSE
- **Completed five buildings in Waterfall**
- **Internalised our asset and property management**
- Raised R2.3 billion via the issue of new shares
- **Recycled capital**: disposed of Sanridge Square, Atterbury House, De Ville Shopping Centre and Harlequin Office Park

2016

- **Mall of Africa opened as the largest first-phase mall development in South Africa**
- **Partnered with:**
 - Barrow Construction Proprietary Limited ("Barrow")
 - Equites Property Fund Limited ("Equites")
 - Sanlam Properties, a division of Sanlam Life Insurance Limited ("Sanlam Properties")
 - Zenprop Property Holdings Proprietary Limited ("Zenprop")
- Acquired 25.0% of Ikeja City Mall, Nigeria
- **Recycled R1.3 billion capital**: disposed of the remaining 50.0% of Great Westerford, investments in Mauritius and MAS shares

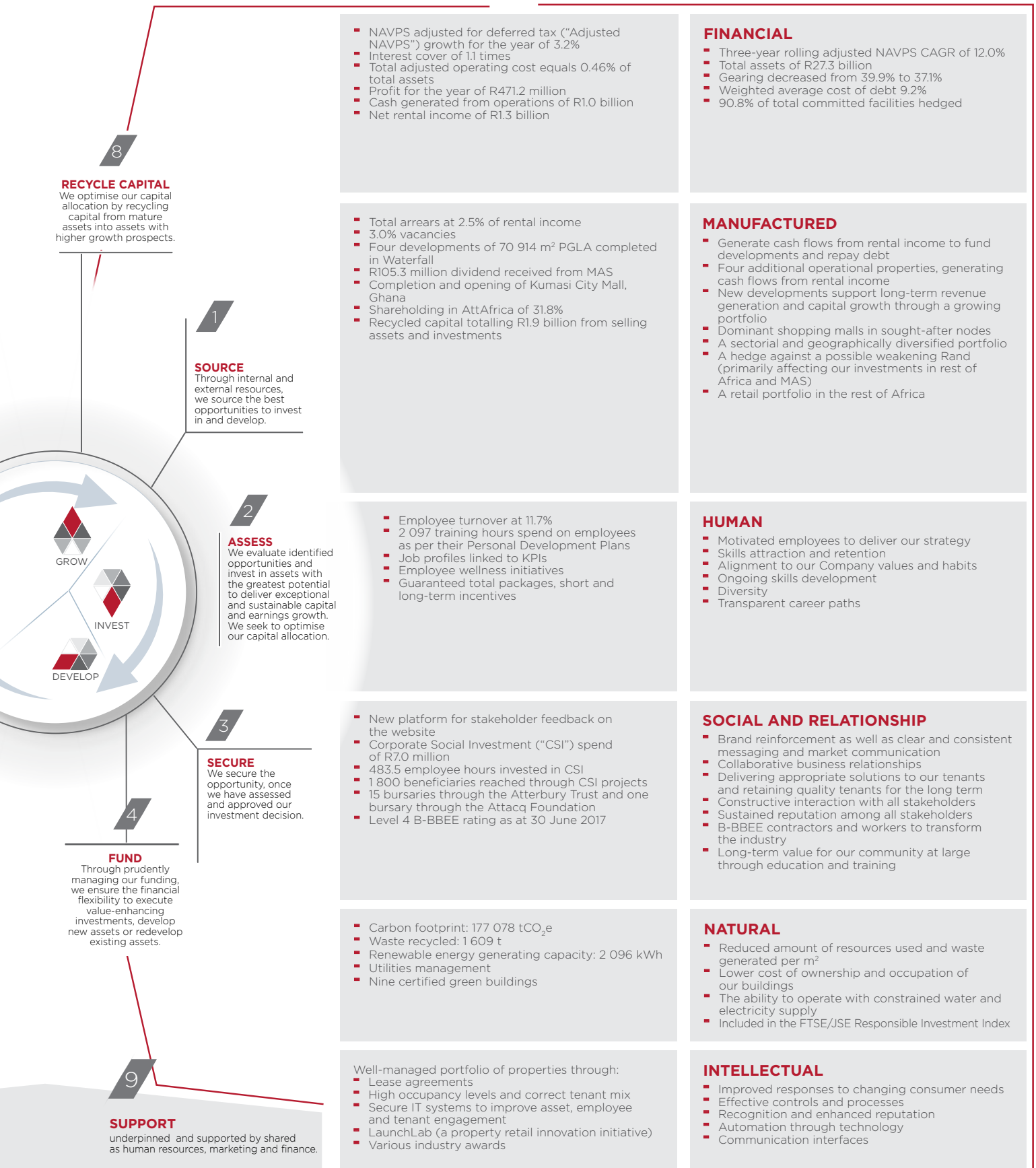
Our value creation process

Understanding trade-offs in our resources



OUTPUTS


OUTCOMES

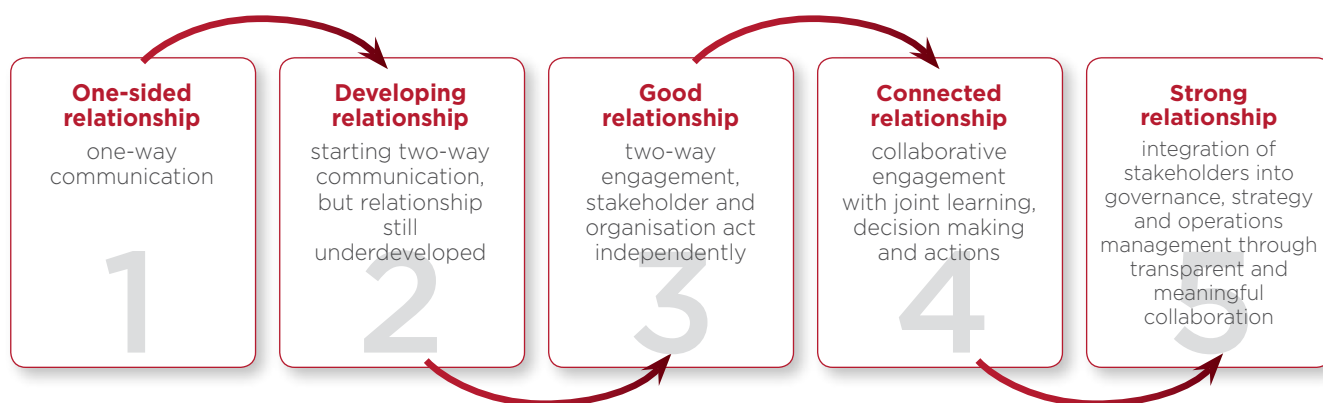


Our key relationships

Our material stakeholders are those with **significant influence on how we do business and with whom we engage regularly.**

We derive our strategy from understanding our stakeholders' expectations and concerns. These relationships enable us to identify risks and opportunities.










The quality of our relationships can either support or hamper our ability to create value as it can be a risk or opportunity in achieving our strategy. To rate the quality of our relationships, we classify them into **five categories**: 















OBJECTIVE	MAIN METHODS OF ENGAGEMENT	STAKEHOLDER CONCERNS AND HOW WE ADDRESS THEM
Employees: Connected to strong relationship  To create a healthy organisational culture that motivates employees to perform, decreases absenteeism, fosters collaboration and creates commitment to embrace our values and strategic objectives.	Regular one-on-one meetings, culture survey, on-boarding workshops, 360° performance appraisals, intranet, newsletters, employee forums, training, social events and monthly CEO updates.	<p>Internalisation of development management function: The team has grown from one member at the beginning of the year to 11 skilled professionals.</p> <p>Fair remuneration: We clearly inform employees regarding their remuneration and ensure that the relationship between performance and reward is understood.</p> <p>Training and development/career development: We provide access to formal and informal training. Should opportunities for promotion be limited due to our relatively flat structure, we find opportunities for employees to grow their careers horizontally.</p> <p>Employee concerns being addressed: An Employee Representative Committee manages and addresses employee concerns and wellbeing. Employees are encouraged to first address concerns to their line managers and can raise concerns directly with human resources. These can be escalated to the line manager and/or Exco members. Employees also have access to the anonymous whistle-blowers' hotline.</p> <p>For more information on human resources see page 78. </p>

Material matters:

 Macro-economic  REIT conversion  Developments  Sustainability  Transformation














OBJECTIVE	MAIN METHODS OF ENGAGEMENT	STAKEHOLDER CONCERNS AND HOW WE ADDRESS THEM
Shareholders and investment analysts: Good to strong relationship  		
Create a larger, diverse shareholder base, while increasing share liquidity and enhancing access to capital.	IR, presentation booklets, SENS announcements, presentations with question and answer sessions, Annual General Meeting ("AGM"), site visits, investor roadshows and investor portal on our website.	<p>Complexity of business: We continue to simplify our business model and Company structure, recycle non-core assets and focus on our four key value drivers.</p> <p>Communication and access to information: Brenda Botha was appointed Head of Investor Relations. We held our first pre-year-end close presentation and roadshow. The investor portal on our website was enhanced and an electronic database was created to improve communication.</p>
Financiers: Strong relationship    		
Manage relationships with financiers to align funding with our strategy.	Regular one-on-one meetings and financiers attend results presentations.	<p>Adequacy of security, debt serviceability and credit quality of our tenants: In addition to annual results meetings with each financier, we demonstrate compliance with covenants and our contractual agreements through compliance certificates, AFS and other documentation required in terms of the agreements.</p> <p>Management meets with financiers regularly to update them on our progress, implementation of strategy, and how we manage our tenants.</p>
Government (national and local), municipalities and regulators: Good relationship 		
Harmonious communication on compliance, and to effectively manage building approval process.	One-on-one meetings.	<p>Contributing to and managing infrastructure: We engage with government, regulators and city improvement districts to ensure that our developments are supported by the appropriate infrastructure. This includes detailed traffic and environmental impact assessments.</p> <p>Paying taxes: We are committed to ensuring the highest levels of compliance with all legislation, including taxation requirements.</p>
Property brokers: Good relationship  		
Foster long-term relationships to reduce vacancies and enhance market interest in Waterfall.	Broker breakfasts, websites, advertising vacancies, emails detailing vacancies, one-on-one meetings and annual supplier function.	<p>Fair commission: Property brokers are vital partners and we manage and foster these to maintain positive and healthy relationships. We treat them fairly by ensuring payments are made in full and commissions are paid on a timely basis.</p> <p>Availability of information: We continuously enhance our communication channels, including our website, to accelerate information flow. We have appointed a dedicated broker liaison manager to enhance our relationship with the broker community.</p> <p>Turnaround time on offers: We strive to keep our decision making simple and nimble in order to facilitate a fast turnaround on all requests for proposals for new developments.</p>

Our key relationships continued

OBJECTIVE	MAIN METHODS OF ENGAGEMENT	STAKEHOLDER CONCERNS AND HOW WE ADDRESS THEM
Tenants: Good to connected relationship    		
<p>Tenant retention and expansion of tenant footprint.</p> <p>Convert potential tenants to actual tenants.</p>	<p>Independent surveys, one-on-one meetings, presentations, including question-and-answer sessions, site visits</p>	<p>An independent survey was conducted on our office, mixed-use and industrial portfolios. Tenants ranked our interaction as positive and satisfactory, stating that we have a good relationship with them. They indicated that they are proud to be associated with Attacq.</p> <p>The following concerns were brought to our attention during the survey:</p> <ul style="list-style-type: none"> ▪ Development snags and latent defects: We interact with each tenant and our dedicated team has made good progress in dealing with the snags/defects which are inherently part of any new building. ▪ Security: Through continual engagement with tenants, service providers and local policing forums, we remain on top of trends and crime patterns so that we proactively fight crime. ▪ Communication: Through ongoing tenant communication we enable feedback loops that help us respond to our tenants' needs and requirements, which in turn fosters long-term tenant relationships and ultimately tenant retention. <p>General tenant concerns that came to our attention:</p> <ul style="list-style-type: none"> ▪ Cost of occupation: We continually invest in cost-saving initiatives for electricity as it accounts for 12.1% of total operating costs. For more information see natural resources, page 92. ▪ Transformation: We are actively pursuing ways in which to manage and improve our B-BBEE rating. <p>For more information on our relationship with our tenants, see manufactured resources, page 57.</p>
Consumers and shoppers: One-sided to developing relationship  		
<p>Understanding shopping patterns, consumer experiences, and the impact of online shopping.</p>	<p>Surveys, social media, shopping mall websites and mall helpdesks.</p>	<p>Safe, secure and convenient shopping, compliance with occupational health and safety: Visible security is supported by fast response teams. Shopper complaints are resolved as quickly as possible and in a number of ways, including social media. Feedback from consumer surveys and mystery shoppers is used to improve future campaigns.</p>
Local communities and civil society: Developing to good relationship  		
<p>Job creation, social upliftment, and investing in our communities.</p>	<p>One-on-one meetings and community forums.</p>	<p>Impact of developments on infrastructure and access: We engage with local communities and government to ensure that our developmental impact on local infrastructure is positive. Infrastructure and access are upgraded where necessary.</p> <p>Positively contributing to local communities: Being socially relevant and active in the community in which we operate is vital to business sustainability. We support local charities and a range of enterprise and supplier development initiatives. We also encourage employee volunteerism. We continuously monitor our community impact and adjust according to feedback received from charities.</p>
Suppliers, contractors and service providers: Good to connected relationship    		
<p>Quality and speed of service delivery is enhanced through relationships of trust.</p>	<p>Formalised feedback sheets and annual supplier function.</p>	<p>Fair and transparent tender processes, reasonable payment terms: Suppliers and service providers are assessed and certified in line with our procurement criteria. Tendering processes are well documented and payments are made timeously.</p> <p>Adequate B-BBEE level: We are actively pursuing ways in which to manage and improve our B-BBEE rating through the procurement policy.</p>

Material matters:

 Macro-economic  REIT conversion  Developments  Sustainability  Transformation

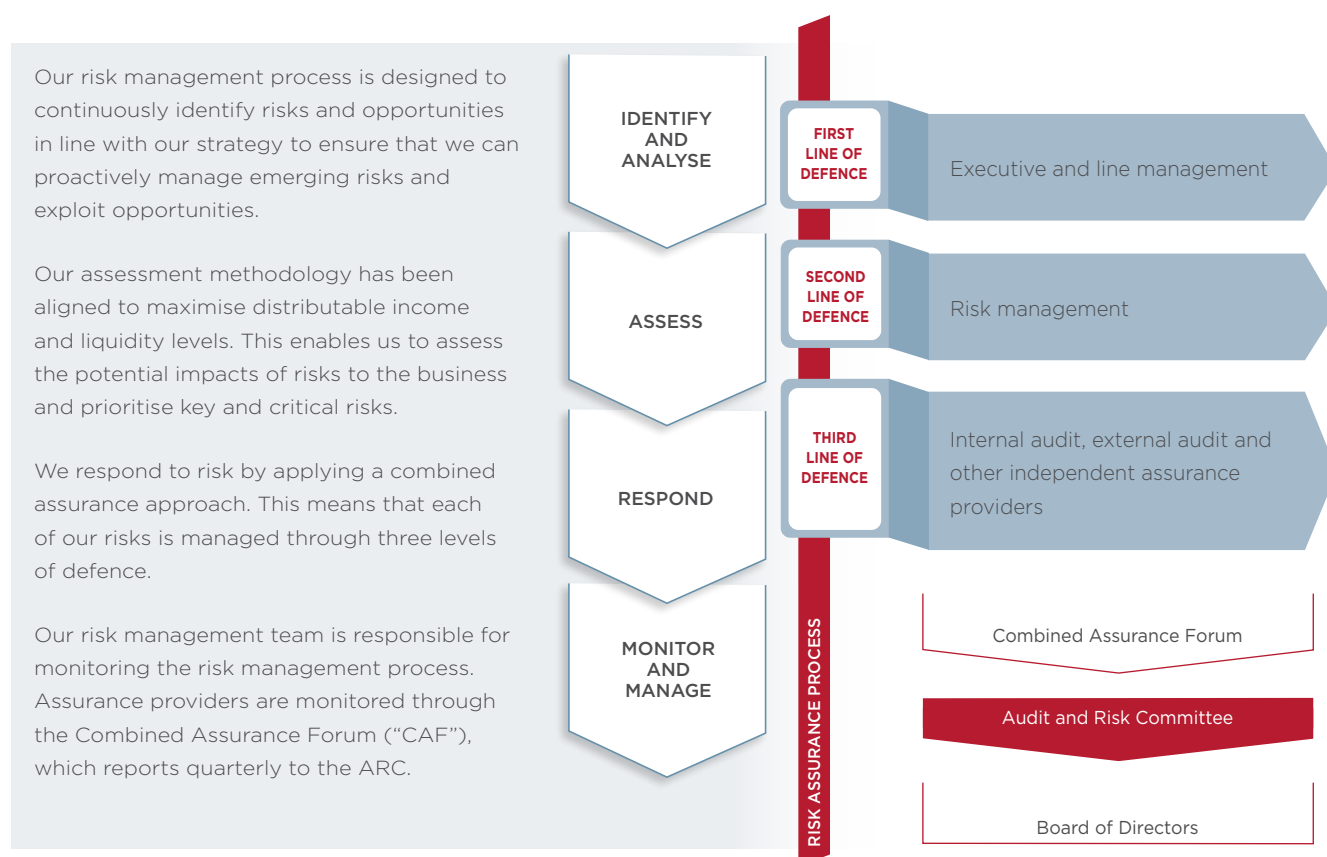
OBJECTIVE	MAIN METHODS OF ENGAGEMENT	STAKEHOLDER CONCERNS AND HOW WE ADDRESS THEM
Waterfall landlord: Good to connected relationship  		
Retain and continue building relationships.	Regular one-on-one meetings.	The development rights agreement is the overarching legal framework setting out rights and obligations in respect of the Waterfall land. Formal and informal communication, dealing with leased land matters as they arise.
Media: Good relationship     		
Drive a clear media strategy to build the Attacq brand and position ourselves as a premier property company. Ensure information is disseminated widely.	Media statements, briefings and releases, site visits and interviews.	<p>We monitor media relationships through an annual survey. The May 2017 survey indicated that the majority of media respondents view us as trustworthy, that we care about the media as a key stakeholder and our spokespeople are highly accessible and above the industry norm. Areas of improvement are indicated below.</p> <p>Managing and fostering our media relationships is a key focus for our marketing. Providing content that the media finds relevant is often a careful balance between the media wanting information before the rest of the market and the business providing information timeously, when it is ready to share milestones and progress with the wider industry and market.</p> <p>Require a better understanding of the Attacq business: We share timeous information with stakeholders and the public through broadcast, online and print media.</p>
Industry: Developing to good relationship  		
By engaging with major role players in the industry, we gain from sharing ideas and experiences.	Meetings at SAPOA and SACSC, and one-on-one meetings.	Sharing information: We attend meetings with other real estate entities to share appropriate cross-industry information. We participate in the South African Property Owners Association ("SAPOA") and South African Council of Shopping Centres ("SACSC") to engage, for example, on industry trends and market conditions.
Business and development partners: Good to connected relationship    		
Build strong relationships with co-investors and investee companies. Ensure the sustainability of income and return on investments.	Annual function and one-on-one meetings.	<p>Accurate reporting and management accounts (co-investors and completed buildings): All queries are promptly dealt with.</p> <p>Aligning interests and quality of working relationships (co-investors and investee companies): Attending and voting at meetings, available at short notice for discussions on material matters.</p> <p>Continued financial support for investments and decision making (investee companies): We have investee Board and Investment Committee representation. Through active involvement we provide continued support, both financially and in decision making.</p>

Risks and opportunities

We have implemented a fully **integrated risk management process** based on the best practices of the ISO 31000 risk management principles and guidelines.



We apply a continuous risk identification and assessment process to remain ahead of emerging risks. Our enterprise resource management ("ERM") process is applied equally across health, safety and environmental, fraud and regulatory compliance risks.



The Board is ultimately responsible for risk management and has delegated oversight to the ARC. As the implementer of strategy, Our Exco is responsible for systematic and effective risk management and mitigation.

Risks and opportunities are interrogated quarterly at our CAF attended by all Exco members, who provides feedback on the effectiveness of current risk mitigation strategies. CAF also reassesses risks in light of current internal and external factors. It formally reports to the ARC on all potential and identified emerging risks, and on actions taken to mitigate risks to within acceptable parameters.

Our risks are closely linked to our strategic KPIs and the materiality of the underlying investment. These are monitored continuously to ensure proactive responses to positive and negative movements in our KPIs.

We are committed to continually strengthening our risk management practices to protect value and enable sound business and growth.

Our top risks are well managed and reassessed quarterly in line with changes in the economy, industry and our portfolio.

In the table from pages 22 to 29, we summarise our top risks and how we manage them. We also link our top risks to our material matters.










Amrod, Waterfall Logistics Hub

Risks and opportunities continued

Strategic risk register




	RISK DESCRIPTION	RISK TREND 2016 – 2017	CONSEQUENTIAL EFFECTS
Sovereign credit rating downgrade (existing business)	Impact of a further sovereign credit rating downgrade.	Increased	<p>More stringent requirements from funders could hinder access to capital.</p> <p>Cost of capital increases.</p> <p>Increased refinancing risk with possible equity contributions, which could negatively impact liquidity.</p> <p>Potential for existing tenants to enter business rescue due to market pressures.</p> <p>Decline in retail sales affecting the sustainability of tenants.</p> <p>Decline in lease renewals, with potentially increased vacancies.</p> <p>Requirement for discounted rentals to maintain occupancies.</p> <p>Reduced valuations due to higher discount and cap rates.</p>
Sovereign credit rating downgrade (new business)	Impact of a further sovereign credit rating downgrade. <i>(Weaker economic environment risk now forms part of this risk as the consequential effects are largely similar.)</i>	Increased	<p>Unwillingness of business to incur the costs of moving premises.</p> <p>International companies and brands are reluctant to enter South Africa, or are withdrawing. Some are not investing further capital into South Africa.</p> <p>Lower business confidence levels hampering national growth, resulting in an oversupply of commercial space.</p> <p>Increased pressure for discounted rentals resulting in lower property valuations.</p> <p>Low total return may result in a decline in investor confidence.</p>

RISK RESPONSE/MITIGATION	OPPORTUNITIES AND STRATEGIC OBJECTIVES		LINKED MATERIAL MATTERS
	OPPORTUNITIES	STRATEGIC OBJECTIVES	
<p>90.8% (2016: 79.5%) of debt is hedged by way of fixed interest rate loans and interest rate swaps.</p> <p>Disposing of non-core local and foreign investments to improve the liquidity buffer, reduce debt and improve on debt serviceability.</p>	<p>Funding can be efficiently secured by entering bond markets and capital recycling.</p>	<p>Our strategic decision to convert to a REIT and reduce debt, limits our exposure to interest rate and refinancing risk.</p> <p>Where financing is required we use multiple banks for funding.</p>	<p>Macro-economic</p> 
<p>We maintain good relationships with our tenants and have a view of their financial standings. We endeavour to respond proactively to possible tenant defaults.</p> <p>Holding a well-diversified portfolio including retail, mixed-use, hotel and industrial in one of the best locations in South Africa.</p> <p>Limited tenant concentration risk in portfolio.</p>	<p>Cost-effective developments make use of smart building technologies.</p> <p>We consider innovative green leases that phase in lower cost of tenancy.</p>	<p>We invest in regionally dominant properties as well as properties in rapidly urbanising areas.</p> <p>This portfolio is suitably defensive for the current economic climate.</p>	<p>Sustainability</p>  <p>Development</p> 
<p>Excellent location of Waterfall motivates businesses to consolidate premises.</p>	<p>We can design for:</p> <ul style="list-style-type: none"> combined warehousing and offices; and flexible use and multi-tenanted properties. 	<p>The Waterfall node is ideally situated for businesses wanting to reduce costs and increase efficiencies by consolidating all regional offices under one roof.</p>	<p>Macro-economic</p> 
<p>Internalised the development team to manage costs and gain in-house expertise.</p>	<p>Strengthen tenant relationships to improve collaboration and loyalty.</p>	<p>Energy efficiency is integral to green building planning that ultimately reduces operational costs for tenants.</p>	<p>Sustainability</p> 
<p>Exploring new development opportunities in other regions of South Africa, including Cape Town and Durban.</p>	<p>Introduce entertainment space, making it a destination of choice.</p>	<p>The “work, live, play” trend fits well with our ownership and management of Waterfall City.</p>	<p>Sustainability</p> 
<p>We actively engage in joint ventures with key partners that show strategic alignment of interest.</p> <p>We will enter a joint venture agreement if we do not have access to the potential tenant or where we do not have the in-house skills to complete the development, such as residential.</p>	<p>Conversion to a REIT.</p>	<p>Our decision to convert to a REIT benefits shareholders through a combination of distributions and capital growth.</p>	<p>Macro-economic</p> 

Risks and opportunities continued

Strategic risk register continued







	RISK DESCRIPTION	RISK TREND 2016 - 2017	CONSEQUENTIAL EFFECTS
Rest of Africa	Volatile economic and political conditions affecting growth and revenue potential of emerging-market investments.	Unchanged	<p>Potential requirement to exit these markets successfully and identify buyers for underperforming investments.</p> <p>Increasing operational costs.</p> <p>Unfavourable currency movements.</p>
Availability of water supply	Protracted drought conditions, coupled with deteriorating municipal infrastructure and increased strain on municipal bulk water infrastructure.	Unchanged	<p>Over the long term the densification of the general Midrand and Waterfall area affects water supply to the Waterfall Precinct.</p> <p>Ageing municipal infrastructure may cause periodic water outages and deteriorating water quality.</p> <p>Availability of water, particularly in the Western Cape.</p>
Concentration risk for Mall of Africa	The Mall of Africa is currently the single largest asset in our portfolio. This asset must be protected against potential risks that may affect its long-term sustainability.	Unchanged	<p>Negative media, for instance coverage due to break-ins and theft from stores, may cause tenants and consumers to feel unsafe.</p> <p>Lower footcount and trading densities.</p> <p>Lower turnover rentals.</p>

RISK RESPONSE/MITIGATION	OPPORTUNITIES AND STRATEGIC OBJECTIVES		LINKED MATERIAL MATTERS
	OPPORTUNITIES	STRATEGIC OBJECTIVES	
<p>Timely disposal of underperforming investments at break-even or above.</p> <p>Agreements to monitor underlying asset performance to be alerted to negative movements.</p>	<p>The rest of Africa is recording high densification and rapid urbanisation.</p>	<p>Stabilised commodity prices are providing a more promising outlook.</p>	<p>Macro-economic</p> 
<p>In-depth water studies have been done for buildings in South Africa outside the Waterfall Precinct. These buildings have back-up tanks or are located where back-up municipal reserves exist.</p> <p>An integrated resource plan is being developed, supported by an in-depth audit on water storage facilities.</p> <p>A water risk assessment was conducted and four key risks identified:</p> <ul style="list-style-type: none"> ■ availability; ■ quality; ■ pressure; and ■ price. <p>We are closely monitoring the water outlook to 2025 which appears satisfactory. Another protracted drought could have a negative impact on the above key risks.</p>	<p>Measuring our water quality and investigating filtration solutions can deliver clean, quality water to our properties.</p>	<p>New buildings in the Waterfall Precinct were designed for efficient water use, including the use of rain and grey water. Waterfall's buildings offer lower utility costs and reduced risk of tenant disruption from lack of water.</p>	<p>Sustainability</p> 
<p>Continuous monitoring of social media and appropriate responses to potential complaints.</p> <p>CCTV cameras installed in high-risk areas.</p> <p>Stringent service level agreements with security service providers.</p> <p>New marketing team in place.</p> <p>Crisis management policies developed in line with potential scenarios and related response plans.</p> <p>More aggressive approach to marketing the Mall of Africa.</p>	<p>More brands can be accommodated into a singular retail space.</p> <p>Introduce consumer shopping apps and generate brand loyalty.</p> <p>Consumer tracking for developing online "clicks and bricks" models.</p> <p>Increase entertainment areas.</p>	<p>The mall is well positioned between two of Gauteng's largest cities and complements the "work, live, play" concept given its proximity to office and residential spaces.</p> <p>Develop new residential and commercial properties to increase node density.</p>	<p>Sustainability</p> 

Risks and opportunities continued

Strategic risk register continued







	RISK DESCRIPTION	RISK TREND 2016 - 2017	CONSEQUENTIAL EFFECTS
Delivery of developments	Developments should not be: <ul style="list-style-type: none"> late; over budget; or delivered with longstanding latent defects. 	Unchanged	<p>Late delivery of developments may result in penalties being imposed by the tenant.</p> <p>Vacancies and subsequent loss of rental earnings are opportunity costs.</p> <p>Reduced return on investment.</p> <p>Reputational damage, leading to loss of credibility and negative publicity from dissatisfied tenants.</p> <p>Manage the expectations of joint venture partners.</p> <p>Cost overruns might have a negative impact on future cash requirements.</p>
Legal and regulatory compliance	Attacq's ability to meet all statutory and regulatory requirements.	Unchanged	<p>Reputational harm.</p> <p>Reportable irregularities.</p> <p>Penalties, sanctions and fines.</p> <p>Business disruption.</p>
Deteriorating B-BBEE score	Changes in Attacq's B-BBEE scorecard can affect our ability to attract new tenants and retain existing tenants.	Increased	<p>Non-compliance with our Employment Equity ("EE") plan and annual report to labour authorities or contractual non-compliance may lead to sanctions by regulatory authorities.</p> <p>Failure to secure new tenants that rely on the B-BBEE scorecards of suppliers and service providers.</p>

RISK RESPONSE/MITIGATION	OPPORTUNITIES AND STRATEGIC OBJECTIVES		LINKED MATERIAL MATTERS
	OPPORTUNITIES	STRATEGIC OBJECTIVES	
<p>The development team has been internalised which created a focused approach and an improved alignment of interest.</p>	<p>Any identified defects can be addressed promptly by the in-house development team.</p> <p>The upskilling of B-BBEE contractors and workers to transform the industry with the added benefit of improving our B-BBEE rating.</p>	<p>We aim to be uniquely positioned as a REIT with a strong development pipeline. Shareholders will benefit from distributions and simultaneous capital growth as the Waterfall masterplan rolls out.</p>	<p>Development</p>  <p>Transformation</p> 
<p>Helena Austen, our Head of Legal, in conjunction with our assurance providers, has refined our risk management process for compliance.</p> <p>Compliance roles and responsibilities have been clearly defined.</p> <p>We are examining the top 36 pieces of legislation and related regulations for compliance.</p> <p>A phased approach has been adopted to develop risk management processes for applicable regulation.</p>	<p>We have developed relationships with key regulators. We remain abreast of impending legislative changes.</p> <p>We have pre-zoned and serviced land available for future developments.</p> <p>Introduce skills development for:</p> <ul style="list-style-type: none"> employees; contractors; and local historically disadvantaged individuals. 	<p>A simplified Company organisational model is being developed through REIT preparations.</p>	<p>REIT conversion</p>  <p>Developments</p>  <p>Transformation</p> 
<p>Changes to the Property Sector Charter are affecting our business. A B-BBEE consultant is drawing up KPIs to facilitate achieving B-BBEE targets.</p> <p>Jackie van Niekerk, as Chief Operating Officer ("COO"), has taken responsibility for the procurement process.</p>	<p>Legislative changes are expected to adversely affect many businesses. By proactively targeting a challenging yet realistic score, our B-BBEE scorecard can be a competitive edge for retaining existing tenants and attracting new ones.</p> <p>Motivate current B-BBEE shareholders to retain or increase their shareholding.</p> <p>Intensify skills development for employees and community members, as two assessment criteria will be under our direct control under the new Property Sector Charter.</p>	<p>By meeting our transformation KPI targets, employees will achieve their non-financial KPIs. If our B-BBEE score is improved, the LTI awards to vest will increase on a linear scale.</p>	<p>Transformation</p> 

Risks and opportunities continued

Strategic risk register continued

	RISK DESCRIPTION	RISK TREND 2016 – 2017	CONSEQUENTIAL EFFECTS
Availability of electricity	Ability of electricity providers to supply reliable, quality power to our properties. This includes available bulk supply for future developments.	Unchanged	Increased cost of running generators during electricity disruptions passed on to tenants. Failure to secure power supply approvals for new developments.
Liquidity risk	Cash holdings to meet obligations, including distributions.	Decreased	Breaching loan covenants such as loan-to-value and interest cover ratio ("ICR"). Ability to meet the distributions guideline communicated to the market. Insufficient cash to meet equity contribution for future developments and infrastructure.
REIT conversion	REIT conversion risk (<i>Changing the Attacq business model from focusing on capital growth to a REIT</i>).	New	A measure of uncertainty exists in order to ensure that all legislative and governance requirements are timeously met, including JSE approval and REIT tax requirements.
Central fibre backbone provider	The Waterfall fibre backbone provider (<i>Waterfall Access Networks ("WAN") in conjunction with the internet service provider ("ISP") should maintain minimum uptime connectivity standards in line with carrier-grade networks</i>).	New	Disruption in fibre services as a result of either the ISP or WAN or a combination, can result in internet downtime with potential reduction in business productivity for Waterfall tenants. Potential reputational risk.

RISK RESPONSE/MITIGATION	OPPORTUNITIES AND STRATEGIC OBJECTIVES		LINKED MATERIAL MATTERS
	OPPORTUNITIES	STRATEGIC OBJECTIVES	
<p>Measures include photovoltaic ("PV") panels and back-up generators. These will ensure continued operation during short-term disruptions.</p>	<p>Evaluate new technologies such as batteries for electricity storage.</p>	<p>New buildings are designed to be more energy efficient, taking into account possible electricity disruptions. PV panels and generators mitigate this risk to ensure continued tenant and employee productivity.</p>	<p>Sustainability</p> 
<p>A liquidity buffer has been built up.</p> <p>Proceeds from the Serbia and Cyprus investments were used to reduce interest-bearing debt. Covenants are discussed at quarterly Assets and Liability Committee meetings and we meet frequently with our funders.</p>	<p>We are well positioned to capitalise on unexpected opportunities given our cash reserves. We are able to:</p> <ul style="list-style-type: none"> enter bond markets or raise Euro debt; and take the opportunity to reduce debt and improve our risk profile. 	<p>A lower interest exposure means we can increase distributions to shareholders post the REIT conversion.</p>	<p>REIT conversion</p>  <p>Macro-economic</p> 
<p>Regular checkpoint meetings are conducted to determine the progress of the conversion. Management actively engages with regulatory and legal advisers and our JSE sponsors to ensure the process is as seamless as possible.</p>	<p>The ability to return value to our shareholders in the form of distributions.</p>	<p>Under the capital growth model, a large portion of pre-tax earnings were used to pay interest. We are refinancing our debt, which in return lowers refinancing risk. Due to the lower interest charge, value can be returned to shareholders in the form of distributions.</p>	<p>REIT conversion</p>  <p>Macro-economic</p> 
<p>Upgrading of the fibre infrastructure backbone is underway with monitoring controls in place in order to proactively identify disruption events.</p> <p>The conducting of proactive maintenance schedules with 24/7 proactive response and monitoring.</p>	<p>Due to the majority of fibre lines already being in place, prospective tenants have the ability to gain access to a fibre service rapidly.</p> <p>Minimal risk of damage/downtime to existing fibre routes due to interaction between our development team and WAN.</p>	<p>Connectivity is the catalyst for growth and innovation.</p>	<p>Sustainability</p> 



MooiRivier Mall, Potchefstroom



Our strategy

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MooiRivier Mall, Potchefstroom

Our strategy to create value









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Our strategy to create value

Our strategy is explained on the following pages, starting from our strategic pillars and objectives. Our strategy is implemented through four key value drivers, taking risk and opportunities and stakeholders' concerns into account and linked through the corresponding material matters. Our KPIs and targets are the basis of measuring our performance. These targets have not been reviewed or reported on by the Company's auditors. 

















	STRATEGIC OBJECTIVES: 2017 GOING FORWARD	KEY VALUE DRIVERS	CORRESPONDING MATERIAL MATTER	KPIs	2016 RESULTS	2017 TARGET	2017 RESULTS	2017 TARGET INDICATOR	+2018 TARGETS AND FOCUS AREAS
Value creation process steps 1, 2 and 3	Invest in our South African portfolio.	South African portfolio		Vacancies	2.4%	3.0%	3.0%	✓	3.0%
				Weighted average lease escalations rate	7.8%	Above CPI	7.5%	✓	Above CPI
				Weighted average lease period in years	6.7 years	N/A	6.4 years	N/A	N/A
	Play an active investment management role in our strategic MAS investment.	Investment in MAS		Distribution and distribution growth		30.0% distribution growth target	30.0% distribution growth target	✓	30.0% distribution growth target until 2019
	Grow our development pipeline. Invest in Waterfall City and the Waterfall Logistics Hub.	Waterfall development portfolio		Incremental roll out per annum	55 595 m ²	50 000 m ²	70 914 m ²	✓	210 000 m ² over a three-year period

✓ Achieved ✗ Not achieved

	STRATEGIC OBJECTIVES: 2017 GOING FORWARD	KEY VALUE DRIVERS	CORRESPONDING MATERIAL MATTER	KPIs	2016 RESULTS	2017 TARGET	2017 RESULTS	2017 TARGET INDICATOR	+2018 TARGETS AND FOCUS AREAS
Value creation process steps 2, 4 and 8	Optimise our balance sheet through optimal capital allocation and funding structures. Recycle non-core assets and restructure debt.	All four value drivers	    	Gearing	39.9%	Below 60.0%	37.1%	✓	Below 40.0%
				ICR	1.3 times	Minimum of 1.2 times	1.1 times	✗	Minimum of 1.3 times
				Cost of debt	9.2%	9.2%	9.2%	✓	Prime less 1.0%
				Debt fixed (% hedged of total committed facilities)	79.5%	Over 70.0%	90.8%	✓	Over 70.0%
				Minimum cash drag (cash balances as percentage of net asset value)	3.2%	Under 5.0%	3.2%	✓	Under 5.0%
Value creation process step 5	Continue to develop quality properties. Develop our in-house development team. Utilise serviced land for developments. Grow Waterfall City into an integrated city that works and grow the Waterfall Logistics Hub as Gauteng's logistics hub of choice.	Waterfall development portfolio	  	Development surplus (on developments under construction, development rights and infrastructure costs) per annum	R516.3 million	R100.0 million	R127.6 million	✓	R100.0 million per annum










✓ Achieved ✗ Not achieved

Our strategy to create value continued

	STRATEGIC OBJECTIVES: 2017 GOING FORWARD	KEY VALUE DRIVERS	CORRESPONDING MATERIAL MATTER	KPIs	2016 RESULTS	2017 TARGET	2017 RESULTS	2017 TARGET INDICATOR	+2018 TARGETS AND FOCUS AREAS
Value creation process step 9	Brand reinforcement and market communication.	All four value drivers	    	Adjusted annual head office cost as percentage of total gross assets	0.42%	Under 0.5%	0.46%	✓	Under 0.5%
	Management information systems.								
	Business structure and human resources.								
Value creation process step 1 – 9	Diversified group of employees, taking historically disadvantaged individuals into consideration.	South African portfolio and Waterfall development portfolio	    	Transformation	Level 4 B-BBEE	Level 4 B-BBEE	Level 4 B-BBEE	✓	Level 6 B-BBEE (on the new Property Charter)
	Achieving our vision. Enhanced stakeholder communication and engagement.	All four value drivers	    	CAGR based on adjusted NAVPS over a three-year performance period	17.0%	CPI + 10.0% (with CPI at 5.34%)	12.0%	✗	Total annual compounded return targets post-REIT conversion
	See pages 84 and 85. 								

✓ Achieved ✗ Not achieved

Four additional KPIs will apply from 2018, in anticipation of converting into a REIT.

	STRATEGIC OBJECTIVE	KEY VALUE DRIVERS	CORRESPONDING MATERIAL MATTER	KPIs	2018 TARGET	2019 TARGET	2020 TARGET	2021 TARGET
Value creation process steps 2, 4 and 8	Optimise balance sheet through optimal capital allocation and funding structures. Recycle non-core assets and restructure debt.	All four value drivers	    	Gearing	Under 40.0%	Under 40.0%	Under 40.0%	Under 40.0%
Value creation process steps 4, 5 and 6	Invest in South African portfolio, grow our development pipeline and play an active role in strategic MAS investment and rest of Africa portfolio.	All four value drivers	   	<div>Dividend/ distribution (which have not been reviewed or reported on by the Company's auditors)</div> <div>Growth in distributions</div> <div>Total annual compounded return over a three-year period</div>	<div>73.0 cents</div> <div>N/A</div> <div>15.0%</div>	<div>87.6 cents</div> <div>20.0%</div> <div>15.0%</div>	<div>105.1 cents</div> <div>20.0%</div> <div>15.0%</div>	<div>126.1 cents</div> <div>20.0%</div> <div>15.0%</div>



Lynnwood Bridge Precinct, Pretoria

Performance review

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Lynnwood Bridge Precinct, Pretoria


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Questions for the Chief Executive Officer

Q *What were the stand-out events for Attacq this past financial year?*

The 2017 financial year was a challenging year with market volatility and political uncertainty. We took a hard look at our strategy and implemented a revised and more focused strategy. We also simplified the business model to create a platform for future growth built on our four value drivers. These are our South African portfolio, the strategic investment in MAS, taking full ownership of developing our Waterfall projects and our investment portfolio in rest of Africa. We also took the next step in Attacq's journey by commencing the process to convert to a REIT.

Simplification and focus means being meticulous about revaluing assets, extracting further value from existing assets and disposing of non-core or mature assets. We improved the balance sheet with the disposal of our investments in Serbia and Cyprus, Pemba, Stenham and Bishopsgate. The bulk of these proceeds was used to reduce debt, which does lessen the potential return on equity due to lower leverage. In total the disposals concluded during the financial year generated R1.9 billion of funds, available for recycling into the four value drivers and in the reduction of debt. We are also restructuring our debt to interest-only facilities and reviewing the split between our Rand debt and Euro debt, which could reduce the average cost of our debt.

 The Mall of Africa celebrated its first anniversary with a highly satisfactory performance (see page 66 for the case study on Mall of Africa).

The internalised development team has a dedicated focus on Waterfall and its pipeline. We increased the team to 11 people by recruiting two additional dealmakers, who has considerably improved our potential pipeline. We also concluded a number of additional developments, including the new Deloitte head office and a new parts distribution centre for the BMW Group. Other large projects currently under construction are the 45 223 m² PwC Tower and Annex, the 13 405 m² Gateway West office building, the 8 523 m² K101 Warehouse, the first building in Corporate Campus and an extension of just under 10 000 m² to the existing Massbuild Warehouse. Earthworks also started on the Atria development which is a mixed-used development with the first residential apartments in Waterfall.

Our European investment is now concentrated in our shareholding in MAS, which recently partnered with Prime Kapital Limited ("Prime Kapital") to shift focus to central and eastern European developments. These presently offer more upside potential than the traditional western European market.

We accounted for a loss in our rest of Africa investments, though I still believe that our seven shopping centres are good quality assets. We still foresee market volatility in the short term but expect upside in the medium to long term as the commodities cycle turns.

Morné Wilken
Chief Executive Officer

We are unique
among South African
property funds in
that **we own
the rights to
develop a
modern
city from
scratch**



Questions for the Chief Executive Officer continued

We were pleased to welcome Jackie van Niekerk to the executive team as our first COO. Jackie is experienced in property management and is already playing a significant role, especially around extracting further value from our existing South Africa portfolio. She is also taking on some of the operational responsibilities so that I can focus more on the Waterfall development and our strategic growth.

Our business model is supported by four key value drivers.

 **Q** *Explain Attacq's value proposition. Why would investors buy into Attacq?*

Imagine a company that manages, develops and controls a city; that company is Attacq. Our unique value proposition is that we are developing a new city and logistics hub at Waterfall, right in the centre of Gauteng. Furthermore we have the three other value drivers being our portfolio of properties in South Africa, our strategic investment into MAS and the investment in the rest of Africa. These pillars will deliver larger sustainable capital and earnings growth.

In total, 608 000 m² of the remaining 1.0 million m² bulk in Waterfall is serviced and the opportunity is significant. We are designing and developing an integrated and highly efficient “work, live, play” city environment in the heart of Gauteng. With a development roll out for the next 10 to 15 years, depending on prevailing growth in the South African economy, Waterfall will be a strong driver of capital earnings and distribution growth for years to come.

Our development pipeline is supported by income streams from our South African portfolio and hard-currency distributions from MAS.

Investments in the rest of Africa are not delivering returns yet, but the well-positioned retail malls in this portfolio are trading well and will return value when those economies and their currencies strengthen.

The reconfigured Attacq is a “sum-of-the-parts” business, with each pillar feeding into a cycle of distributions and capital growth. These value drivers are supported by the solid foundation of Waterfall. We do not have to find development land as we have the best land available in Gauteng, if not South Africa.

Q *Talk us through why and how Attacq is converting to a REIT?*

Converting to a REIT is a natural next step in our journey and the Board decided that it is the right time to convert. Trading as a REIT offers several benefits: it generally lowers the cost of capital, attracts a far wider shareholder universe and operates under a more efficient tax structure.


In terms of the conversion process, we first need to apply for regulatory approvals from the JSE and relevant authorities. As a REIT, we will adopt an alternative strategy to most of our South African peers. With a 10 to 15 year development pipeline at Waterfall, we can offer exceptional earnings and capital growth compared to our peers. Shareholders will gain from a blend of capital growth and distributions without us needing to diminish the quality of our income streams.

Q *When do you expect to complete the REIT conversion?*

The plan is to be a REIT at the latest from 1 July 2018, the first day of the next financial year.

Attacq's offshore property investments provide diversification.

Q *How are you going to achieve the targeted three-year rolling CAGR of 20.0% on distributions?*

We intend achieving this through a continuous process of optimising debt, growth in rental income, disposing of non-core investments to recycle capital and development of the Waterfall pipeline. See page 54 for more  information on manufactured resources.



Q *How do you decide which asset is non-core or mature?*

We have an interest in seven retail malls across the rest of Africa.

We evaluate our assets bi-annually on income returns, upside or redevelopment opportunities on the back of set parameters. Mature assets no longer offering sufficient growth should be sold to recycle capital for more accretive development opportunities or to reduce debt.

Every six months, our asset managers assess the investment case of the individual properties in our portfolio in order to identify mature and/or underperforming assets. The investment case is focusing on the total return of the underlying property.

Q *What are your material concerns over the next two years?*

Slow economic growth and low business confidence are our major concerns. At present, businesses and consumers tend to postpone investment and spending decisions, while potential tenants take longer to decide on leases and existing tenants may want to renegotiate.

The political situation in South Africa is uncertain and we cannot predict at this time what our politics will look like at the end of the year, or even next month.

Another concern is the commodity-based economies where our African investments are situated. These appear to be slowly recovering and Nigeria has regained a degree of currency liquidity.

Q *Is the decision to internalise the development team paying off? Does this team have sufficient capacity to manage Attacq's ambitious roll out of developments?*

Internalising was the right decision. Our development team is based at Waterfall and has hands-on control of our projects. The scale of our development pipeline requires direct and constant supervision.

Having the development team in-house aligns our interests and we retain the flexibility to establish joint ventures ("JVs") with partners as we see fit. Since we bulked up the team we have seen an increase in the potential pipeline.

We have entered JVs with other developers and investors, such as Zenprop, Equites, Barrow, Atterbury Property Holdings Proprietary Limited ("Atterbury") and Sanlam Properties for specific capabilities, with some as co-investors and others as co-developers.

Questions for the Chief Executive Officer continued

Q *How is Attacq being innovative in property management and development?*

The Mall of Africa is the catalyst for an integrated city of more than 880 000 m².

By controlling the design and construction of our buildings, we can guarantee quality and efficiency standards throughout the asset's lifecycle. Our developments are designed for environmental efficiency and ease of management by incorporating critical operating functions such as maintenance and cleaning. This holistic approach reduces lifecycle costs and the cost of occupation for tenants. By integrating our design, construction and asset management criteria, we deliver smarter, more efficient buildings that minimise environmental impacts and reduce operating costs.

Q *What is Attacq's policy on environmental sustainability?*

We view sustainability as much our ethical responsibility as it is good business. Climate change is a fact and we take a long-term view on our potential environmental impacts – negative and positive – in all project design and planning. Water is already a scarce resource and building users rely on uninterrupted electricity for productivity. Although green buildings may cost more to develop initially, their users and broader society benefit throughout the asset lifecycle from minimised resource consumption and operating costs.

Q *Attacq's workforce has grown significantly in four years. Are you attracting the right mix of talent and experience?*

We have prioritised entrenching a motivating and collaborative culture that will naturally attract the right people.

Besides the obvious need for skilled professionals, we view a diverse workforce as a goal in itself and more than mere compliance. Diversity is proven to spur creativity and supports balanced decision making.

Our ambition to be South Africa's premier property fund depends on attracting the best talent from all parts of society into that motivating culture that our leadership is actively creating.

Q *Why did Attacq sell its Serbian and Cyprus interests so soon after acquiring them?*

Due to the fact that MAS has made the decision to invest in central and eastern Europe, we have decided to focus on MAS as our entry point into Europe. The MAS investment is also a more liquid investment because of its listing on the JSE.

Q *In conclusion, what can shareholders and potential investors expect to gain from Attacq in the next year or two?*

The REIT restructure offers several advantages that I have already touched on.

Attacq offers a unique value proposition with its Waterfall pipeline, and then you have the upside in the other three value drivers, namely the South African portfolio, a strategic investment in MAS and our retail investments in broader Africa. The long-term growth potential of the African investments will generate additional revenue in the years to come. There is substantial value not reflected in our adjusted net asset value, for example the R720.9 million being the difference between the book value and the market value of our MAS investment, the further developments at Waterfall and additional bulk we might secure. One has to follow a sum-of-the-parts methodology in valuing our business.

IN APPRECIATION

As we continue growing, I am grateful for how everyone pulled together to meet our targets. Our new development team has settled in and is working seamlessly with our asset managers to create high-quality developments.

At the end of the financial year, the Board said farewell to Louis van der Watt, a co-founder of Attacq and mentor, who has provided much support and guidance over the last nine years. We are delighted to still have access to Louis for advice and wish him all the best.

**Morné Wilken***Chief Executive Officer*

29 September 2017

Chief Financial Officer's review

Financial resources

INTRODUCTION

For the financial year under review, we have delivered unsatisfactory growth in adjusted NAVPS of only 3.2%. This is well below the 15.3% growth of the previous financial year. This set of results had a dilutionary effect on our three-year CAGR based on adjusted NAVPS which reduced from last year's 17.0% to this year's 12.0%.

FINANCIAL PERFORMANCE FOR THE YEAR

Dividing the year in two, for the first six months, we had a negative adjusted NAVPS growth of 2.5%; the second six months delivered a positive growth of 5.8%.

A summary of the total comprehensive income for the year generated with specific reference to the four key value drivers is set out below. The "other" assets, locally and foreign, relates to the assets that are not allocated to a specific value driver.

TOTAL COMPREHENSIVE INCOME

	June 2017 R'000	June 2016 R'000	% change
South African portfolio	742 528	545 900	36.0
Investment in MAS	106 014	192 968	(45.1)
Waterfall development portfolio	1 891	438 264	(99.6)
Rest of Africa – Retail investments	(115 138)	11 440	>(100.0)
Other assets – SA	(130 756)	(219 466)	40.4
Other assets – Foreign	(133 357)	317 902	>(100.0)
Total comprehensive income	471 182	1 287 008	(63.4)

Additional net rental income of R200.3 million

2016 includes MAS agterskot. The 2017 Euro/Rand average exchange rate weakened by 7.7% on year-to-year basis

2016 included R449.7 million relating to Mall of Africa. 2017 includes losses of R58.1 million on development rights and infrastructure

2017 includes losses of R105.0 million from AttAfrica and R26.5 million from Ikeja City Mall

Lower interest cost

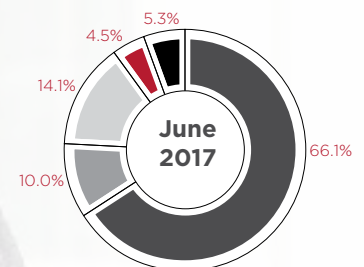
2016 includes R145.0 million profit on Mauritius and R124.0 million from Cyprus. 2017 includes loss of R142.1 million on Stenham

Our total comprehensive income for the year ended 30 June 2017 reduced materially by R815.8 million or 63.4% mainly due to the strengthening of the Rand, reduced other income and lower fair value adjustments as well as the once-off realisation of the MAS agterskot of R479.8 million included in the previous year. The Rand has strengthened by 11.4% and 9.0% against the USD and Euro respectively, which had a material impact on the Rand value of our total foreign assets of R4.3 billion as at 30 June 2017 (2016: R5.8 billion). The comprehensive income generated for the first six months of the 2017 year was only R3.5 million underlining the weak financial performance in the first half of the financial year.

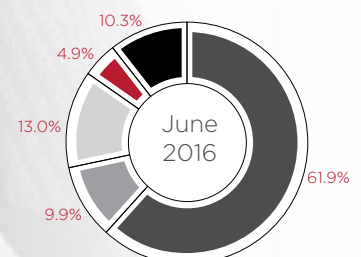
Melt Hamman
Chief Financial Officer

NAVPS growth
of **3.2%** for the
year, was below
expectations

Our assets (%)



● South African portfolio
● MAS
● Waterfall development
● Rest of Africa
● Other assets



Chief Financial Officer's review continued

Find below a summary of our statement of comprehensive income:

	June 2017 R'000	June 2016 R'000
Gross revenue	2 060 895	1 621 018
Rental income	1 861 093	1 472 656
Straight-line income adjustment	199 802	148 362
Property expenses	(742 277)	(502 745)
Net operating income	1 318 618	1 118 273
Other income	60 463	448 579
Operating expenses	(159 630)	(139 498)
Other expenses	(426 100)	(207 817)
Operating profit	793 351	1 219 537
Amortisation of intangible asset	(22 060)	(19 964)
Fair value adjustments	527 581	1 041 553
Gain on available-for-sale financial assets	-	507 524
Net income from associates	249 880	35 098
Investment income	189 536	235 785
Finance costs	(987 411)	(839 975)
Profit before taxation	750 877	2 179 558
Income tax expense	(150 599)	(794 559)
Profit after taxation	600 278	1 384 999
Other comprehensive income net of taxation	(129 096)	(97 991)
Total comprehensive income	471 182	1 287 008

Net operating income, which includes straight-line lease income adjustments, increased by 17.9% to R1.3 billion (2016: R1.1 billion). A year-on-year comparison of the net rental income is less meaningful, due to the completion of four buildings during the current year (compared to the completion of eight buildings during 2016) as well as the inclusion of the Mall of Africa's operational results for only two months in the previous financial year.

Due to a stronger Rand and once-off disposal profits which were included in the 2016 year, **other income** reduced from R448.6 million in 2016 to R60.5 million in 2017. The material decrease is due to the inclusion, during 2016, of R211.6 million unrealised foreign exchange gains and a R145.0 million profit on the disposal of the interest in Bagaprop Limited and Mall of Mauritius.

For 2017, operating and other expenses consist of **operating expenses** of R159.6 million (2016: R139.5 million) and **other expenses** of R426.1 million (2016: R207.8 million). The material increase in other expenses is mainly attributable to:

- an impairment of R116.6 million of our investment in Stenham European Shopping Centre Fund Limited ("Stenham");
- an impairment of R82.8 million of our investment in AttAfrica (2016: R58.3 million);

- an impairment of R20.6 million of our 25.0% investment in Gruppo Investment Nigeria Limited ("Gruppo") (the owner of Ikeja City Mall) (2016: R22.0 million); and
- unrealised foreign exchange losses of R162.7 million.

Net income from associates for the current year includes income of:

- R190.0 million from MAS (2016: loss of R81.6 million);
- R20.7 million from Atterbury Cyprus Limited ("Atterbury Cyprus") (2016: R126.1 million); and
- R10.9 million from Atterbury Serbia BV ("Atterbury Serbia") (2016: R3.4 million).

Investment income for 2017 reduced by 19.6% to R189.5 million (2016: R235.8 million) from the previous year. Included in investment income is:

- interest income of R189.0 million (2016: R182.9 million). Interest income from international investments, via loan accounts, amounted to R134.3 million (2016: R146.5 million); and
- dividend income of R0.5 million (2016: R52.8 million).

The receipt of the MAS dividend of R105.3 million (2016: R101.2 million) is excluded, as this dividend is applied to reduce the value of the investment in associate. See page 69 for more information.



The increase in **finance costs** of 17.6% to R987.4 million (2016: R840.0 million) compared with the prior year is attributable to the completion of four buildings during 2017 (2016: eight buildings) as well as the completion of Mall of Africa in April 2016. Finance costs post-completion of a building are expensed and no longer capitalised to the specific development.

SUMMARY OF OUR FINANCIAL POSITION

We have grouped the total assets between investments properties, investments and other assets in the following summary:

	June 2017 R'000	June 2016 R'000	% change	
Investment properties*	20 311 125	19 591 664	3.7	Completion of four buildings and the disposal of properties to the value of R1.0 billion
Investments**	5 096 143	6 222 856	(18.1)	
Other assets	1 914 923	1 815 157	5.5	Decrease due to disposal of Cyprus and Serbia, impairments and foreign exchange movements
Total assets	27 322 191	27 629 677	(1.1)	
Total interest-bearing borrowings	10 586 445	11 457 520	(7.6)	Increase in straight-line lease debtor of R200.6 million and decrease in VAT receivables of R87.0 million
Total non-interest-bearing borrowings	2 832 133	2 700 837	4.9	
Total liabilities	13 418 578	14 158 357	(5.2)	Decrease in trade and other payables of R56.3 million and increase in mark-to-market on swaps
Equity attributable to owners of the holding company	13 946 700	13 484 521	3.4	
Less: non-controlling interest	(43 087)	(13 201)	>100	
Equity	13 903 613	13 471 320	3.2	

* Includes non-current assets held for sale.

** Includes equity and net loans advanced.

Investment properties

During the 2017 financial year, investment properties have increased on a net basis by R719.5 million (2016: R3.4 billion) or 3.7% (2016: 21.0%) due to capex spend on developments under construction plus fair value adjustments less properties sold. The investment properties consist of the following:

	June 2017 R million	June 2016 R million
Completed buildings		
▪ Office and mixed-use	5 714.3	5 324.5
▪ Retail	9 896.4	9 390.3
▪ Light industrial	870.1	984.6
▪ Hotel	407.2	384.8
Waterfall development		
▪ Development rights, infrastructure and services	1 819.1	2 289.8
▪ Developments under construction	1 599.0	1 212.7
Vacant land	5.0	5.0
Total investment properties	20 311.1	19 591.7

Chief Financial Officer's review continued

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

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

The completion of the Mall of Africa during 2016 is the main reason for the year-on-year reduction of fair value adjustment relating to developments under construction. The existing developments under construction are set out in manufactured resources on page 72.

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

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

During the 2017 financial year we have disposed of 15 000 m² of our retail development rights on Land Parcel 3, Waterfall, to a separate joint venture company with Sanlam Properties, titled Waterfall JVCO 15 Proprietary Limited ("JV15"). JV15 also acquired the remaining retail development rights on the same land parcel from a Mia affiliate company. Sanlam Properties and Attacq each hold 50.0% in JV15 which is funded by the two shareholders with our investment therein being R34.0 million as at 30 June 2017.

In addition, we have disposed of our development rights in respect of Land Parcel 24 to a new joint venture company, Waterfall JVCO 115 Proprietary Limited ("JV115"). In respect of the shareholding in JV115, we hold 20.0% and Sanlam Properties 80.0%. We have an option to increase our shareholding in JV115 to 50.0%. JV115

acquired additional light industrial development rights from a Mia affiliate company for R371.6 million. JV115 is funded by shareholders' loans with our 30 June 2017 investment at R103.7 million.

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

Segment	June 2017 %	June 2016 %
Office and mixed-use	7.61	7.64
Industrial	7.75	7.75
Hotel	8.07	8.07
Retail	6.94	6.88
Total portfolio	7.34	7.28

Changes in the capitalisation rate attributable to changes in market conditions have significant impact on property valuations. For example, a 50 basis points weakening in the capitalisation rate will decrease the value of investment properties by R640.5 million (2016: R603.3 million); a 50 basis points improvement in the capitalisation rate will increase the value of investment properties by R746.2 million (2016: R690.6 million). We have experienced a 25 basis point weakening in the capitalisation rates for the Brooklyn Mall and Newtown Junction retail properties.

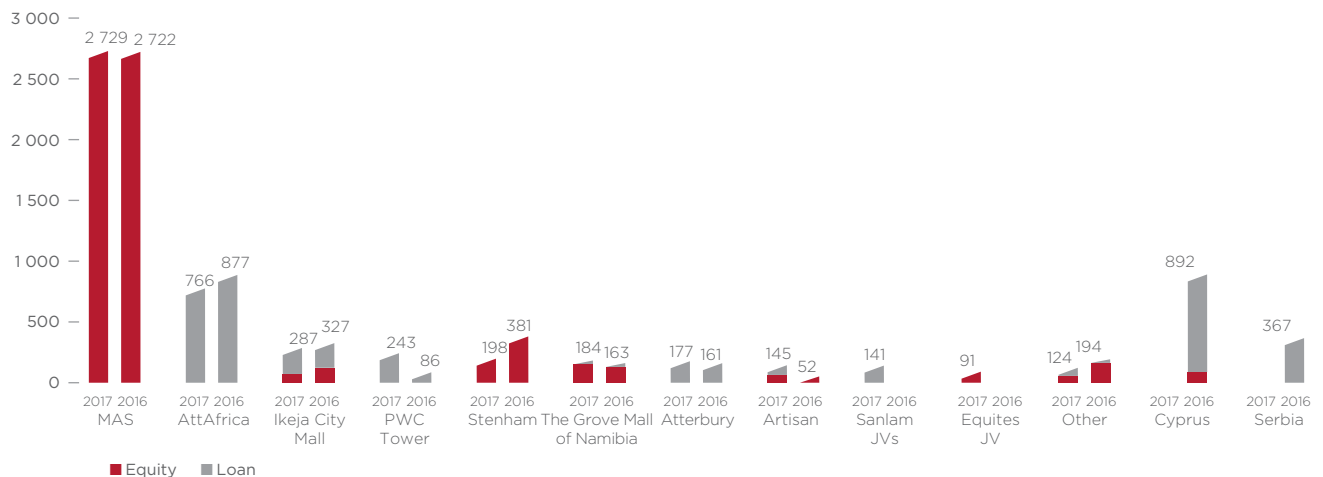
Investments

Year on year, investments reduced by 18.1% from R6.2 billion to R5.1 billion with the decrease primarily due to the reduced loans relating to our foreign investments. The table below discloses the investments split between equity investment and loan exposure as well as a split between foreign and local investments:

	June 2017 R'000	June 2016 R'000
Total investments		
Foreign investments		
Equity	3 215 396	3 501 904
Loan to investments	1 105 451	2 331 865
Total	4 320 847	5 833 769
Local investments		
Equity	148 395	113 488
Loan to investments	626 901	275 599
Total	775 296	389 087
Total investments	5 096 143	6 222 856

The graph below discloses the R5.1 billion (2016: R6.2 billion) investments on a more granular level:

Investments (R million)



Our investment in MAS is our second value driver and the reader is referred to page 68 for more detail.

Our fourth value driver refers to our investment in the seven shopping centres in the rest of Africa which includes the following:

Rest of Africa	2017 R million	2016 R million
31.8% shareholding in AttAfrica	776.2	877.4
25.0% ownership in Gruppo	286.5	326.7
25.0% interest in The Grove Mall of Namibia	184.1	163.0
Total investment	1 246.8	1 367.1

As a result of the unfavourable trading and economic conditions, impairments totalling R103.5 million (2016: R80.3 million) have been recognised in the current year. We are currently not receiving distributions from AttAfrica, due to the unfavourable trading and macro-economic conditions as well as the capital structure of our AttAfrica investment. See page 76 for more information.

The loan advanced of R243.1 million (2016: R86.0 million) relates to funding provided to our co-owners of the PwC Tower and Annex development, which is currently under construction at Waterfall. The terms and conditions of this loan is similar to the funding received from the existing debt financier.

The 19.9% interest in Stenham, the owner of the Nova Eventis regional shopping centre in Leipzig, Germany is recognised at R197.7 million (2016: R380.8 million). Following a protracted disposal process, Stenham concluded a conditional agreement to dispose of the intermediary holding company which owns Nova Eventis. Consequently, included in the results for this financial year is a pre-tax negative fair value adjustment of R116.6 million relating to Stenham.

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

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

Chief Financial Officer's review continued

During the 2017 financial year, we invested a total of R118.4 million into Artisan Development Partners Limited ("ADP") for investments into three UK-based development opportunities located in Kent, England and Edinburgh as well as Glasgow in Scotland. ADP's investment focus is on acquiring properties and land for rezoning and development. Our total investment value at year end was R134.0 million (2016: R40.6 million). No further investments will be made into ADP taking into account our strategic focus on MAS as our primary European investment vehicle.

The Sanlam JV's loan of R141.0 million relates to the shareholder funding of the two joint ventures with Sanlam Properties as a co-shareholder.

During the financial year we have established a joint venture (EA Waterfall Logistics JV Proprietary Limited ("EAJV")) with Equites in respect of a portfolio of eight industrial properties at Waterfall. We hold a 20.0% interest in EAJV which had an investment value of R91.4 million at 30 June 2017.

We have reduced our exposure in foreign assets by disposing of our interest in Atterbury Serbia and Atterbury Cyprus for an aggregate consideration of Euro93.0 million, realising cash of R1.4 billion.

The following are included in other investments:

	2017 R million	2016 R million
Investment in Retail African Wingspan Investments Proprietary Limited	54.6	53.3
Loan to Truzen Trust	34.2	-
Loan to Key Capital Property Holdings Proprietary Limited	12.0	-
The Club Retail Park Proprietary Limited	-	55.1
Loan to Atterbury Pemba Proprietary Limited	-	46.3
Various smaller investments	23.2	39.3
Total other investments	124.0	194.0

Other assets

The most material assets included in other assets of R1.9 billion (2016: R1.8 billion) are:

	2017 R million	2016 R million
Straight-line debtor	801.5	600.8
Intangible assets	290.5	312.6
Goodwill	67.8	67.8
Cash and cash equivalents	447.8	437.3
Total	1 607.6	1 418.5

Total interest-bearing borrowings

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

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

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

PROSPECTS

We are targeting a maiden distribution payment of 73.0 cents per share for the year ended 30 June 2018 with a 20.0% growth per annum in distributions for the three financial years following 2018. The guidance is based on assumptions which include forecast rental income based on contractual terms and anticipated market-related renewals, MAS achieving its distribution targets, the expected roll-out of current and budgeted development portfolio, the required positioning to become a REIT and no unforeseen circumstances such as major corporate tenant failures. The guidance has not been reviewed or reported on by our auditors.

Our focus for the 2018 financial year is the REIT conversion, the disposal of underperforming assets, reducing debt even further in order to improve our ICR and to manage our expenses and cash resources diligently.

APPRECIATION

I am genuinely grateful to our team which has shown continued commitment during a financial year with disappointing results. I am looking forward to the 2018 financial year taking us closer to operating in a REIT environment.

**Melt Hamman***Chief Financial Officer*

29 September 2017

Manufactured resources

Top 10 featured buildings by value


1. Mall of Africa

Waterfall City
Retail

	Total primary GLA:	Our share of valuation (80.0%):	Anchor tenants:
	124 713 m ²	R4.3 billion	<ul style="list-style-type: none"> Checkers Hyper Edgars Game Woolworths
	Valuation:	Value per m ² :	
	R5.4 billion	R42 899	

2. Lynnwood Bridge Precinct, including Glenfair Boulevard

Pretoria
Retail, office and hotel

	Total primary GLA:	Our share of valuation:	Anchor tenants:
	81 992 m ²	R2.8 billion	<ul style="list-style-type: none"> Adams & Adams Aurecon City Lodge Woolworths
	Valuation:	Value per m ² :	
	R2.8 billion	R33 666	

3. Garden Route Mall

George
Retail

	Total primary GLA:	Our share of valuation:	Anchor tenants:
	53 813 m ²	R1.4 billion	<ul style="list-style-type: none"> Dis-Chem Edgars Game Pick n Pay Woolworths
	Valuation:	Value per m ² :	
	R1.4 billion	R25 236	

4. MooiRivier Mall

Potchefstroom
Retail and office

	Total primary GLA:	Our share of valuation:	Anchor tenants:
	49 696 m ²	R1.1 billion	<ul style="list-style-type: none"> Checkers Edgars Game Woolworths
	Valuation:	Value per m ² :	
	R1.1 billion	R22 950	

5. Cell C Campus

Waterfall
Office and industrial

	Total primary GLA:	Our share of valuation:	Anchor tenant:
	43 890 m ²	R974.3 million	<ul style="list-style-type: none"> Cell C
	Valuation:	Value per m ² :	
	R974.3 million	R22 199	

6. Eikestad Precinct

Stellenbosch
Retail and office

	Total primary GLA:	Our share of valuation (80.0%):	Anchor tenants:
	47 340 m ²	R874.4 million	<ul style="list-style-type: none"> Checkers Game Food Lover's Market Woolworths
	Valuation:	Value per m ² :	
	R1.1 billion	R23 088	


7. Newtown Precinct

Johannesburg
Retail, office and hotel

	Total primary GLA:	Our share of valuation (50.0%):	Anchor tenants:
	79 526 m ²	R750.3 million	<ul style="list-style-type: none"> City Lodge Nedbank Pick n Pay Shoprite
	Valuation:	Value per m ² :	
	R1.5 billion	R18 842	

8. Brooklyn Mall

Pretoria
Retail

	Total primary GLA:	Our share of valuation (25.0%):	Anchor tenants:
	74 624 m ²	R749.3 million	<ul style="list-style-type: none"> Checkers Dis-Chem Game Woolworths
	Valuation:	Value per m ² :	
	R3.0 billion	R40 163	

9. Group Five

Waterfall City
Office

	Total primary GLA:	Our share of valuation:	Anchor tenants:
	28 261 m ²	R662.7 million	<ul style="list-style-type: none"> Group Five
	Valuation:	Value per m ² :	
	R662.7 million	R23 449	

10. Allandale building

Waterfall City
Office

	Total primary GLA:	Our share of valuation:	Anchor tenants:
	15 359 m ²	R431.5 million	<ul style="list-style-type: none"> WiseTech Global Trans-Africa Projects Cummins
	Valuation:	Value per m ² :	
	R431.5 million	R28 093	

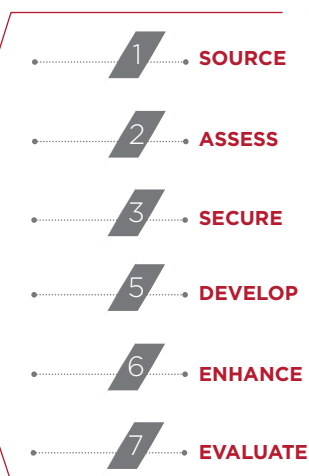
Manufactured resources continued

AT A GLANCE

Material matters



Related value creation process components



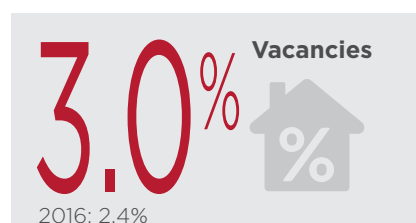
Introduction

Manufactured resources are allocated across four key value drivers, being:

- South African portfolio;
- A strategic investment in MAS;
- Waterfall development portfolio; and
- Rest of Africa retail investments.

Performance highlights

South African portfolio



Successful
First year of trading for
Mall of Africa

Strategic investment in MAS

- MAS has become Attacq's primary entry point to Europe.

Waterfall development portfolio

KPIs	Target 2017	Results	Achieved	Target 2018 - 2020
Incremental roll out per annum of Waterfall developable bulk	50 000 m ² per annum	70 914 m ²	YES	70 000 m ² per annum
Development surplus	R100.0 million per annum	R127.6 million	YES	R100.0 million per annum















- The internalised development team signed their first significant tenant, the BMW Group South Africa for the construction of a regional distribution centre.
- Assembling the development team, comprising highly competent employees.
- We completed four developments.

Rest of Africa retail investments

- Completion of Kumasi City Mall, Ghana.

OUR “LOOKING AHEAD 2017” AND PROGRESS MADE

Progress we have made

Our 2017 focus	Achieved	More information
South African portfolio		
Key property fundamentals: keeping vacancies low, timeous renewal of leases, efficient debt management and cost control.	YES	 Summarised highlights, page 58.
Improving the shopping experience of our visitors through innovative projects.	YES	 See intellectual resources, page 101.  See trading densities, page 62.
Exploring opportunities to expand our portfolio.	YES	 Retail portfolio, page 61.
Ensuring the Mall of Africa continues to trade above expectation while trading densities keep growing.	YES	 Case study on Mall of Africa, page 66.
Waterfall development portfolio		
Completing the existing developments and newly secured developments.	YES	 For completed developments, page 74.  For an update on developments under construction, page 74.
Forming further business alliances and strengthening existing relationships.	YES	 See section on developments in the pipeline, page 75.
Developing our Waterfall bulk, including Waterfall City, and Waterfall Logistics Hub, leveraging the completion of Mall of Africa as a catalyst for future developments.	YES	 For update on developments under construction, page 74.  Also see developments in the pipeline, page 75.
International investments		
Rest of Africa: optimising the existing portfolio in terms of debt and tenancies.	NO	 See rest of Africa retail investments, page 76.
Serbia: deploying development capital into identified projects	Change in strategy	 See capital recycled, page 77.
Cyprus: starting expansion of the Mall of Cyprus and Mall of Engomi	Change in strategy	 See capital recycled, page 77.
Artisan: taking advantage of favourable opportunities in conjunction with Artisan.	Change in strategy	 See capital recycled, page 77.

2018 LOOKING AHEAD

South African portfolio	<ul style="list-style-type: none"> Focus on key property fundamentals Innovation as part of technology focus Strengthen and expansion of portfolio Net operating income focus shift
Investment in MAS	<ul style="list-style-type: none"> Targeted 30.0% growth in distributions Expand into central and eastern Europe
Waterfall development portfolio	<ul style="list-style-type: none"> Focused on achieving KPIs set for the development team Delivering high-quality buildings
Rest of Africa retail investments	<ul style="list-style-type: none"> Focus on improving operational performance Refinancing of existing portfolio

Manufactured resources continued

First key value driver: South African portfolio

OVERVIEW

The value of our existing South African portfolio increased to R18.1 billion (2016: R17.1 billion), making up 66.1% (2016: 61.9%) of our total gross assets.

The PGLA increased to 703 394 m² (2016: 680 035 m²). This is mainly due to four Waterfall developments being completed during the year, adding 70 914 m² to our PGLA, as well as the Garden Route Mall extension. The decrease of 58 224 m² is due to the sale of eight industrial buildings to Equites as well as the sale of the Altech building.

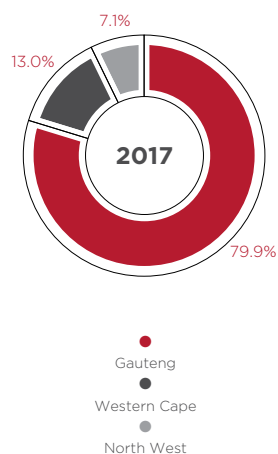
MSCI awards received for the top performing portfolio in the office and industrial sector based on three-year annualised total return.



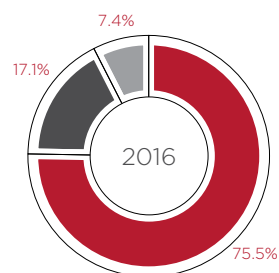
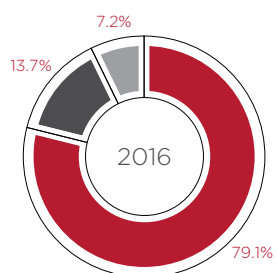
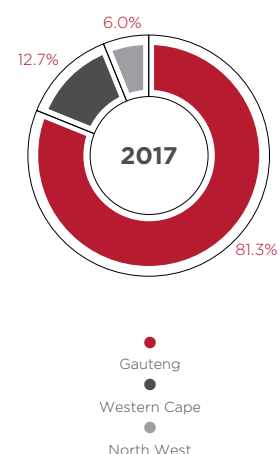
Mall of Africa, Waterfall City

Geographical profile by PGLA and gross monthly rental

PGLA

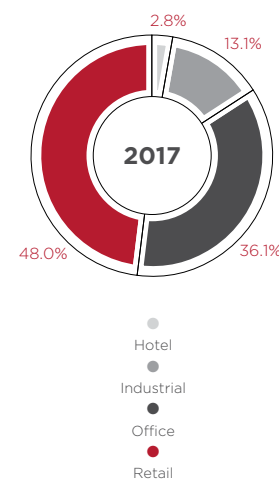


Gross rental

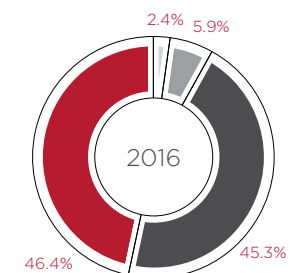
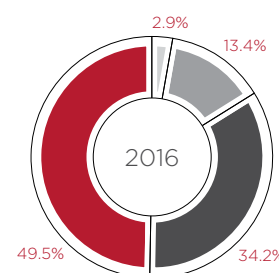
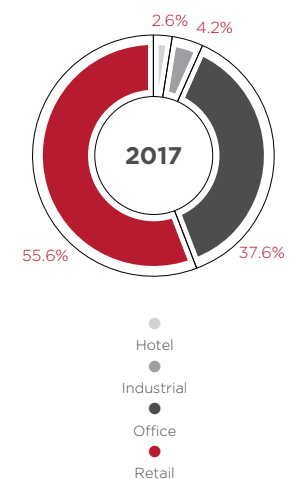


Sectoral profile by PGLA and gross monthly rental

PGLA



Gross rental



OPERATING ENVIRONMENT

The operating market in South Africa is under pressure due to a stagnant economy and rising unemployment. With numerous retail malls being developed across the country in recent years, the shopping mall sector is showing signs of saturation. The arrival of international retail brands in South Africa and the rise of online shopping are also competitive factors.

Our properties are in well-established, sought-after nodes. The Mall of Africa is in a developing area and offers a diverse tenant mix. Our Lynnwood Bridge property features a theatre and a specific mix of retail tenants that align well with the clientele in that area.

Given the oversupply of office space, tenants are becoming more rent-sensitive and better informed on current vacancies and rental price trends. Office space is widely available and landlords are offering incentives to fill premises. Negotiations with new tenants have become protracted and more challenging.

There has been an increase in the industrial sector's development pipeline (Massbuild extension and BMW Group South Africa regional distribution centre). This increase underpins investor confidence that the sector will grow in Waterfall in the next 12 to 24 months.

ENGAGING WITH OUR TENANTS

The team focuses on a close and proactive working relationship with our tenants to understand and respond promptly to their business needs. We believe fostering

good relationships with our tenants underpins continued, mutually beneficial business.

We also appoint independent consultants to conduct tenant satisfaction surveys that help us understand their views. This year, the general satisfaction score was high at 7.4 out of 10.0, but a few matters were flagged for remedial action.

The increasing cost and inconsistent availability of electricity and water remain both a challenge and concern for us and, in turn, for our tenants. Electricity costs account for over 12.1% of the occupancy cost of a building, increasing the burden on our tenants from whom we recover these costs.

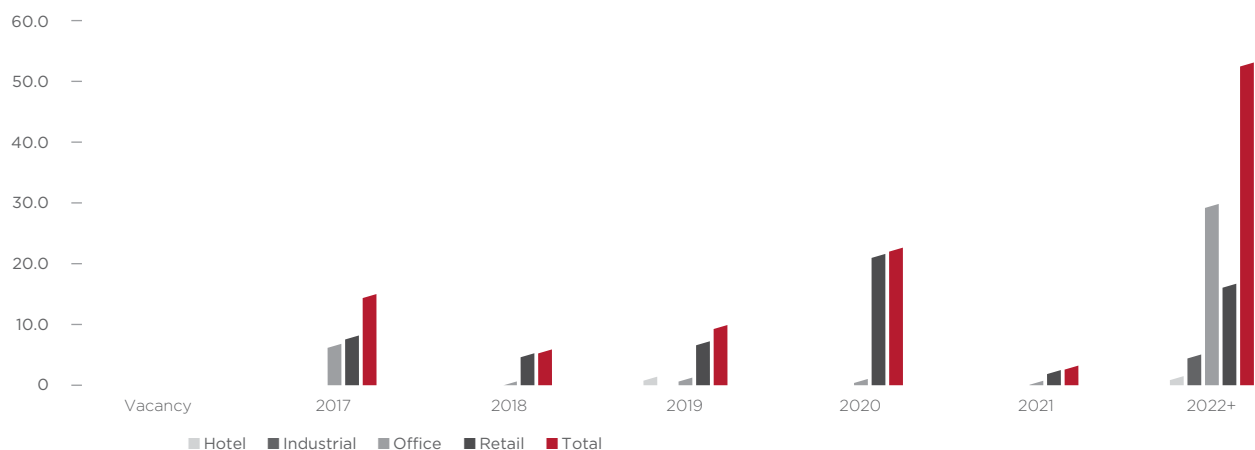
To mitigate these challenges, we explore and invest in alternative energy sources where financially feasible. We also provide back-up resources such as generators and water tanks at most of our buildings. We work closely with an outsourced utility manager to monitor utilities accurately and optimally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

We build sustainable buildings and prioritise energy efficiency. Eight of our buildings have either three, four and five-star green building ratings (by design) from the Green Building Council of South Africa, with one building receiving gold status from the Leadership in Energy and Environmental Design Council. For more information on the sustainability of our buildings, please see page 95 under natural resources.

MANAGING LEASING AND VACANCIES

Leasing and vacancy management is aimed at long-term tenant retention. A number of our newer properties have single tenants with long-term leases, resulting in a relatively longer dated lease expiry profile, as shown below:

Lease expiry profile (revenue in million)



Manufactured resources continued

First key value driver: South African portfolio continued

SUMMARISED HIGHLIGHTS

	Retail	
	2017	2016
Total value of sector (R'000)	9 896 383	9 390 269
Gross rental of sector (R'000)	1 146 197	754 463
Number of properties	10	12
PGLA (m ²)	337 510	342 935
Value per PGLA m ² (R/m ²)	30 139	28 813
Net property income as a percentage of total portfolio (%)	11.6	8.0
Property expense ratio (%)	43.0	37.4
Weighted average monthly gross rentals per m ² (R/m ²) – excluding rates	190	181
Weighted average monthly gross rentals per m ² (R/m ²) – including rates	202	200
Historic average annualised property yield (%)	5.7	6.0
Weighted average rental escalation (%)	7.4	7.5
Weighted average escalation on new/renewed leases (%)	7.8	7.4
Weighted average lease period (years)	4.9	5.4
Average capitalisation rate (%)	6.94	6.88
Vacancy (%)	2.4	2.1
Net arrears (R'000)	11 695	5 313
Retention success rate (%)	95.1	98.9

During the year, leases totalling 25 802 m² expired, with 23 145 m² (89.7%) renewed, 128 m² (0.5%) sold, 2 021 m² (7.8%) leased by new tenants and 508 m² (2.0%) remained vacant.

Overall portfolio vacancies, measured in terms of PGLA, increased by 4 690 m² compared to 30 June 2016. Subsequent to year end, 4 431 m² PGLA was let, bringing vacancies as a percentage of total PGLA down to 2.4%, in line with the prior reporting period. Vacancies that were filled post-year end mainly relate to the Allandale building, the Mall of Africa and Waterfall Corner. Vacancies not yet filled refer to Brooklyn Bridge Office Park, Newtown Junction and The Majestic. Both the industrial and hotel sectors are fully tenanted.

Activities in the portfolio are summarised below:

- At Lynnwood Bridge Precinct, all office space is now fully let, unlike the previous year.
- The Allandale building still has vacancies, although there are a number of enquiries. Given the steady growth of the area, we are confident that it will be fully tenanted in the near future.



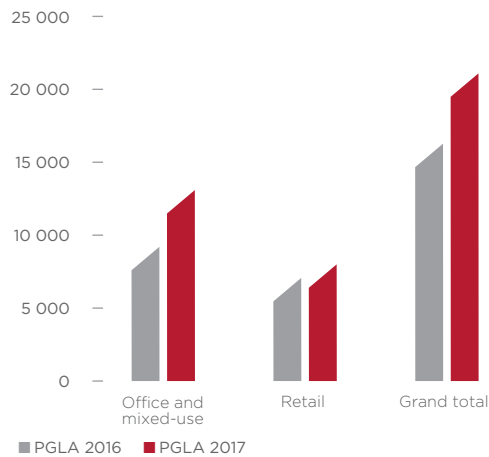
- We face challenges at Brooklyn Bridge Office Park due to a trend for office tenants to move to Pretoria east.

- We renegotiated an early renewal on favourable terms with two major tenants in our portfolio, which resulted in longer lease periods (12 years) and goodwill to the tenants.
- Notable leases signed during the year are the Hussars Grill and Monterey Fish Concept at Waterfall Corner, improving trading densities. In addition, we have signed a new lease with Tiger's Milk at Lynnwood Bridge Retail.
- Brooklyn Mall's retail vacancies are below 2.0%; however, the existing office vacancies are a challenge. The office node is competitive and not the core business of Brooklyn Mall.
- At Newtown Junction the vacancies are concentrated in the large space pockets with promising national retailer deals in the pipeline.
- The ground and first floor of The Majestic are currently not used by Nedbank. Alternate architectural plans have been prepared with a focus on tertiary education institutions.

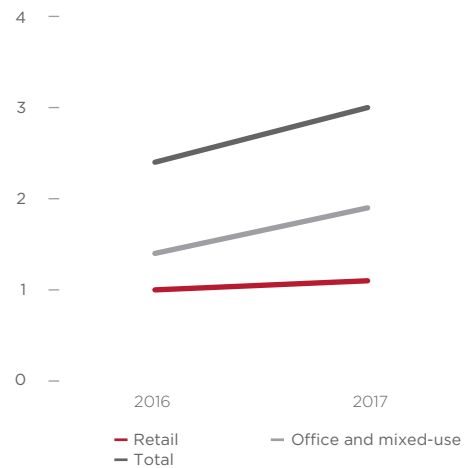
	Office and mixed-use		Industrial		Hotel		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
	5 714 265	5 324 541	870 131	984 577	407 240	384 848	16 888 019	16 084 235
	774 458	730 948	87 550	96 370	52 690	39 237	2 060 895	1 621 018
	19	18	4	9	3	3	36	42
	254 008	232 783	102 128	90 951	19 518	19 518	713 164	680 035
	24 504	24 546	9 721	11 228	21 711	20 175	24 978	25 013
	13.6	13.7	10.1	9.8	12.9	10.2	12.2	10.1
	27.4	25.4	25.8	26.0	27.5	25.6	36.0	31.0
	161	157	58	69	149	139	161	156
	180	171	67	73	175	164	175	173
	7.6	7.6	6.4	6.7	7.6	7.8	6.5	6.6
	7.8	8.2	7.0	7.1	7.0	7.0	7.5	7.8
	7.8	8.0	7.3	7.6	-	7.0	7.8	7.5
	6.8	7.2	10.8	10.4	6.0	6.9	6.4	6.7
	7.61	7.64	7.75	7.75	8.07	8.07	7.34	7.28
	5.0	4.0	-	-	-	-	3.0	2.4
	290	133	-	-	-	-	11 985	5 446
	99.6	85.9	100	n/a	100	n/a	97.1	98.0

The following vacancy profile reflects the percentage of total PGLA by sector, based on existing leases at 30 June 2017:

Vacancies (m²)



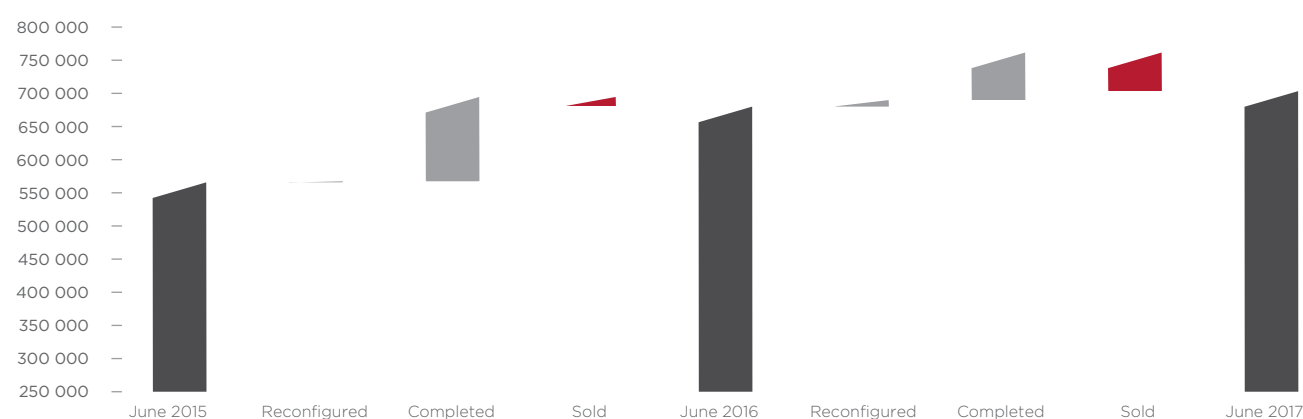
Vacancies (%)



Manufactured resources continued

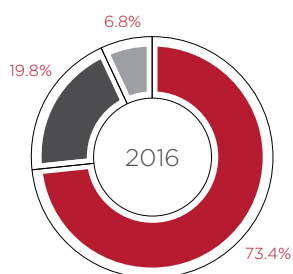
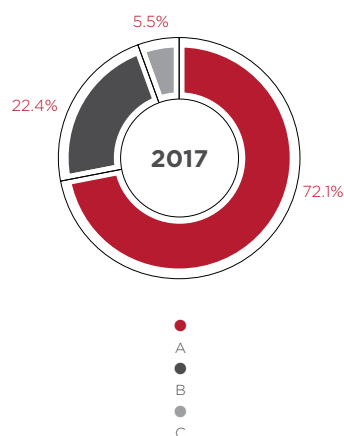
First key value driver: South African portfolio continued

PGLA evolution (m²)



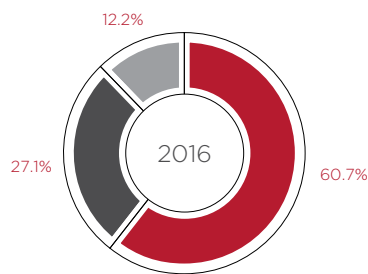
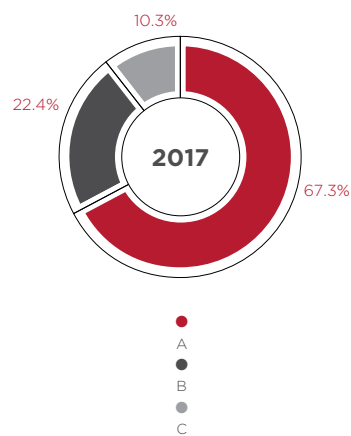
Credit quality of our tenants

Tenant profile by PGLA



The credit quality of tenants in our portfolio is reflected in the high percentage of A-grade tenants. The majority of our tenants, 72.2% (2016: 73.4%) by PGLA are categorised as A, **being large international and national tenants, large listed entities, and government or major franchisees.**

Tenant profile by gross monthly revenue, excluding utilities



Smaller international and national tenants, listed tenants, franchisees, medium to large professional firms categorised as B, make up 22.4% (2016: 19.8%) of our tenancy.

The balance consists of 369 (2016: 417) smaller tenants and sole proprietors categorised as C.

Rental escalations

We achieved a weighted average rental escalation of 7.5% (2016: 7.8%) for the entire portfolio. Weighted average rentals per PGLA at 30 June 2017 and weighted average rental escalations, based on existing leases, are

 shown in the table on pages 58 and 59.

Managing arrear debt

Arrear management is a focus, given the current economic climate and increased cost of occupancy for our tenants. Upfront tenant credit assessment and financial vetting help ensure that our exposure is mitigated.

Through close relationships with our tenants and understanding their needs and business challenges, we are managing arrears effectively and proactively to mitigate potential losses as quickly as possible.

Breakdown of trade receivables	2017 R'000	2016 R'000	% movement
Current	24 370	37 478	(35.0)
30 and 60 days	15 027	4 390	242.3
>90 days	12 979	9 242	40.4
Total arrears	52 376	51 110	2.5
Less: Past due, considered to be impaired and provided for	(16 021)	(8 186)	95.7
Trade receivables	36 355	42 924	(15.3)
Net arrears ¹	11 985	5 446	120.1
Rental income adjusted for VAT	2 121 646	1 678 828	26.4
Total arrears (% of rental income)	2.5	3.0	-
Trade receivables (% of rental income)	1.7	2.6	-


¹ Trade receivables past due but not impaired.

Valuations

At Brooklyn Bridge Office Park, a prominent existing tenant advised us in April 2017 that it would be vacating during May 2018. The impact of this vacancy (about 40.0% of the office space or 8 929 m²) is included in our June 2017 valuation, resulting in an impairment of R85 million. We have since concluded a lease for 1 200 m² office space, although not in the footprint previously occupied by this tenant.

The existing PwC head office in Sunninghill was impaired as the local office rental market deteriorated faster than expected. As vacancies in the area have increased, rental levels have decreased. As we are nearing the end of the existing PwC lease, the discounted cash flow period is shorter and market rentals have a bigger impact than existing lease rentals.

Brooklyn Mall's valuation decreased by R13.9 million. The mall is operating in a more competitive market created by the Menlyn refurbishment and the recently completed Mall of Africa as can be seen in the year-on-

 year decrease in trading densities as per page 62.

Newtown Junction is located in Johannesburg with competitive retail offerings in the area. To maintain tenant occupancy, rental projections had to be adjusted downwards, resulting in a R34.1 million decrease in valuation.

SECTOR PORTFOLIO OVERVIEW

Retail portfolio

We are positioning our assets as dominant malls in sought-after regional retail nodes. We remain focused on innovation and technology, bringing it into our malls in order to ensure that our assets remain relevant in future.

In the past year, we completed a 798 m² extension at Garden Route Mall. A new tenant, Food Lover's Market, was introduced and Woolworths expanded their foods, café and cosmetics sections. As part of the extension project, the ablution facilities were expanded, the mall retiled and directional signage was enhanced.

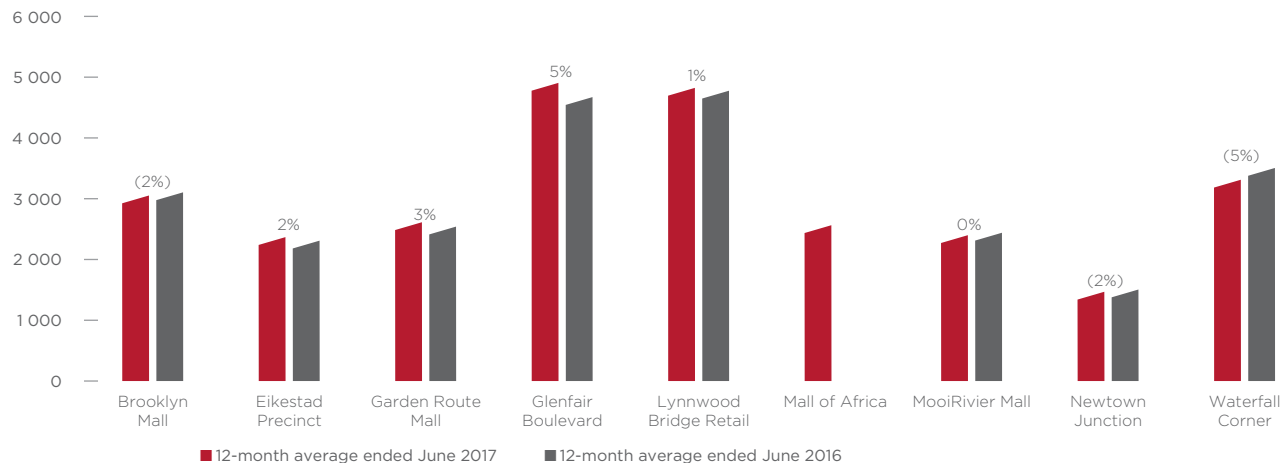
Manufactured resources continued

First key value driver: South African portfolio continued

Property name	Location	Province	Attacq's share of PGLA	2017 Average monthly gross rental per m ² (R/m ²) - including rates	2016 Average monthly gross rental per m ² (R/m ²) - excluding rates	Valuation	Value/m ²
Brooklyn Mall [^]	Pretoria	Gauteng	18 656	289	248	749 275	40 163
Eikestad Precinct [#]	Stellenbosch	Western Cape	37 872	165	160	874 400	23 088
Garden Route Mall	George	Western Cape	53 813	170	165	1 358 000	25 236
Glenfair Boulevard	Pretoria	Gauteng	15 951	217	202	471 000	29 528
Lynnwood Bridge - Retail	Pretoria	Gauteng	11 378	236	205	359 000	31 552
Mall of Africa [#]	Waterfall	Gauteng	99 770	258	243	4 280 000	42 899
MooiRivier Mall	Potchefstroom	North West	49 696	162	153	1 141 500	22 950
Newtown Junction [*]	Johannesburg	Gauteng	33 653	142	139	586 100	17 416
Waterfall Corner	Waterfall	Gauteng	9 582	158	152	219 198	22 876
Waterfall Lifestyle	Waterfall	Gauteng	7 139	147	143	134 893	18 895
			337 510	202	190	10 172 366	30 139

* Attacq has a 50.0% interest in the company that holds Newtown Junction. 100% of the PGLA and valuation shown above.
Values provided above reflect Attacq's undivided share in the property: [^]25.0%; [#]80.0%.

Trading densities for 2016 and 2017 (Rand per m²)



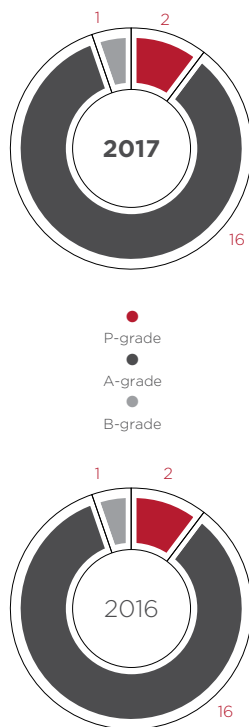
- Brooklyn Mall:** The mall is operating in a more competitive market created by the Menlyn refurbishment and the recently completed Mall of Africa.
- Eikestad Precinct:** Prior year figure was adjusted due to major tenant restatement.
- Garden Route Mall:** Positive growth achieved on a like-for-like basis. Dis-Chem opened a branch in Mossel Bay in December 2016, negatively impacting the mall.
- Lynnwood Bridge Retail:** The low growth is partially due to the impact of the Menlyn Maine upgrade and the default of Koi (replaced with Tiger's Milk).
- Mall of Africa:** Opened on 28 April 2016, like-for-like comparative figures not available.
- MooiRivier Mall:** No increase due to negative impact of Matlosana Mall.
- Newtown Junction:** Decrease due to competitive environment.
- Waterfall Corner:** The trading density has been negatively affected by the opening of the Mall of Africa and the Waterfall Wilds retail centre. In order to improve the footfall, we replaced Beluga with Hussar and Monterey and we are revisiting the tenant mix.

Office and mixed-use portfolio

As noted, office supply currently exceeds demand, so attracting and retaining tenants is a major focus. Much of our retention strategy will be based on the intrinsic advantages of our properties compared to competitors.

The quality of our office buildings is evident in the Investment Property Databank ("IPD") index grading system.

Office grading (number of buildings)



The IPD index office grading system

P-grade: Landmark quality, modern space which is a pace-setter in establishing rentals and provides good views or environment; prestige lobby finish; on-site undercover parking; quality access to/from attractive street setting; premium presentation and maintenance.

A-grade: High-quality modern finishes; air-conditioning; adequate on-site parking; market rental near the top of the range in that area; good-quality lobby finish; quality access to/from an attractive street environment; good safety and security; and high-quality presentation and maintenance.

B-grade: A reasonable standard of finishes maintained to good standards and/or refurbished and renovated from time to time; air-conditioning or good ventilation; adequate parking available. Rentals are generally around the middle of the range for the area.

Manufactured resources continued

First key value driver: South African portfolio continued

Property name	Location	Province	Attacq's share of PGLA	2017 Average monthly gross rental per m ² (R/m ²) - including rates	2016 Average monthly gross rental per m ² (R/m ²) - excluding rates	Valuation	Value/m ²
Allandale building	Waterfall	Gauteng	15 359	170 [^]	150 [^]	431 488	28 093
Brooklyn Bridge Office Park	Pretoria	Gauteng	23 525	244	217	553 000	23 507
Cell C Campus	Waterfall	Gauteng	43 890	165 [^]	150 [^]	974 336	22 199
Group Five	Waterfall	Gauteng	28 261	165 [^]	150 [^]	662 702	23 449
Lynnwood Bridge - Aurecon	Pretoria	Gauteng	19 104	165 [^]	150 [^]	781 806	40 924
Lynnwood Bridge - Bloukrans	Pretoria	Gauteng	7 224	206	179	216 500	29 970
Lynnwood Bridge - Kaaimans	Pretoria	Gauteng	6 990	216	188	227 000	32 475
Lynnwood Bridge - Offices	Pretoria	Gauteng	13 399	254	210	503 000	37 540
Maxwell Office Park - Att House ⁺	Waterfall	Gauteng	2 523	191	172	73 818	29 281
Maxwell Office Park - Colgate ⁺	Waterfall	Gauteng	2 122	165 [^]	150 [^]	66 724	31 444
Maxwell Office Park - Golder ⁺	Waterfall	Gauteng	3 040	165 [^]	150 [^]	93 431	30 734
Maxwell Office Park - Howick ⁺	Waterfall	Gauteng	1 986	186	165	56 947	28 674
Maxwell Office Park - Mac Mac House ⁺	Waterfall	Gauteng	3 144	185	169	91 215	29 012
Maxwell Office Park - Magwa House ⁺	Waterfall	Gauteng	3 608	175	155	106 422	29 496
Maxwell Office Park - Premier ⁺	Waterfall	Gauteng	2 000	165 [^]	150 [^]	60 541	30 271
Newtown Junction Nedbank ^{**}	Johannesburg	Gauteng	31 132	165 [^]	150 [^]	662 400	21 277
Novartis	Waterfall	Gauteng	7 982	165 [^]	150 [^]	231 889	29 051
PwC Sunninghill	Sunninghill	Gauteng	29 806	165 [^]	150 [^]	291 922	9 794
The Majestic ^{**}	Johannesburg	Gauteng	8 913	165 [^]	150 [^]	139 100	15 606
			254 008	180	161	6 224 241	24 504

^{**} Attacq has a 50.0% interest in the company that holds Newtown Junction Nedbank and The Majestic. 100% of the PGLA and valuation shown above.

Values provided above reflect Attacq's undivided share in the property: ⁺50.0%

[^] Single-tenanted building, sector average reflected.

Industrial portfolio

Industrial space in well-placed logistics hubs is in great demand. Our industrial node at Waterfall Logistics Hub is ideally positioned in Gauteng for modern and purpose-built warehousing and distribution centres.

The Dimension Data Warehouse was designed in accordance with a trend of combining warehouse with sizeable office space.

Property name	Location	Province	Attacq's share of GLA*	2017	2016	Valuation	Value/m ²
				Average monthly gross rental per m ² (R/m ²) - including rates	Average monthly gross rental per m ² (R/m ²) - excluding rates		
Amrod	Waterfall	Gauteng	37 937	67 [^]	58 [^]	384 193	10 127
Dimension Data	Waterfall	Gauteng	8 291	67 [^]	58 [^]	90 501	10 916
Massbuild distribution centre**	Waterfall	Gauteng	46 573	67 [^]	58 [^]	384 775	8 262
Torre Industries	Waterfall	Gauteng	9 327	67 [^]	58 [^]	133 343	14 296
			102 128	67 [^]	58 [^]	992 812	9 721

* GLA shown in order to match rental income. Rental income cannot be allocated to specific space pockets due to lease agreements.

** Values shown include the current extension of an additional 9 770 m².

[^] Single-tenanted building, sector average reflected.

Hotel portfolio

We have three hotels in our portfolio, all leased to and operated by City Lodge.

Property name	Location	Province	Attacq's share of PGLA	2017	2016	Valuation	Value/m ²
				Average monthly gross rental per m ² (R/m ²) - including rates	Average monthly gross rental per m ² (R/m ²) - excluding rates		
City Lodge - Lynnwood	Pretoria	Gauteng	7 946	175 [^]	149 [^]	202 000	25 422
City Lodge - Newtown*	Johannesburg	Gauteng	5 828	175 [^]	149 [^]	110 900	19 029
City Lodge - Waterfall	Waterfall	Gauteng	5 744	175 [^]	149 [^]	110 865	19 301
			19 518	175 [^]	149 [^]	423 765	21 711

* Attacq has a 50.0% interest in the company that holds City Lodge - Newtown. 100% of the PGLA and valuation shown above.

[^] Single-tenanted building, sector average reflected.

Manufactured resources continued

Case study: Mall of Africa



Mall of Africa's first year of success

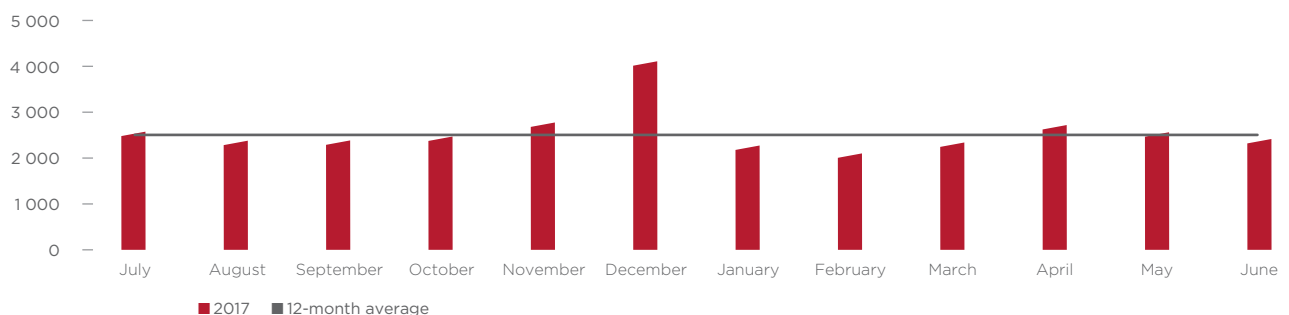
At a glance

- Opened 28 April 2016
- Development surplus of R1.1 billion
- **124 713 m² primary GLA**
- **> 37 500 people employed** during construction
- Recognised in the 2017 Vision Innovation Value Achievement ("VIVA") **global awards as one of the world's most outstanding examples of shopping centre design** and development
- **±6 500 parking bays**
- 2016 South African Council of Shopping Centres ("SACSC") Spectrum Award for **best retail development in the category of new regional** and super-regional shopping centres
- Average monthly trading density of R2 564 per m²
- **>1.1 million shoppers per month**
- **>4 500 permanent jobs created**
- Mall of Africa was number 8 on the top 10 most searched topics on Google in 2016 in SA

The Mall of Africa's grand opening captured the imagination of Gauteng's public, with over 145 000 people arriving on that day. It has since posted sales of over R3.5 billion, with more than 14 million people visiting up to the centre's first anniversary opening on 28 April 2017.

As our flagship project it is proving to be the iconic super-regional shopping destination it was intended to be, serving an expanding customer base being attracted to or settling in Waterfall City.

Trading density 12-month average ended 30 June 2017 is R2 564 per m²



The heart of the city



Waterfall City's planners were given a blank canvas to visualise and build an entirely new city. They took this rare opportunity to design an integrated and sustainable city utilising the New Urbanism approach of walkable, mixed-use environments that enable a safe "work, play, live" lifestyle.

As the centrepiece of a rapidly developing Waterfall City, the mall features retail space spread across four courts connected to a central, walk-through spine. These were designed for intuitive shopping access and navigation, within spaces inspired by landscapes from across the continent.

The Crystal Court evokes the glittering wealth of the south, with the Great Lakes Court based on the Rift Valley string of lakes to the east. West Africa shows up in the bold patterns of the Oleum Court, while the Sand Court features the desert colours and contours across North Africa. All flow into the Forest Walk spine representing the rainforests at the centre of the continent.

Woolworths, iStore and Mr Price Weekend used the Mall's opening to launch new concept stores with Zara Home opening its first store in South Africa. International brand Cotton On opened its biggest store in the world at Mall of Africa. Other international brands are Starbucks, Asics, Armani Exchange, Under Armour, Helly Hansen and Swatch. Local coffee shop icon Tasha's opened its doors in August 2017.

A place to shop and play

For South African consumers, shopping malls are safer environments than the traditional "high street" retail of many other countries. Along with shopping, malls are also where families and friends go to socialise and be entertained. Malls have evolved into the "market squares" of earlier cities.

As a first layer of safety, the entire Waterfall City environment is secured around the clock through a mix of high-tech systems, trained personnel and frequent roadblocks at key entry and exit points. Within this ring of security, the Mall deploys its own layered measures and responds swiftly to suspicious behaviour or emerging patterns of crime. Current statistics show that vehicle theft, shop lifting and petty theft have steadily reduced since opening.

Mall of Africa into the future

As the heart of a densifying commercial and residential precinct around it, the demand for further retail space and related uses – in line with New Urbanism – is escalating. The second phase of the Mall development will likely integrate it deeper into the region's social fabric through entertainment and leisure components that will enable a distinct Waterfall City feel. This expansion will be tenant demand driven and will constitute approximately 25 000 m².

Manufactured resources continued

Second key value driver: Strategic investment in MAS

OVERVIEW

MAS is a property investor, developer and operator listed on the main board of the JSE and the Euro-MTF market of the Luxembourg Stock Exchange.

Historically, MAS only invested in western Europe. With property prices rising and attractive investment assets in the region becoming more difficult to find, MAS expanded its investment focus to central and eastern Europe ("CEE") where relatively high initial yields, solid growth prospects and attractive debt terms can still be found. The purchasing power of local populations is driving the growth.

To enter these economies, MAS partnered with Prime Kapital, an asset management team with proven development, investment and financing experience in these markets, through:

- a 40.0% interest in a development joint venture focusing on new developments; and
- an investment joint venture focusing on accretive income-producing acquisitions.

MAS announced that its development joint venture has substantially exceeded expectations and is targeting over Euro1 billion of high-quality developments across CEE of which Euro665 million thereof has been secured. MAS has increased its commitment to the venture from Euro200 million up to Euro350 million in order to fund this pipeline. It is also expanding its scope to include residential developments given the benefit of high-growth markets where the purchasing power of residents is increasing strongly.

MAS's joint venture with Prime Kapital acquired three retail properties during the year, namely Nova Park (Gorzów, Poland), Galeria Burgas (Burgas, Bulgaria) and Galeria Stara Zagora (Stara Zagora, Bulgaria), adding a total of 71 400 m² GLA to MAS's property portfolio.

The joint venture intends to extract further value from these acquisitions by way of active asset management and/or expansion possibilities.

MAS income-generating properties, developments and extensions at June 2017



INVESTMENT PERFORMANCE

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

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

The value of the MAS property portfolio benefited from fair value gains of Euro36.8 million during the year, largely attributed to MAS's New Waverley development located in Edinburgh, Scotland. Phase I of the development, comprising three hotels and 21 retail units, was completed during the year and the 36 000 m² Phase II is under way following the securing of a 25-year UK government lease for a 19 000 m² office which will introduce 3 500 office users to the node.

MAS has proposed paying a dividend of 3.2 Euro cents per share in respect of the six months 1 January 2017 to 30 June 2017. This would result in a total distribution of 5.9 Euro cents per share in relation to the 2017 financial year, representing a 30.0% increase on the prior year distribution. MAS shareholders continue to have the option to receive the distribution in cash or as a return of capital by way of an issue of new shares. MAS remains on target to achieve its guidance of 30.0% annual growth in distributions through to 2019.

YEAR-ON-YEAR MAS PERFORMANCE HIGHLIGHTS

- 30.0% increase in annual distribution per share
- 91.0% increase in income-generating portfolio
- 79.0% increase in investment property
- 84.0% increase in rental income
- 80.0% improvement in daily share volume
- 2.3% weighted average cost of debt

BUSINESS STRATEGY

MAS's strategy is to generate sustainable and growing distributable earnings per share by acquiring, developing and operating retail, office, industrial, logistics and hotel assets in western, central and eastern Europe.

Where exceptional opportunities are identified, MAS will embark on mixed-use or residential developments with the view to either generate recurring income, such as campuses leased to universities, or capital gains. MAS aims to distribute all of its distributable earnings on a semi-annual basis, with distribution of capital and other profits at the discretion of the MAS Board.

MAS's strategic objectives in 2017

- **Drive the acquisition and development programme in Europe**
 - acquired Nova Park in Poland, the Galleria shopping malls, the Edeka MIHA portfolio and the Munich industrial property;
 - completed the development of Adagio hotel and retail units at New Waverley;
 - commenced the development of pipeline in Romania and Slovenia; and
 - increased commitment to the Prime Kapital development joint venture.
- **Unlock value in existing portfolio**
 - lettings of vacant space at Chippenham and Heppenheim Park;
 - cost control and planning of redevelopment at newly acquired CEE investment assets;
 - value uplift as new assets begin to mature at New Waverley; and
 - disposed of four mature Aldi stores in Germany for a profit.

Manufactured resources continued

Second key value driver: Strategic investment in MAS continued

■ Improve Investment process as the organisation grows

- investment Committee restructured to strengthen team;
- refined group “strategy model”, which monitors progress towards targets; and
- leveraged the Prime Kapital relationship and experience to implement best practice

Strategic objectives for 2018

- continue to drive the acquisition and development programme in Europe;
- continue to unlock value in the existing portfolio through active asset management and capital reallocation; and
- identify key value add processes and systems for implementation.

INVESTMENT PROPERTY SUMMARY

MAS has assembled a high-quality portfolio of commercial properties and developments across Europe with investment into CEE via two joint ventures with Prime Kapital, a development joint venture and a co-investment joint venture focused on income-generating assets. At 30 June 2017, the portfolio had an outstanding weighted average lease term of 10 years, occupied by tenants with strong corporate covenants.

FUNDING

MAS reduces its cost of capital by optimising the mix of debt and equity. They have taken advantage of the historically low cost of debt currently being experienced by gearing investment property and, where appropriate, fixing debt on assets to be held over the longer term.

Excellent progress has been made during the year, with Euro111.7 million of debt drawn down at a weighted average cost of 2.1%. This brings the Group's weighted average cost of debt to 2.3% at year end from 2.5% at the previous year end, and the asset level LTV to 26.4% at year end, from 12.4% previously.

Their current target range is an asset level LTV of 40.0%. This level of debt leaves adequate flexibility without exposing MAS to excessive risk.

MAS's priority when raising external debt finance is to manage the maturity profile of the debt which enables them to maximise the terms from lenders while maintaining the spread of risk in the Group.

Currently 67.5% of the Group's debt has been fixed. Subsequent to year end, the Group has drawn down a further Euro53 million of debt secured against Nova Park in Poland. MAS will continue to capitalise on the low cost of debt over the year ahead.

During the year MAS undertook two oversubscribed share placements raising a total of Euro158 million.

The capital raised has been used to drive growth through the acquisition of accretive investment property, progression of developments in the portfolio and investment in the Prime Kapital development joint venture.

The liquidity of the traded share remains a key focus for MAS's management. The 90-day median daily volume has increased 1.5 times year on year to nearly 200 000 shares per day. This, in turn, is increasing the shareholder base, with the register now showing more than 7 000 shareholders.

OUTLOOK

The outlook for the coming year remains positive. MAS is well positioned to grow its portfolio and distributions through acquisition, development and asset management.

Asset prices in western Europe have increased in recent years and acquisition opportunities that offer an attractive return on equity are harder to find. MAS's focus in western Europe is now on opportunities that can deliver substantial value through active asset management, development and redevelopment.

Although CEE markets have increased in price, attractive opportunities are still available and are backed by a combination of relatively high initial acquisition yields, substantial growth prospects and attractive debt terms. Even more appealing is the development market, which is supported by rapidly expanding purchasing power and, in some cases, suboptimally designed or undersized assets ripe for redevelopment or displacement.

MAS's joint venture with Prime Kapital has unlocked exciting possibilities in Slovenia, Poland, Romania and Bulgaria. These high-potential opportunities should steadily increase MAS's distributable earnings per share in the coming years.

Given the existing development pipeline and developments being pursued in Europe, MAS is confident that it will benefit from an offshore income stream that targets 30.0% distribution growth per annum through to 2019.



Nova Park, Gorzów, Poland

Manufactured resources continued

Third key value driver: Waterfall development portfolio

OVERVIEW

We develop properties to meet tenant needs, resulting in a portfolio of high-quality investment assets. The value of our Waterfall development portfolio increased to R3.8 billion (2016: R3.6 billion), comprising 14.1% (2016: 13.0%) of our total gross assets.

The breakdown of our development portfolio is shown below:

	30 June 2017 R'000	30 June 2016 R'000
Developments under construction	1 880 605	1 309 505
Development rights	1 081 968	1 174 022
Infrastructure and services	737 187	1 115 779
Investment in two Sanlam joint ventures	140 999	-
Total	3 840 759	3 599 306

Waterfall City



We completed four development projects worth R1.0 billion (see page 74 for details), adding 70 914 m² of PGLA to our South African property portfolio. A further R2.2 billion of greenfield developments are under way (detailed on page 74), with 100 535 m² PGLA under construction.

The development team was internalised from 1 July 2016 and we spent most of the year building the team's capacity. The team of 11 professionals is led by Pete Mackenzie as Head of Developments.

Operating environment

In South Africa, the stagnant economy and political uncertainty are causing potential tenants to defer decisions. They also have a wide choice of premises, which puts rentals under pressure. However, the Waterfall area is well positioned for tenants wanting to consolidate, capitalising on its central location and accessibility.

There have been numerous tenant enquiries (for space totalling 388 663 m² at year end) despite current economic conditions. Projects that we secured in the past year include the South African regional distribution centre for the BMW Group and the corporate consolidation for Deloitte.

WATERFALL CITY MASTERPLAN

We have two focus areas for the Waterfall development portfolio, being Waterfall City and Waterfall Logistics Hub.

Waterfall City: An integrated city that works

The heart of this portfolio is Waterfall City, with potential development bulk of 874 576 m² zoned for retail, office, hotels and residential developments. Waterfall City is built around the super-regional Mall of Africa and its adjoining 1.3 ha Waterfall Park.

The concept behind Waterfall City is to create a mixed-use development in which people can work, live and play. The node was planned as a greenfield development: allowing for the best urban design principles to determine sufficient and efficient infrastructure, services and open public spaces. Because all developments are new, the focus is on green design and smart technology.

Waterfall Logistics Hub: Gauteng's logistics hub of choice

The Waterfall area is well positioned for light industrial tenants wanting to capitalise on its central location and accessibility. The logistics hub hosts only light industrial tenants, making it attractive for consolidating warehouse space with sizeable office space which is the current trend.

WATERFALL DEVELOPMENT RIGHTS

Waterfall spans 2 200 ha adjacent to Modderfontein in the east and Kyalami and Sunninghill to the west, creating a large commercial growth node with superb access from Pretoria via the N1, R21 and R55, and from Sandton and Johannesburg via the M1, N1, N3 and R55.

Waterfall Logistics Hub



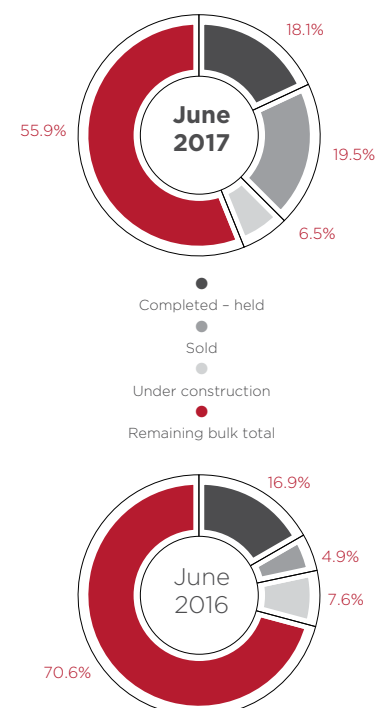
We secured all retail, commercial and industrial development rights and will also develop some residential units. Development rights relate to the contractual rights held to develop certain Waterfall land parcels. These rights form a material element of the overall land valuation. In addition to the 1.0 million m² (2016: 1.3 million m²) of developable bulk, we share in the development rights relating to the two joint ventures with Sanlam Properties. As at 30 June 2017 the value of our interest in these joint ventures was R141.0 million.

Progress in developing Waterfall's available bulk is shown below:

	June 2017		June 2016	
	m ²	%	m ²	%
Total approved bulk	1 862 900	100.0	1 871 835	100.0
Completed – held	(336 686)	(18.1)	(316 119)	(16.9)
Sold	(363 671)	(19.5)	(92 151)	(4.9)
Under construction	(121 084)	(6.5)	(141 560)	(7.6)
Total remaining bulk	1 041 459	55.9	1 322 005	70.6

Our 1.9 million m² (2016: 1.9 million m²) of total approved bulk is spread across 12 individual land parcels. At 30 June 2017, 18.1% (2016: 16.9%) of available bulk was complete, with a further 6.5% (2016: 7.6%) under construction. During the financial year, we have sold undeveloped bulk into the following joint ventures: Barrow, Zenprop and the two Sanlam JVs. The balance is available for future development. In addition, we plan to increase allowable bulk on the land parcels as the spatial development framework of the City of Johannesburg evolves.

Waterfall bulk (%)



Manufactured resources continued

Third key value driver: Waterfall development portfolio continued

The Waterfall bulk is spread over the following 12 land parcels ("LP"):

LP number	LP description	Development rights in place	Total approved bulk m ²	Completed - held m ²	Sold m ²	Under construction m ²	Remaining bulk m ²
LP 3^	Convenience Corner Waterfall	Retail	15 000	-	15 000	-	-
LP 8	Distribution Campus	Industrial	184 546	68 004	20 921	47 392	48 229
LP 9	Logistics Precinct	Industrial	196 455	-	52 701	-	143 754
LP 10	Waterfall City	Office	874 576	146 494	73 428	46 270	608 384
LP 10A	Corporate City	Office	150 000	-	-	-	150 000
LP 10B	Corporate Campus	Office	30 062	-	15 000	3 304	11 759
LP 12	Capital City	Office	48 330	-	-	-	48 330
LP 15	Lifestyle Estate Woodmead	Retail	64 944	40 826	-	24 118**	-
LP 20	North Office Park	Office	4 194	-	4 194	-	-
LP 21	Landmark Park	Office	56 999	43 678	-	-	13 321
LP 22	Commercial District	Office	83 544	37 684	28 177	-	17 683
LP 24^	Factory Depot	Industrial	154 250	-	154 250	-	-
			1 862 900	336 686	363 671	121 084	1 041 459

** Allocated to inventory as a turnkey development.

^ Bulk disposed in JVs with Sanlam Properties.

DEVELOPMENTS COMPLETED

The table highlights our Waterfall developments completed during the year:

Property	Sector	Practical completion date	PGLA m ²	Pre-let %	External valuation at 30 June 2017 R'000
Allandale building	Office	August 2016	15 359	>68	431 488
Dimension Data	Industrial	August 2016	8 291	100	90 501
Torre Industries	Industrial	August 2016	9 327	100	133 343
Amrod	Industrial	December 2016	37 937	100	384 193
			70 914	>93	1 039 525

DEVELOPMENTS UNDER CONSTRUCTION

The table provides detail on the Waterfall properties under construction at year end:

Property	Sector	LP	Anticipated practical completion date	PGLA m ²	Pre-let %	Estimated capital cost R'000	Estimated value on completion R'000	Book value at 30 June 2017 R'000
Gateway West	Office	LP 10	August 2017	13 405	-	341 249	365 817	291 787
PwC Tower and Annex^	Office	LP 10	February 2018	33 917	100	1 146 640	1 300 659	1 027 098
Corporate Campus - building 1*	Office	LP 10B	November 2017	2 920	>50	66 794	79 066	28 024
K101 Warehouse	Industrial	LP 8	September 2017	8 523	-	69 705	95 789	45 609
BMW Group SA	Industrial	LP 8	December 2017	32 000	100	297 117	337 807	206 448
				90 765	>74	1 921 505	2 179 138	1 598 966

Attacq has an undivided share in the property: *50.0%; ^75.0%

DEVELOPMENTS IN THE PIPELINE

The table below highlights our secured Waterfall developments:

Property	Sector	LP	Development commencement date	Estimated practical completion date	PGLA m ²
The Atria~	Hotel	LP 10	June 2017	March 2018	4 375
The Atria~	Office	LP 10	Demand driven	Demand driven	8 125
The Atria~	Residential	LP 10	March 2018	March 2020	6 000
River Creek Deloitte	Office	LP 10	October 2017	March 2020	42 500
Corporate Campus - buildings 2 to 6~	Office	LP 10B	Demand driven	Demand driven	15 000
Burger King	Retail	LP 15	End-2017	August 2018	300
Waterfall Point	Office	LP 15	Sale pending		9 500
					85 800

~ Attacq has a 50.0% undivided share in the property.

We have a 50/50 joint venture with Barrow to develop a mixed-use precinct adjacent to the Mall of Africa, The Atria, comprising three office buildings, one residential tower with some 120 rental apartments and one hotel to be sold. We have decided to include residential units in The Atria development and are planning developing further residential assets at other sites in Waterfall as a denser residential environment will create more activity in and around the city.

We are developing Waterfall Point, a P-grade office park, opposite Waterfall Corner shopping centre along the R55. The park will comprise four office buildings and a sale agreement has been concluded, pending conditions precedent.

A drive-through restaurant for Burger King/Dunkin Donuts at Waterfall Lifestyle is in the advanced planning stages and development will begin in late 2017.

During the year, we secured a 12-year lease with Deloitte, which will consolidate its offices in Waterfall. The 12-year lease has two consecutive renewal options of five years each. The lease period is scheduled to commence on 1 April 2020. This 42 500 m² new building, named River Creek, will be developed in a 50/50 joint venture with Atterbury.

Post-year end, we completed the Gateway West building, next to the entrance of the Mall of Africa, with a number of enquiries from potential tenants. The development of Gateway East, an office building mirroring Gateway West, will begin once the latter has been occupied.

We consider developments with joint venture partners where we do not have in-house skills, for example residential developments, or where a joint venture partner has an existing relationship with a prospective tenant.

Manufactured resources continued

Fourth key value driver: Rest of Africa retail investments

OVERVIEW

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

The investments are held via a:

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

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

In the 2017 financial year, sub-Saharan Africa's economies were characterised by poor economic and operating

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

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

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

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

The portfolio at 30 June 2017 is summarised below:

	Total GLA* m ²	Valuation* (‘000)	Attacq share (‘000)	Value per m ²	Vacancy %
Operational portfolio summary	144 647	USD628 963	USD120 645	USD4 309	6.5
The Grove Mall of Namibia	52 809	NAD1 510 650	NAD377 663	NAD28 606	0.5

* Data provided at a 100% level.

Additional detail per asset is reflected below:

Property	Accra Mall	West Hills Mall	Achimota Retail Centre	Kumasi City Mall	Manda Hill	Ikeja City Mall	The Grove Mall of Namibia
Location	Accra, Ghana	Accra, Ghana	Accra, Ghana	Kumasi, Ghana	Lusaka, Zambia	Lagos, Nigeria	Windhoek, Namibia
GLA (m ²)	21 349	27 560	15 006	17 948	40 561	22 223	52 809
Vacancy (%)	-	5.3	6.1	26.5	5.4	-	0.5
Attacq's effective holding (%)	15.0	14.3	23.9	23.9	15.9	25.0	25.0
Visitors per annum	7.3 million	5.4 million	5.0 million	1.7 million*	10.8 million	7.9 million	6.7 million
Anchor tenants	Shoprite, Game	Shoprite, Palace	Shoprite, Palace, Jet, Mr Price	Shoprite, Game	Shoprite, Game, Woolworths	Shoprite, Silverbird, Cinemas, Mr Price, Cash & Carry	Checkers, Dis-Chem, Game, Woolworths

* Visitors from day of opening in April 2017.

Manufactured resources continued

Capital recycled

In line with our strategy to exit non-performing and/or non-core assets, we have recycled R1.9 billion (2016: R1.3 billion) during the financial year under review. This includes the following assets:

- The shareholdings and loan accounts in Atterbury Cyprus and Atterbury Serbia for an aggregate amount of Euro93 million, payable in cash. The decision was supported by MAS's decision to invest in central and eastern Europe;
- We have established a joint venture with Equites called EA Waterfall Logistics JV Proprietary Limited ("EAJV") comprising a portfolio of eight industrial properties at Waterfall, effective from 1 July 2016. The following completed industrial properties were transferred on 31 August 2016 into EAJV: Angel Shack, Cummins (50.0% undivided share), Dräger, Hilti, Medtronic, Servest, Stryker and Westcon. Equites subscribed for an 80.0% shareholding in EAJV, for a subscription consideration of R292.7 million. We hold the remaining 20.0% of EAJV which had an investment value of R91.4 million as at 30 June 2017; and
- The Altech building, in which we owned a 50.0% undivided share, was sold in June 2017 for a total consideration of R101.0 million.

As part of our REIT conversion and given our focused approach on our four key value drivers, we have identified the following assets as non-core:

- The 19.9% interest in Stenham, the owner of the Nova Eventis regional shopping centre in Leipzig, Germany, with a 30 June 2017 value of R197.7 million (2016: R380.8 million).

Following a protracted disposal process, Stenham concluded a conditional agreement to dispose of the intermediary holding company which owns Nova Eventis at net asset value determined with reference to a valuation of Euro208.5 million for the shopping centre.

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

- Our interest in Artisan Development Partners Limited and Artisan Southport Limited with a combined 30 June 2017 value of R145.5 million (2016: R52.4 million); and
- Brooklyn Bridge Office Park.

Human resources

AT A GLANCE

Material matters



Introduction

The calibre of our employees is a key differentiator in the increasingly competitive property sector. Aligning our people with our corporate ethos is essential to create shareholder value. 

Rapid growth in our workforce requires astute human resource (“HR”) management to instill the right corporate culture that supports our values.

To attract, retain and motivate exceptional people, we recognise performance, enable career paths and provide competitive remuneration. We have invested in the professional and interpersonal capabilities of our people, underpinned by a wellness programme for healthy and balanced lifestyles.

Performance highlights

Employees	Directors [^]	Independent Non-Executive Directors (“NEDs”) [^]
2017 114	2017 10	2017 7
2016 94	2016 10	2016 7
2015 77	2015 11	2015 5
Non-Independent Non-Executive Directors* [^]	Executive Directors	Total employee turnover (%)
2017 1	2017 2	2017 11.7
2016 1	2016 2	2016 19.5
2015 3	2015 3	2015 18.9
Value of gross assets per employee (R million)	Net rental income per employee (R million)	Training hours per employee (h)
2017 239.7	2017 11.6	2017 20.4
2016 293.9	2016 11.9	2016 35.3
2015 302.6	2015 12.4	2015 27.8

* Louis van der Watt resigned as NED from 1 July 2017.

[^] Directors’ information is as at 30 June of the respective year and not as at the time of reporting.

OUR “LOOKING AHEAD 2017” AND PROGRESS MADE

Progress we have made

Our 2017 focus	Achieved	More information
Implement formal job profiles and define KPIs, with a link to Company values and habits.	YES	 See development and growth, page 81.
Employee development, which is addressed through Personal Development Plans (“PDPs”).	YES	 See development and growth, page 81.
Periodically review policies and processes to ensure continued improvement in productivity and efficiencies.	Ongoing	Policies and processes are continuously reviewed and improved.
Create opportunities for employees to develop personally and professionally.	YES	 See development and growth, page 81.
Pursue further initiatives to promote employee wellbeing.	YES	 See work environment, page 82.

2018 LOOKING AHEAD

Develop employee value proposition	<ul style="list-style-type: none"> Developing our employee value proposition into a choice Attacq brand that will attract, motivate and retain high-calibre individuals.
Align organisational structure	<ul style="list-style-type: none"> Reviewing our organisational structure and aligning it to our strategy and future growth. This includes internalising marketing functions at certain malls.
Establish preferred culture for our employees	<ul style="list-style-type: none"> Establishing a preferred culture for our employees.

Human resources continued

TALENT MANAGEMENT

To achieve our strategic objectives, we need an appropriately skilled, diverse and dynamic team of employees. We invest in their passion, knowledge and commitment and manage them with insight and care.

Building a diverse workforce

As the workforce expands, we are developing an inclusive culture that embraces diversity. To make diversity real, we aim to attract, develop and retain the most capable employees from all cultures.

We compete for scarce skills within the property sector. However, we have advanced diversity by increasing the proportion of Historically Disadvantaged Individuals ("HDI") in our workforce from 46.8% in 2016 to 49.1% in 2017.

Our EE Committee was established in 2015. HR personnel and employee representatives have been appropriately briefed and trained. We report annually on our EE planning to the Department of Labour.

HDI employees in management positions rose to 61.2% from 57.4% in the prior year. This is based on employees on EE level 1 to 4 and includes white females. During the year, we amended our recruitment process so that any appointments outside prioritised groups must be approved by our CEO.

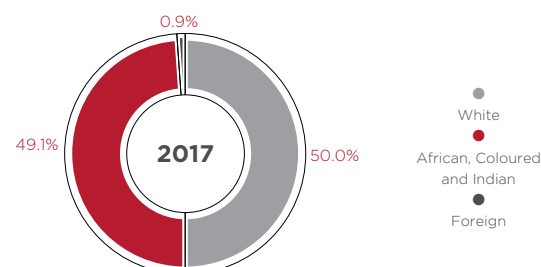
Our employee complement increased 21.3%, from 94 to 114, largely due to internalising the development management function.

Total employee turnover for the period declined to 11.7% (2016: 19.5%), reflecting the benefit of appointing the right people and our effective retention strategies. Exit interviews follow all resignations and the outcome of exit interviews is presented to Exco.

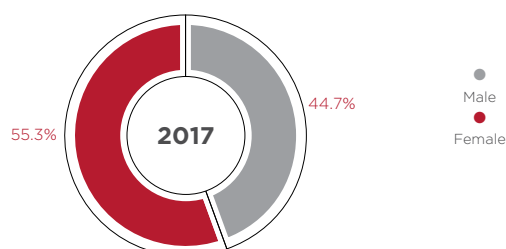
Aligning our reward system to strategic objectives

Performance reviews drive a high-performance culture. Contribution plans have been created for each employee, linked to KPIs agreed between the employee and their respective line manager. Annual 360° performance assessments for each employee include behavioural, role-related and specific criteria as part of a self-assessment exercise with line manager and peer reviews.

Employment equity statistics



Gender breakdown



Employment Equity statistics

	2017	%	2016	2015
White	57	50.0	48	46
African, Coloured and Indian	56	49.1	44	29
Foreign	1	0.9	2	2
Total	114	100.0	94	77

Gender breakdown

	2017	%	2016	2015
Male	51	44.7	40	33
Female	63	55.3	54	44
Total	114	100.0	94	77

These results are consolidated and an employee's rating is one of the indicators used as the basis for rewarding performance.

We participate annually in a market-related salary survey to benchmark our salaries. Results inform our remuneration offerings to employees and are annually reviewed by senior management to ensure that employees are appropriately remunerated.

Development and growth

Role profiles have been used to create our contribution plans, which detail our KPIs in line with our values and strategy.

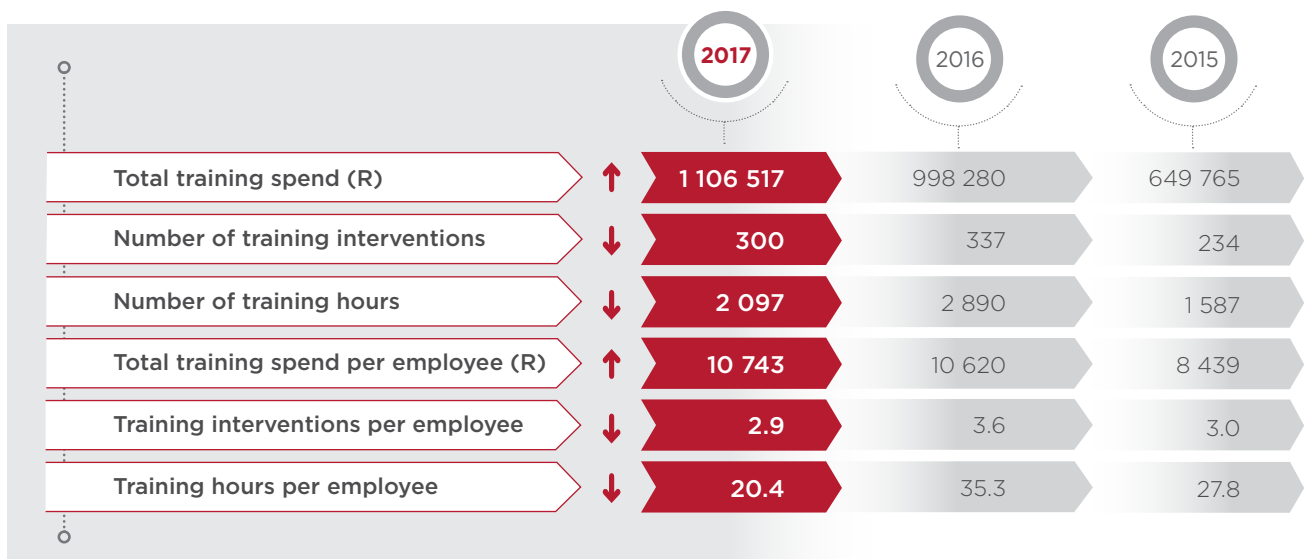
Self-development is a standard KPI and employees are responsible for drawing up their PDPs. Each employee's self-development forms part of the annual performance evaluation process.

We have a policy of internal promotion where possible, with retraining provided when required. Where our currently flat hierarchical structure limits vertical career promotions, deserving individuals are given additional responsibilities to support personal development and improved remuneration. As we expand, we are confident that more opportunities for promotion and career development will emerge organically.

Skills development

Formal and informal training follows the 70/20/10 principle: 70% comprises on-the-job training, 20% is channelled through mentorship and 10% is addressed by customised training. Each business unit has identified its training needs, for which HR is developing specific solutions.

The decrease in total training spend is due to group training for specific identified needs which was conducted in 2016, whereas in 2017 a more focused approach to training was adopted with each employee planning their training through a PDP. On-the-job training increased in line with our training philosophy.



Culture

A specialist service provider was commissioned to survey our employees on how our organisational culture is evolving. These results informed Exco on how best to engage the workforce, align leadership styles with the evolving culture for desired business outcomes, and measure whether employee behaviours and perceptions are actually aligned to our business strategy.

We had an 84% response from our colleagues, with 68% of respondents recording positive ratings and 19% respondents recording neutral ratings to the organisational outcomes indicator. As such, the current culture is having a positive effect on organisational outcomes.

Human resources continued

Our current culture emphasises collaboration and stability. The top three strengths identified in the culture survey were as follows:

**1
SUCCESS**

We have a strong success and results-focused culture. People are driven to achieve great things, and the unifying element is success and capability.

**2
COLLABORATION**

Employees tend to help and support one another and high value is placed on loyalty, mutual trust, collaboration and teamwork.

**3
RESPECT**

People tend to show respect and work in an orderly, efficient and disciplined manner, and follow processes and rules.

The corporate culture is in line with what we wanted to achieve. The Exco team has reviewed the feedback and a revised culture with more focus on innovation has been identified.

Surveys of our Exco culture were measured against optimal models for our business purposes. The next step, which will be a focus in the 2018 financial year, is to harmonise the two operational cultures in line with an optimum corporate cultural model for fulfilling our values and achieving our strategic objectives.

Innovation

To assist with the monitoring and managing of our long-term share incentive awards, we introduced a share platform application that enables employees to track the value of their unvested share awards through their PCs or smartphones. We believe that this creates more clarity on the monetised value of employees' performance and encourages increased performance in driving our strategy.

Work environment

A business thrives when its employees are actively encouraged to be healthy, motivated and productive.

We have adopted a holistic approach to wellness with initiatives linked to occupational, emotional, physical, social, intellectual and financial needs. Examples include:

- implementing flexible work schedules where practical;
- providing role clarity and appropriate autonomy;
- access to life coaches and psychological professionals;
- employees' functions and family events;
- training opportunities and appropriate challenges at work;
- information sessions on Group life insurance and pension funds; and
- service providers for tax returns and drafting wills.

Human resources continued

Remuneration report

REMUNERATION STRATEGY

As this remuneration report covers the 2017 financial year, it primarily reports back on our existing remuneration methodology, which is being revised to align with our new direction as a REIT.

Our reward philosophy is based on a fair and equitable level of remuneration for all employees, and formulated to attract, retain, motivate and reward high-calibre employees. Remuneration components are designed to reward excellent team and individual performance, while aligning with our values and strategies.

Guaranteed remuneration is predominantly positioned at the market median, with key and critical skills remunerated at the higher end of the median scales.

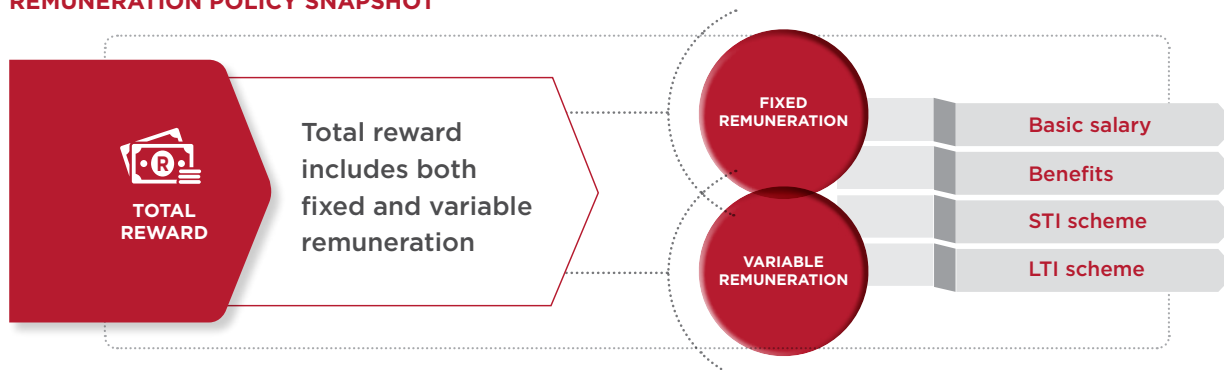
To track employee performance, our remuneration model focuses on contribution plans linked to each role profile with clear KPIs.

KEY PRINCIPLES UNDERPINNING OUR REMUNERATION POLICY

Employees' total remuneration includes guaranteed total package ("GTP"), Short-Term Incentives ("STI") and Long-Term Incentives ("LTI"). Key principles shape our remuneration philosophy:

- remuneration policies are aligned with the business strategy and reviewed regularly;
- our remuneration policies are transparent and understandable, both for stakeholders and internal use;
- 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);
- risk management forms part of all employees' KPIs; and
- remuneration takes our financial performance into account.

REMUNERATION POLICY SNAPSHOT



Fixed remuneration

GTP, which includes basic salary and benefits, is aligned with the job requirements and an employee's assessed competence.

GTP is payment for each employee's satisfactory performance of day-to-day job requirements and is frequently benchmarked against the market. Each employee's GTP is based on a role profile attached to a pay scale, based on the market median with some differentiation for performance levels.

Annual increases are based on factors that include attracting and retaining employees, inflation, our financial performance, market movements and median shifts. All GTPs are reviewed annually, with increases effective from 1 October.

Employee benefits include:

- four months' paid maternity leave;
- death and disability cover;
- pension fund contributions; and
- funeral cover and education cover for dependants.

Variable remuneration

STI scheme

The purpose of the STI scheme is to motivate employees to achieve our performance targets.

Employees who meet their KPIs are eligible to participate in the STI scheme, although this remains at management's discretion. Rewards are variable and determined by our financial performance, the business unit's performance and each individual's personal contribution.

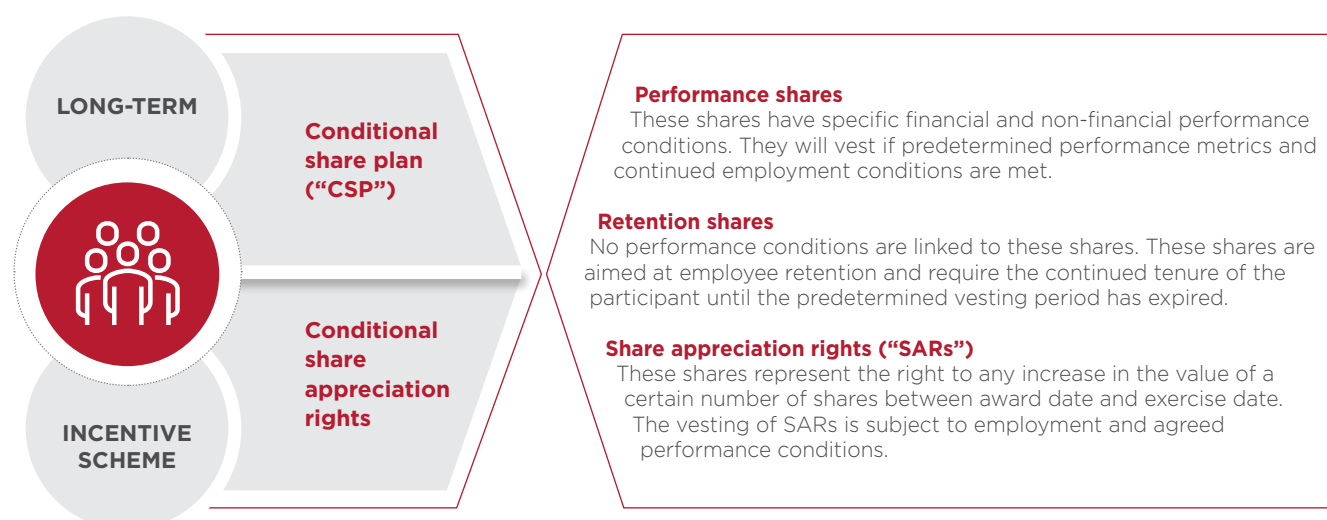
Human resources continued

Remuneration report continued

The annual bonus, based on actual performance for the financial year, is paid on our listing anniversary (14 October) if it is less than or equal to six months' GTP. Bonuses exceeding six months' GTP are paid in three equal tranches on 14 October and, with accrued interest, in December and February of the following year.

Deferred balances are forfeited if the employee leaves the Group.

LTI scheme



The LTI scheme aims to align our strategic objectives with employee performance in order to unlock shareholder value for a sustained period.

Participants receive CSP share options based on specific performance conditions agreed by the Remuneration and Nominations Committee ("Remco"). LTIs for the past financial year were allocated in a 60/20/20 split, vesting

over a three/four/five-year period respectively. This supports Remco's view of creating an employee-owner culture in the organisation.

Employment condition, performance conditions and vesting

Management annually recommends performance criteria for the coming year to Remco for approval.

Performance criteria approved in September 2016 for the 2016 allocations are shown below:

THRESHOLD - 30% VESTING	TARGET - 100% VESTING	STRETCHED - 150% VESTING
Financial: 70% CAGR based on adjusted NAVPS over the performance period of CPI + 3% per annum	Financial: 70% CAGR based on adjusted NAVPS over the performance period of CPI + 8% per annum	Financial: 70% CAGR based on adjusted NAVPS over the performance period of CPI + 14% per annum
Non-financial: 30% Transformation (10%) Minimum level 7 as per new code Bulk roll out (10%) Incremental roll out of 30 000 m ² per annum Development surplus (10%) Development surplus of R45 million per annum	Non-financial: 30% Transformation (10%) Minimum level 6 as per new code Bulk roll out (10%) Incremental roll out of 50 000 m ² per annum Development surplus (10%) Development surplus of R100 million per annum	Non-financial: 30% Transformation (10%) Minimum level 5 as per new code Bulk roll out (10%) Incremental roll out of 65 000 m ² per annum Development surplus (10%) Development surplus of R130 million per annum

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

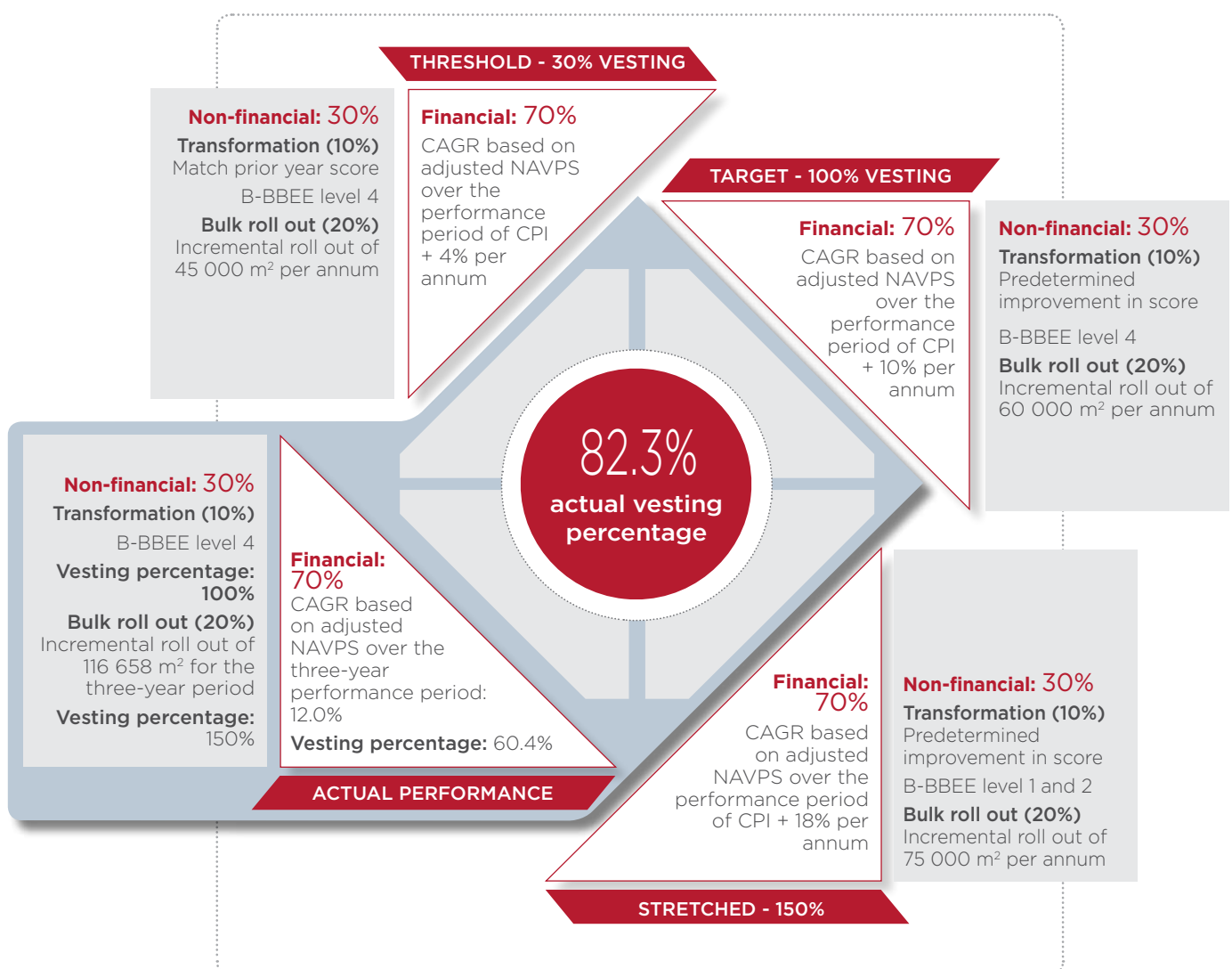
- threshold achievement of performance (minimum level of performance for any incentive to vest) – 30% vesting;
- target achievement of performance (level of performance to pay an on-target incentive) – 100% vesting; and
- stretched achievement of performance (exceptional performance in the current business environment) – could attract vesting greater than 100% up to 150%.

Linear vesting is applied to performance between the different vesting scales. In line with corporate governance principles, performance conditions will not be retested if they are not met. To the extent that they are not achieved, awards will lapse.

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

The existing performance targets will be revisited once we have converted to a REIT.

For the three-year performance period ended 30 June 2017, the first performance shares under the CSP scheme will vest, with an issuing date of 14 October 2017. Actual results have been approved by Remco in September 2017. Vesting conditions and results are shown in the table below:



Human resources continued

Remuneration report continued

REMUNERATION OF EXECUTIVE DIRECTORS

Executive Directors' remuneration is determined by Remco. For details, please see note 32 of the AFS, available on www.attacq.co.za.

The employment agreements of Morné Wilken as Chief Executive Officer ("CEO") and Melt Hamman as Chief Financial Officer ("CFO") include an STI calculated against annual growth in adjusted NAVPS.

Annual growth in the adjusted NAVPS must exceed 7.0%, for a stipulated reward percentage to be applied to their GTP.

Below is an extract of note 32 of the AFS, reflecting the Executive Directors' fees:

	2017 R'000	2016 R'000
MC Wilken		
Basic salary	4 150	3 560
Bonus	2 710	2 479
Pension fund contributions	98	37
Benefits	94	266
Total	7 052	6 342
M Hamman		
Basic salary	2 880	2 440
Bonus	1 799	1 558
Pension fund contributions	68	25
Benefits	51	83
Total	4 798	4 106
Total	11 850	10 448

The most salient terms and conditions of existing Executive Directors' employment agreements include:

- the notice period for the CFO and CEO is four weeks and three months, respectively;
- we are not committed to pay any form of remuneration on termination arising from a Director's failure to fulfil duties;
- if a Director is dismissed after a disciplinary procedure, a shorter notice period could apply without entitlement to compensation for the reduced time; and
- in exceptional situations, Remco, assisted by labour law practitioners, has the right to oversee the terms and conditions of the termination.

Key senior management and Prescribed Officers were as follows:

2017	2016
D Theron P Mackenzie JR van Niekerk – appointed 1 April 2017 MW Clampett R Nana	D Theron P de Villiers W Mulder P Mackenzie – appointed 1 January 2016 MW Clampett – appointed 1 July 2015 R Nana – appointed 1 April 2016

REMUNERATION OF NON-EXECUTIVE DIRECTORS

NEDs' remuneration depends on the number of meetings that they attend during a one-year cycle from 1 July. These fees are based on an assessment of the NEDs' time, service and expertise, as well as legal obligations and risk as described in the Companies Act and relevant JSE Listings Requirements.

Our policy is to pay competitive fees benchmarked against an appropriate peer group of JSE-listed companies. In line with King III our NEDs do not participate in STI or LTI schemes.

NEDs do not receive any employee benefits and Remco reviews their fees annually, although adjustments are made every two years in accordance with our Memorandum of Incorporation ("MOI"). Remco makes recommendations to the Board which, in turn, proposes fees for approval by shareholders at the AGM scheduled for 23 November 2017.

The proposed fees in the table have been recommended by the Board to be tabled at the next AGM. If approved, these fees will be effective from 1 January 2018.

The role of a Lead Independent NED has been approved at the September 2017 Board meeting on the recommendation from Remco.

The NEDs' fees for the 2017 and 2018 years are:

Annual fees	Proposed 2018 (R)	Approved 2017 (R)
Chairman	400 000	360 000
Lead Independent NED	347 700	-
Board member	302 400	288 000
ARC Chair	132 300	126 000
ARC member	105 900	100 800
Investment Committee Chair	92 400	88 000
Investment Committee member	73 920	70 400
Remco Chair	46 200	44 000
Remco member	37 000	35 200
Transformation, Social and Ethics ("TSE") Committee Chair	46 200	44 000
TSE Committee member	37 000	35 200
Fees per ad hoc meeting		
Investment Committee Chair	23 100	22 000
Investment Committee member	18 500	17 600

The table below summarises actual fees paid to NEDs for the 2016 and 2017 financial years, as disclosed in note 32 of the AFS.

	2017 R'000	2016 R'000
P Tredoux	566	467
MM du Toit	363	316
HR El Haimer	433	389
PH Faure – resigned 30 April 2016	-	193
KR Moloko	478	387
BT Nagle	494	342
AW Nauta – resigned 30 April 2016	-	249
S Shaw-Taylor	527	459
JHP van der Merwe	382	323
LLS van der Watt	383	317
Total	3 626	3 442

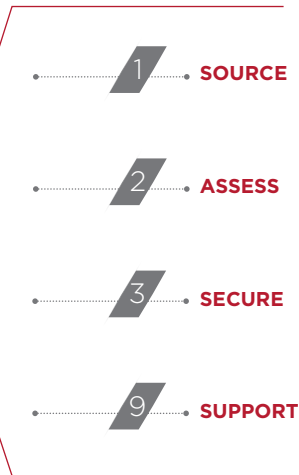
Social and relationship resources

AT A GLANCE

Material matters



Related value creation process components



Introduction

We are a good corporate citizen and together with our regional malls, we have engaged in a variety of CSI activities throughout the year. Our aim with these activities is to have a longer-term impact and we endeavour, where possible, to provide ongoing support to the surrounding communities in which we operate. As such, we have chosen to focus on the annual Mandela Day, Attacq the Future programme (run twice a year) and various CANSA projects. Employees are also encouraged to participate in these activities throughout the year.

Performance highlights

Launched our new brand
to clarify our market position

Introduced our new
Company website

OUR "LOOKING AHEAD 2017" AND PROGRESS MADE

Progress we have made

Our 2017 focus	Achieved	More information
Contributing positively to educational and training initiatives, as we believe this is the most important way to create and sustain long-term value for the communities in which we operate.	YES	See social economic development, page 90.
Reviewing and improving our current CSI strategy.	YES	See CSI and employee participation, page 91.
Creating a platform on the website where stakeholders can provide feedback.	YES	See developing our brand, page 89.
Implementing an employee engagement survey.	YES	A culture survey as opposed to an employee engagement survey was conducted. See culture, under human resources, page 81.
Launching a tenant survey for commercial and mixed-use properties to assist in identifying and addressing tenants' needs.	YES	See results of a tenant survey under manufactured resources, page 57.

2018 LOOKING AHEAD

In 2018, we will focus on:

- Improving the frequency of stakeholder communication and the quality of our stakeholder relationships;
- A full review of our social media platforms; and
- Maintaining and improving our transformation.

STAKEHOLDER ENGAGEMENT

For more information, refer to our key relationships, page 16, and Chairperson's review on page 8.

For more information on our relationships with tenants, see our key relationships, page 18, as well as manufactured resources, page 57.

DEVELOPING OUR BRAND

Our new Attacq brand was launched in July 2016 in tandem with an integrated marketing and communication strategy to build the new brand identity. Extensive market and internal research was conducted to ensure that the new brand resonated with our creative approach to business and conveyed its strategic pillars of invest, develop and grow.

To establish and position the brand, the first year of the marketing plan focused on communicating the new brand identity consistently and congruently in the marketplace. The fully integrated approach to building the brand included a review of marketing channels for

their effectiveness in reaching key stakeholders and target markets. This resulted in a complete update of our website in terms of functionality and user experience. We included a feedback form to channel stakeholder queries and questions to the relevant employee.

We also reviewed our digital platforms and website traffic drivers, including social media. A revised social media strategy and implementation plan has been in place since December 2016, to extend and broaden the reach of our communication and engagement. An Attacq LinkedIn profile, Facebook page and Twitter handle have been actively managed since January 2017. These initially showed an increase in followers and progress will be monitored. A full review of social media platforms will be conducted towards December 2017 to determine if these are reaching their planned targets and whether we should maintain their current format.

For more information on our relationship with the media, please see page 19.



Morné Wilken, CEO of Attacq, announcing the new brand



Launch of the new Attacq brand



Social and relationship resources continued

B-BBEE RATING

During the year we maintained a level 4 B-BBEE rating. After year end, under the previous Property Charter, our rating decreased to a level 5. Our B-BBEE score deteriorated after our main B-BBEE shareholder reduced its shareholding. Our B-BBEE score will further be impacted by the new Property Sector Charter that came into effect in June 2017, as well as the additional requirements after we convert to a REIT.

The current certificate and scorecard is valid until 30 July 2018 and our tenants are able to claim 80.0% B-BBEE procurement recognition for services rendered and purchases from us.

INVESTING IN OUR LOCAL COMMUNITIES

Being socially relevant is vital to business sustainability. We support local charities and a range of enterprise and supplier development initiatives. We also encourage employee volunteerism. We continuously monitor our community impact and adjust according to feedback received from charities that we support.

Social economic development

Our communities are of utmost importance as their growth and stability underpins our business sustainability. Our social investment is focused on education and training.

Through our initiatives, we reached fewer beneficiaries in the year being 230 versus 240 in 2016. Initiatives included:

Pre-primary	Donated R150 000 to the Bana ba Rona Early Childhood Development Centre in Villa Liza, Boksburg, for 75 children and continued to support them through various initiatives.
Secondary school	A contribution of R315 000 was made to the Seshegong Secondary School through Columba Leadership, which increased Columba programme beneficiaries from 53 learners and three educators in 2016 to 89 learners and nine educators in 2017. Seshegong Secondary will be supported for a minimum of two years, enabling us to lay a foundation with long-term impact.
Higher education	Funded 15 student bursaries through the Atterbury Trust for post-matric programmes (2016: 11) as well as one bursary through the Attacq Foundation .

Enterprise and supplier development ("ESD")

Small businesses are essential for strength and stability in the economy.

Creating jobs through ESD

We empower small to medium-sized enterprises ("SMEs") through training and resource development. We continued our partnership with Property Point (established by Growthpoint) for proven industry-specific results.

Each Property Point sponsorship runs for up to two years, culminating in a graduation ceremony for qualifying SMEs. The intention is to develop supplier readiness among SMEs in trades such as painting, electrical, air-conditioning and landscaping.

Results have been positive: Seven qualifying SMEs are participating in various projects at Waterfall, Newtown Precinct in Johannesburg and MooiRivier Mall in Potchefstroom. SMEs on our current Property Point

intake have realised a combined revenue of R55.0 million during 2017, and created 166 full-time jobs. We are liaising with Property Point for a third initiative, which aims to start in October 2017.

Funding through ESD

Smaller businesses often struggle to access financial capital, prompting our grant of R3.1 million in long-term funding to six SMEs. This three-year grant is monitored quarterly in terms of relevant criteria, eg financial and employment growth.

CSI and employee participation

During the year, our employees invested 483.5 hours (2016: 366 hours) of their time in CSI participation, reaching over 1 800 beneficiaries (2016: 2 000). Our CSI programme enables our employees to participate in creating a better South Africa.

Mall initiatives

During the year, we encouraged our regional malls to engage in CSI activities targeting previously disadvantaged communities within their reach. Notable

programmes such as #keepaGirlChildInSchool, Stellenbosch CAN and Lynnwood Bridge's Environmental Awareness Programme have made positive impacts. Our aim is to continue and increase programmes for the previously disadvantaged in these communities.

As a Nation Builder member, we are aware that our contributions must have real and lasting impacts. Nation Builder is a platform that brings role players together for greater impact, with resources, tools and a community to help companies ensure their CSI is effective. We monitor ourselves through Nation Builder's Good Giving benchmarking tool for year-on-year improvement.

Our overall score for 2017 is 73% versus 56% in 2016. The area in which we scored best for both years at 89% is "purpose" (similar company sizes scored 73% in 2017). In 2016, the benchmarking tool indicated "strategy development" as the area that could improve most with a score of 46%. This has improved to 69% in 2017. For 2018 we are focusing on our CSI positioning and governance as an area for improvement.



Employees on the first anniversary of the Mall of Africa

Natural resources

AT A GLANCE

Material matters



Related value creation process components



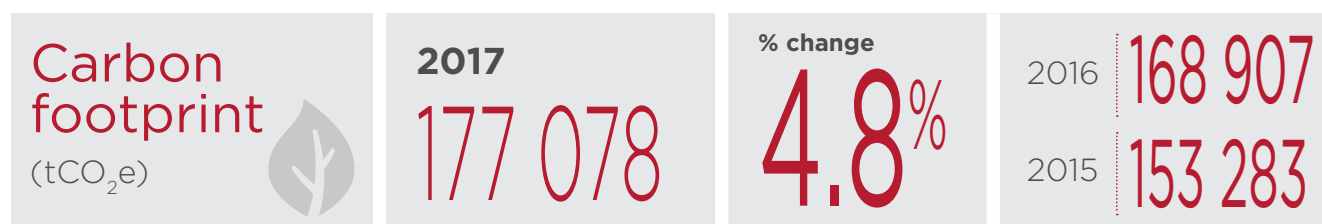
Introduction

Sustainability is a major focus area in the development and ongoing operations of each building. The way we design, manage and consume water, electricity and waste influences:

- the amount of resources which we consume and waste we generate;
- the cost of ownership to the landlord and the cost of occupancy to our tenants;
- our ability to operate with a constrained water and electricity supply; and
- our impact on the environment and obligations as a responsible corporate citizen.

Performance highlights

Progress made on our carbon footprint



In 2017 the carbon footprint boundary was determined by using our portfolio's equity share as opposed to an operational control approach. This reduced our effective carbon footprint results. We are comfortable with the moderate 4.8% increase. Factors that contributed to the increase are:

- an increase in electricity consumption as our portfolio grew and the Mall of Africa had a full year's operation; and
- a more strenuous approach which saw us include electricity transmission and distribution losses in our Scope 3 carbon footprint.

Progress made on waste recycled (waste not diverted to landfill)

Our total waste volumes increased primarily due to a full year's contribution from the Mall of Africa compared to two months' waste in the previous financial year. This provided the opportunity to recycle more and contributed to our increased weight of waste recycled. Our properties recycle at or above their peers from research we have done. The percentage of total waste recycled in the period increased from 29.0% to 33.0% which has exceeded our expectations.

Our operational energy generating capacity increased by 2 096 kWp and we have completed the Mall of Africa PV system of 4 755 kWp.

OUR "LOOKING AHEAD 2017" AND PROGRESS MADE**Progress we have made**

Our 2017 focus	Achieved	More information
Increasing our renewable energy capacity.	YES	 See energy co-generation and reduction in carbon footprint, page 96.
Actively measuring and managing electricity and water consumption as well as waste generation.	YES	 See continuity of utility supply, page 96.
Applying our green building standards on all developments.	In progress	We have made significant progress in developing standards for lighting, building automation, water efficiency and renewable energy.

Natural resources continued

2018 LOOKING AHEAD

To ensure that we include cost-effective sustainability in executing new developments, the sustainability team is actively involved in the initial planning and design process, applying our green building standards.

In 2018, we will focus on:

- Finalising the implementation of our green building standards;
- The roll out of PV projects where returns create shareholder value;
- Actively monitoring and managing our water risk and designing for water efficiency across the portfolio; and
- An integrated sustainable design in developments and projects.

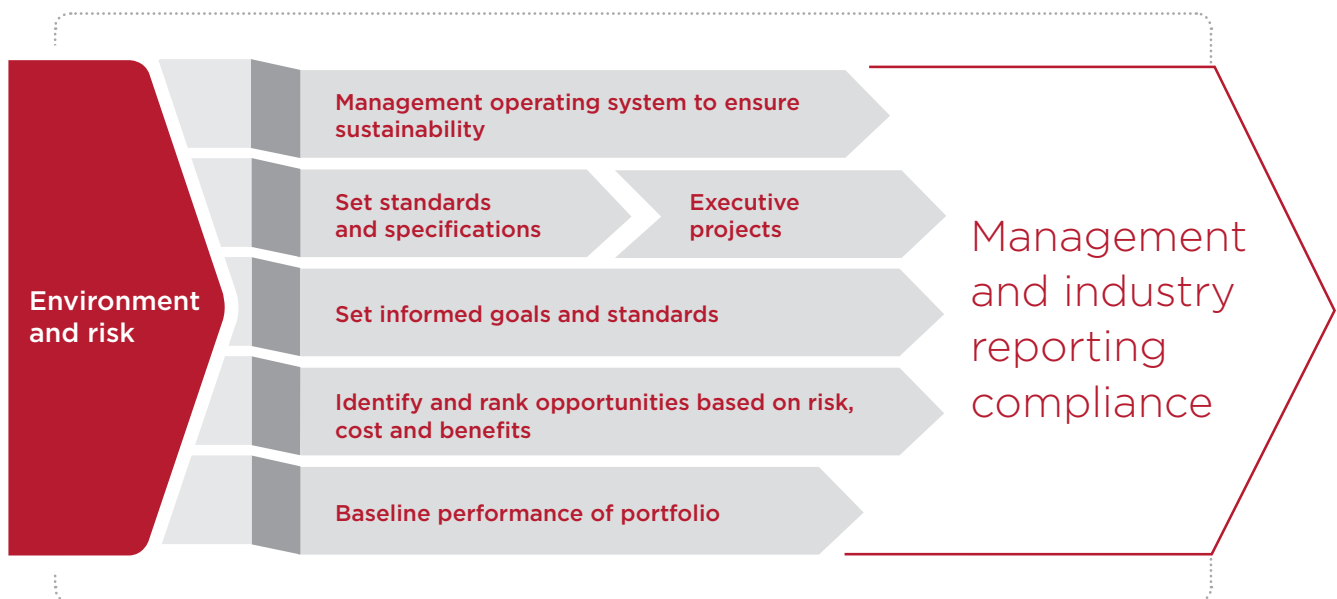
NATURAL RESOURCE STRATEGY

We have a new and growing portfolio, which creates the opportunity to set industry-leading standards of efficiency. We accordingly invest in energy efficiency and renewable energy, and extensive work is being done to identify and quantify our water risks. Combining our understanding of the risks with improved measuring

and benchmarking of the performance of our portfolio enables us to develop a holistic, bottom-up approach to managing our natural resources.

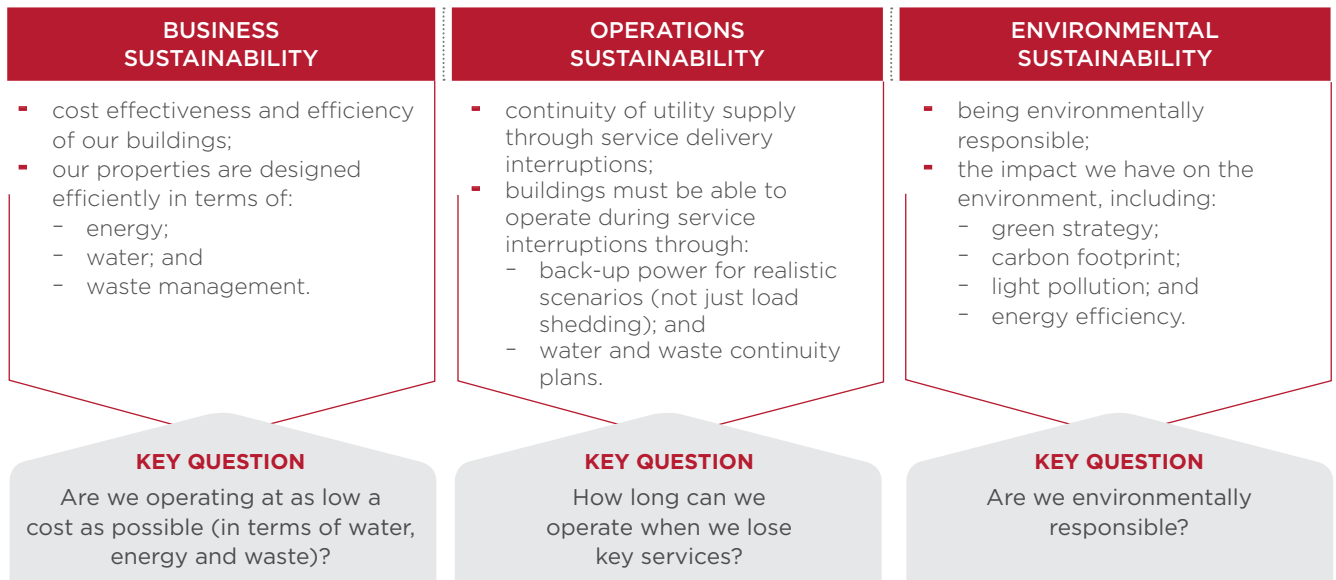
Environmental sustainability model

Our robust model below incorporates a multi-layered response to risks.



Drivers for natural resources

Our sustainability approach is built around three major drivers:



GREEN DESIGN

Green design mitigates the risks and impact of potential carbon taxes, stricter regulations and rising utility costs.

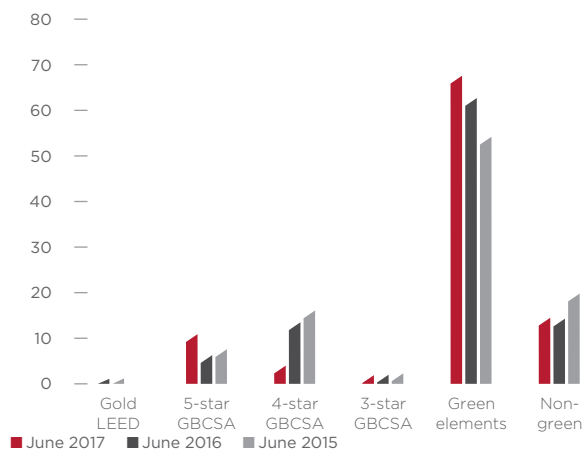
We are seeing growing demand from tenants for green buildings, especially international companies from countries where it is mandatory to disclose building performance. Although this disclosure in South Africa is voluntary, we believe it is best practice.

The four buildings that we completed during the year were not formally rated but included green elements, for example a PV system at the Allandale building. Tenants can stipulate that their new buildings are designed to specific Green Building Council of South Africa ("GBCSA") or Leadership in Energy and Environmental Design ("LEED") standards.

During the year:

- the Allandale building was completed to Gold LEED standards. The formal rating will only be received after a year of operation; and
- a public transport facility completed at Waterfall Logistics Hub received a five-star GBCSA rating based on design.

Green ratings (by design) based on PGLA (%)



Natural resources continued

CONTINUITY OF UTILITY SUPPLY

On top of the existing concern about electricity supply and cost, water has become a key concern for property owners, with both local water infrastructure and national supply under pressure.

In this context, we develop resilient buildings by reducing water and electricity consumption, while improving our back-up water and power facilities. These are cost-effective solutions to operate when water and electricity supplies are constrained. We are also developing our own standards for water and energy efficiency with key industry partners.

In the case of water risk at Waterfall:



- we are focusing on standards and designs to minimise the net water consumption of every new building. For back-up water solutions, we are working with the municipality to plan and design additional reservoirs;
- water quality across our portfolio is excellent. Given that water quality is critical to our tenants and as water treatment infrastructure upstream from our properties ages and becomes strained, we embarked on a comprehensive exercise to measure the quality of all water entering our properties; and
- we are monitoring potential impacts on water pressure and are considering the appropriate approach, especially where this could affect fire systems.

Our active measurement and management of electricity, water consumption and waste generation is improving through initiatives such as rolling out live-water metering and creating dashboards for all properties. Our first water-logging projects proved valuable from the outset in detecting water leaks, recouping our investment within months.

We have benchmarked waste recycling across our portfolio against similar properties to identify areas for improvement. Although our properties recycled more than the benchmark, we will keep improving our waste management. Opportunities like recycling food waste are continually investigated as new technologies and solutions become available, offering the potential for economically viable recycling.

ENERGY CO-GENERATION AND REDUCTION IN CARBON FOOTPRINT

We have followed through to pursue energy projects that make economic and environmental sense. The scale of our portfolio and size of some of our properties creates the opportunity for renewable energy projects, most notably PV systems.

The aim is to grow total PV capacity on our properties to supply over 12.5% of power requirements. The current pipeline of PV systems will supply just under 10.0% of our share of current power requirements. In time, these systems will deliver considerable cost savings for us, as landlords, and our tenants.

PV projects		2017 kWp	2016 kWp
Pipeline	Design and approval	2 700.0	1 305.0
	Under construction	0.0	4 905.0
	Completed, not yet operational	4 755.0	1 004.0
Total pipeline		7 455.0	7 214.0
In operation	Novartis	91.2	91.2
	MooiRivier Mall	1 004.0	–
	Allandale building	91.2	–
	Lynnwood Bridge Precinct	649.6	–
	Glenfair Boulevard	201.6	–
Total operation		2 096.4	91.2
Total PV systems		9 551.4	7 305.2

Renewable energy highlights

- A 1 004 kWp system at MooiRivier Mall became fully operational in July 2016. As the first of our large-scale PV plants, it generates 1 600 MWh of energy, providing 10.0% of the mall's total electricity demands. Besides the cost saving for ourselves and our tenants, this has resulted in a 8.0% reduction of the mall's carbon footprint.
- A 4 755 kWp rooftop PV system has been completed on the Mall of Africa. Once operational, this plant will reduce the mall's carbon footprint by an expected 8 200 tonnes of carbon annually.

Compare and benchmark our carbon footprint

We are establishing a baseline of environmental measurements across our portfolio. 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 commuting, purchased water and waste generated in operations).

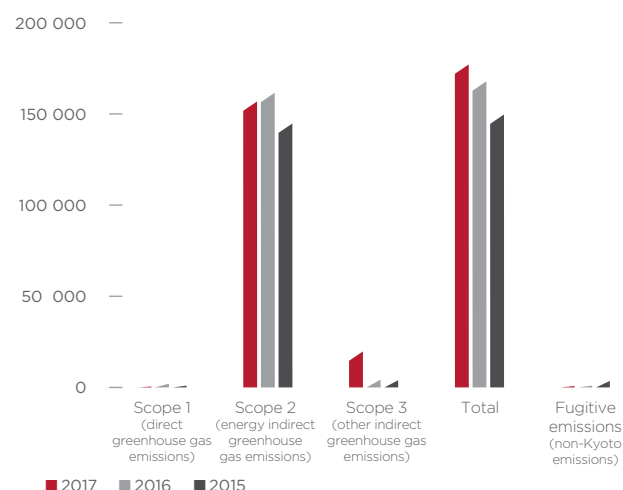
In the year under review we improved the way in which we calculated our carbon footprint. We have moved from an operational control to an equity share approach to organisational boundaries. The difference in approach

Natural resources continued

reflects on our portfolio better and resulted in a reduction of 29 887 tCO₂e year on year. We also included the carbon impact of transmission and distribution losses of electricity. This increased our scope 3 emissions by 14 737 tCO₂e.

The biggest driver of our carbon footprint remains electricity consumption, which will inevitably increase as our property portfolio grows. Nonetheless, our carbon footprint per square metre of property in each sector is reducing, reflecting the contribution of our PV plants.

Carbon footprint classification (tonnes CO₂e)



Werner Mulder, Head of Sustainability, with Mall of Africa's 140 kilolitre grey water tanks

Intellectual resources

AT A GLANCE

Material matters



Related value creation process components



Melt Hamman, CFO, with his direct reports

Introduction

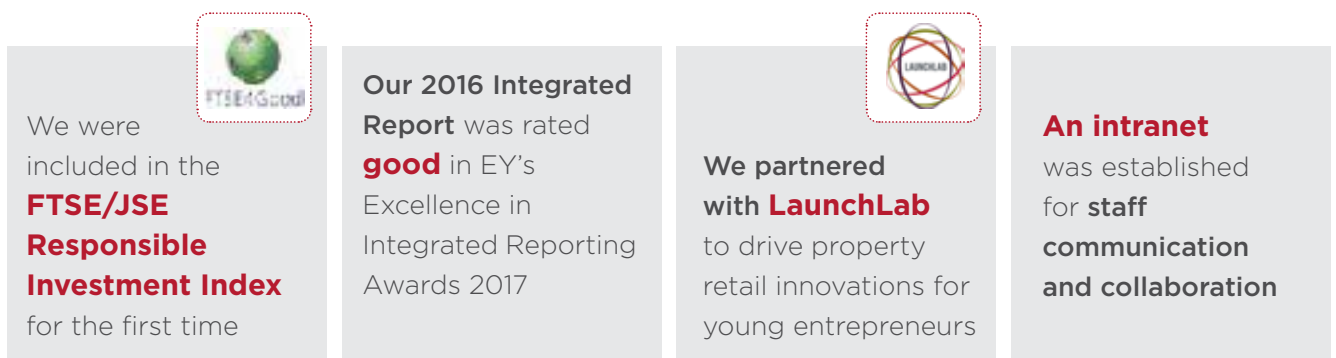
Intellectual resources are defined as organisational knowledge-based intangibles, including:

- intellectual property, such as patents, copyrights, software, rights and licences; and
- organisational capital such as tacit knowledge, systems, procedures and protocols.

Intellectual resources are intangible, but vital, assets. In a changing market, our ability to meet our tenants' expectations, develop an efficient urban environment, and influence and support the management teams of MAS and AttAfrica are our key differentiators.

Performance highlights

Our intellectual resources scorecard



2018 LOOKING AHEAD

In 2018, we will focus on:

- conducting a gap analysis of our property management system to identify where and how it can be enhanced;
- investigating the introduction of mobile applications for managing services to and engaging with tenants; and
- exploring means for improving data analysis and real-time management reporting.

Intellectual resources continued

INTELLECTUAL VALUE IN OUR VALUE CREATION PROCESS

Creative dealmaking

Identifying opportunities (Value creation process step 1)	Perfectly located between Gauteng's major urbanised areas, our Waterfall portfolio is uniquely positioned to enable businesses to consolidate their regional presences, or create logistics centres in a strategic and secure environment.
Dealmaking (Value creation process step 2 and 3)	We have a history of forming business relationships to unlock shareholder value.
Innovative tenant deals (Value creation process step 6)	New deals are secured by focusing on individual tenant business requirements. We are nimble and pride ourselves on swift and creative decisions.

Funding

Funding (Value creation process step 4)	<p>Innovative thinking is required to efficiently fund our portfolio and development pipeline.</p> <p>Efficient funding includes obtaining funding from the non-traditional financiers as well as foreign debt.</p>
---	---

Developments

Development delivery (Value creation process step 5)	<p>Delivering quality buildings, on time and within budget, is a major focus.</p> <p>We work with prospective tenants to understand their requirements and agree on bespoke solutions. This adaptive approach is a feature of our Waterfall development.</p>
Sustainable developments (Value creation process step 5 and 6)	Sustainability is a major focus, from the development and completion of new buildings as well as ongoing operation for the life of each building. For more information, see natural resources, page 92.



Asset management

Award-winning property management team (Value creation process step 6)	<p>In 2016, we won the MSCI award for best performing office portfolio on a three-year annualised total return basis and in 2017 we have repeated this award, but for both the office and industrial portfolio.</p>
Tenant retention (Value creation process step 6)	<p>A key differentiator is proactive and hands-on relationships with tenants. We identify specific tenant needs and develop resourceful, yet practical, solutions to accommodate long-term leases.</p> <p>We have appointed independent consultants to conduct tenant satisfaction surveys that identified individual touch points. See our key relationships, page 18.</p>
Non-rental income (Value creation process step 6)	<p>In a highly competitive economic environment, we find new income streams that are not part of traditional rental income. We are creative in marketing common spaces for pop-up stores, advertising, social and media events and exhibitions.</p>
Technology and processes: property management software (Value creation process step 6)	<p>We use a bespoke platform to monitor operational risk and health and safety compliance across our portfolio. System modules include risk, compliance, governance, incident reporting, policy tracking, site audit management, supplier management and customer complaints management.</p>
Technology and processes: LaunchLab (Value creation process step 6)	<p>We initiated a competition with LaunchLab, a University of Stellenbosch initiative, to develop innovative solutions for business problems in the real estate sector. Some winning ideas, currently being supported and developed further, include:</p> <ul style="list-style-type: none"> ▪ a product that identifies and predicts tenant defaults, limiting potential write-offs and vacancy periods; ▪ an application ranking a basket of goods from different retailers at a specific mall based on price; and ▪ a commuter ride-sharing application matching individuals to and from a specific location to destinations most efficiently.
Trend monitoring (Value creation process step 6)	<p>We aggregate and analyse tenant and shopper data to identify retail category trends and improve the tenant and shopper experience.</p> <p>We monitor parking, footfall and tenant turnovers across the portfolio through parking management systems; foot counters; tenant turnover data and mobile device-tracking technology that monitors mall customer patterns via their Wi-Fi-enabled devices.</p>
Proactive asset management (Value creation process steps 7 and 8)	<p>We optimise our total return through proactive asset management, using our sector insight and expertise to regularly review our asset portfolio. We evaluate the future potential of our assets to create maximum shareholder value.</p> <p>We optimise our capital allocation by recycling capital from mature assets into assets with higher growth prospects.</p>







Corporate governance report


104 – 115



Garden Route Mall, George


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Corporate governance report

The Board believes that achieving the highest standards of corporate governance is key to achieving our vision and strategy, as well as creating and sustaining value for stakeholders. 

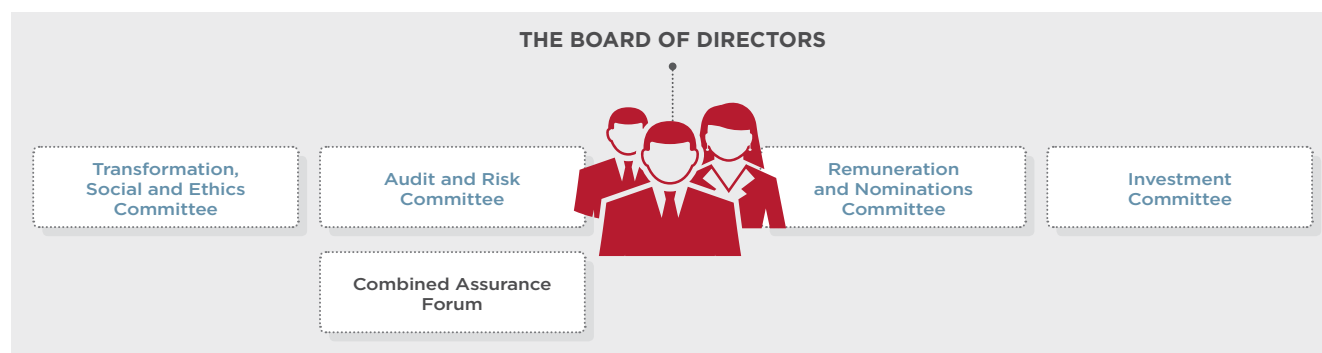
COMPLIANCE

We comply with all legislation and regulations applicable to our business including the Companies Act, JSE Listings Requirements and recommendations of recognised corporate governance frameworks, such as King III.

 The Board recognises the need to conduct business in line with the principles of King III. These include discipline, independence, fairness, social responsibility, transparency and the accountability of Directors. We applied the principles of King III throughout the financial year and report against these principles in this Integrated Report. Refer to our website for the detailed King III checklist.

OUR GOVERNANCE FRAMEWORK

The Board has established committees with specific mandates to support fulfilling its duties, while retaining effective control and accountability. The Board has delegated day-to-day business management to our Exco.



Board of Directors

Overview of the year

For an overview of the year, refer to our Chairperson's review on page 8. 

The role of the Board

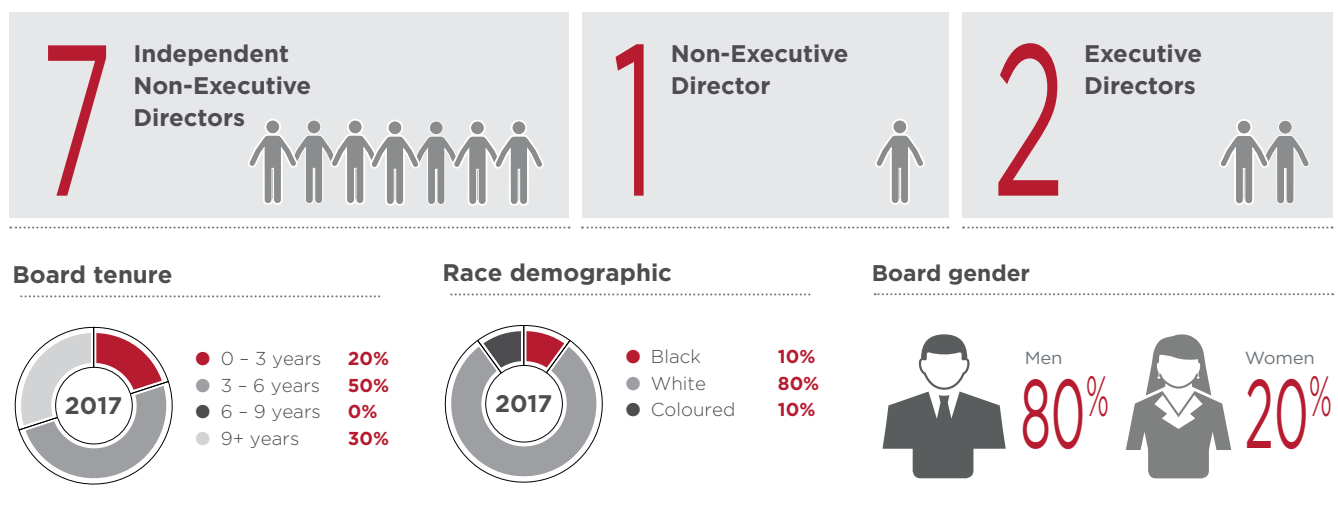
The Board is our highest decision-making body and approves strategy supported by our values. It monitors strategy implementation against performance targets and risks.

The Board meets at least four times a year, with ad hoc meetings as required. Board responsibilities are clearly allocated so that no single Director has unfettered decision-making powers.

Board composition and independence

At 30 June 2017, our Board comprised seven Independent NEDs, one NED and two Executive Directors. The Board composition accords with the principles of King III. Our NEDs have the necessary skills and experience to provide independent input on strategy, performance, resources, transformation, diversity, employment equity, standards of conduct and performance evaluation.

No changes to the Board occurred during the year. However, Mr Louis van der Watt tendered his resignation from 1 July 2017.



Board appointment and re-election process

We have a formal and transparent policy for appointing Directors to the Board. While remaining a Board responsibility, the Remco conducts the interviewing and nomination process for new Directors.

The Board has approved a gender diversity policy in line with the JSE Listings Requirements. When assessing candidates, Remco considers gender, race, skills set, experience and integrity, as well as the candidate's likely fit with our culture.

In line with our Memorandum of Incorporation and King III, NEDs appointed after the last AGM and one-third of NEDs are required to retire and stand for re-election at the next AGM, if eligible or capable of doing so. At the November 2017 AGM, Hellen El Haimer and Stewart Shaw-Taylor will retire and be eligible for re-election.

Board evaluation

In 2017, the Board commissioned an independent evaluation that covered:

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

Corporate governance report continued

The survey identified the way in which the Board operated and key strengths emerged from a high-level analysis, based on a combination of highest rankings and least divergence between Executive and Non-Executive perspectives. These identified strengths are well aligned with the practices of high-performing boards locally and globally. Our Board's culture is defined by the way it makes decisions, the norms for how our Directors interact on the Board, and the reasons why the individuals joined and stay engaged on the Board. The ranking is illustrated below:



Key strengths

- **Board performance:** The role of the Board is currently defined as decisive, focusing on measurable results and its decisions are outcome-orientated based on the experience of the Board members. The evaluation has shown that the Board's emphasis on its decisiveness is followed by a vigilant approach to governance and risk awareness.
- **Committee effectiveness:** The Board has comfort in the delegation to the various committees due to the strong leadership and the necessary experience that the committee members contribute to ensure that the committees run effectively and efficiently.
- **Role of the Board in defining the strategy:** The Board is involved in the oversight and exploration of strategic matters presented by management. The Board is comfortable to have robust discussions in providing input into the strategic planning process. The Directors bring unique strengths to the Board that complements and challenges management in its strategic vision.

Areas for development

- **Composition of the Board with regard to diversity:** The composition of the Board originated from an unlisted entrepreneurial environment with a specific type of skills set. With the listing in 2013, focus has been placed on acquiring the specialised skills through gender diversity which is overseen through the Remco but is also a key focus area for the Chairperson of the Board.
- **Board relationship with executive management:** It has been identified that there has been limited interaction with the extended executive team, as the Board's interactions were mostly limited to the Executive Directors. This has been addressed and formal and informal sessions between the Directors and executive management have been arranged in order to strengthen the relationship.
- **Management succession:** A management succession plan was never formally required due to the size of the Company and the nature of the business would allow for the Company to source external candidates. However, individuals have been identified who would be able to step into the key positions in the interim while a suitable candidate would be sourced or groomed into fulfilling the position. A tremendous amount of focus has been placed on personal development plans to enhance succession at management levels and continue to remain a focus point of management.

A number of these areas have already been addressed, although some will take time to resolve. Remco has taken cognisance of the skills gap and the Chairperson will ensure that skill and gender diversity gaps are addressed.

 For more information, refer to the Chairperson's review on page 8.

Responsibilities, Board composition, focus and meeting attendance

Summarised roles and responsibilities of members:

- governing Attacq on behalf of its shareholders;
- being responsible for strategy, strategic decision making and execution;
- appointing the CEO;
- ensuring communication to stakeholders is timeous and transparent;
- compliance with relevant legal requirements;
- approving and monitoring the annual budget;
- upholding Attacq's values and ethics;
- accountable for the Group's risk profile; and
- presentation of accurate AFS to the shareholders.

For the full Board Charter, refer to www.attacq.co.za 

MEMBERS AS AT 30 JUNE 2017		MEETING ATTENDANCE
Independent Non-Executive Directors		
Pierre Tredoux (Chairperson)	.....	5/5
Thys du Toit	.....	5/5
Hellen El Haimer	.....	5/5
Keneilwe Moloko	.....	5/5
Brett Nagle	.....	5/5
Stewart Shaw-Taylor	.....	5/5
Johan van der Merwe	.....	4/5
Non-Executive Director		
Louis van der Watt*	.....	5/5
Executive Directors		
Morné Wilken	.....	5/5
Melt Hamman	.....	5/5


* Resigned effective 1 July 2017.

Board attendance includes the two-day strategy session held in April 2017.

2018 LOOKING AHEAD

Please refer to the Chairperson's review on page 8, the CEO report on page 38 and the CFO report on page 44. 

BOARD COMMITTEES

These committees report to the Board quarterly and conduct their duties under mandates that outline their role, authority, responsibilities and accountability. These mandates are revised by the Board frequently and can be viewed on www.attacq.co.za. 

Transformation, Social and Ethics Committee

Overview of the year

The TSE was responsible for overseeing the continued roll out of enterprise and supplier development initiatives, where we provide funding to six small and medium enterprises.

More insight and focus were placed on various aspects of sustainability and how we can improve our footprint. Sustainability plays an integral part in the way in which we design and develop our buildings.

We have submitted our third EE plan and report compliance with our EE plan has become a KPI for relevant employees. Diversity policies are in place for all levels, from the Board down.

Corporate governance report continued

2018 looking ahead

- the Property Sector Charter codes have changed and the focus will be on ensuring that we comply with minimum B-BBEE requirements and maintain an acceptable B-BBEE level;
- with the conversion to a REIT, additional requirements under the Property Sector Code will apply and we will concentrate on achieving the required scores;
- transformation and gender diversity remains a key focus; and
- governance, compliance with social and ethical requirements of relevant legislation.

	MEMBERS AT 30 JUNE 2017	MEETING ATTENDANCE
Roles and responsibilities	Independent Non-Executive Directors	
<ul style="list-style-type: none"> planning, implementing and monitoring Attacq's transformation strategy; driving environmental policy and sustainability matters; monitoring compliance with legislation; monitoring employment equity and fair labour practices; overseeing good corporate citizenship and the contribution to community development; and ensuring that employees are treated with fairness, dignity and respect. 	Hellen El Haimer (Chairperson) Executive Director Melt Hamman Head of Legal Helena Austen Other members Debbie Theron Danny Vermeulen Company Secretary Tasja Kodde	4/4 4/4 4/4 4/4 4/4 4/4 4/4

Audit and Risk Committee

 Refer to pages 3 to 8 of the AFS for the ARC report.

Overview of the year

During the financial year, ARC has reviewed the following:

- internal controls and the effectiveness thereof;
- AFS at half-year and year end for the recommendation to the Board for approval;
- the processes in place to safeguard the Group's assets;
- the external auditor's report as well as the approval of the auditors' fees;
- the internal auditor's review reports as well as the approval of the relevant fees;
- risk policies and strategies and ensured the effective management thereof;
- key risks and mitigants identified;
- the financial model and SENS announcement relating to the REIT conversion; and
- the solvency and liquidity statement confirming the going concern of the Group for the recommendation to the Board for approval.

2018 looking ahead

- the REIT conversion will be a key focus for the committee in ensuring the necessary regulatory requirements are met and financial models are in place to effect the conversion; and
- ARC will continue to focus on internal controls and the risk management thereof.

	MEMBERS AT 30 JUNE 2017	MEETING ATTENDANCE
Roles and responsibilities	Independent Non-Executive Directors	
<ul style="list-style-type: none"> provide additional assurance to the Board on the efficacy and reliability of financial information provided to Directors; review interim and AFS and the IR; oversee the internal audit function; ensure that significant business, financial and other risks have been identified and are being managed correctly; ensure the independence of external auditors and oversee the external audit process; and ensure high standards of governance, reporting and compliance. 	Stewart Shaw-Taylor (Chairperson) Hellen El Haimer Keneilwe Moloko Brett Nagle	4/4 4/4 4/4 4/4

Additional meetings were held where the Board requested ARC to oversee specific matters, for instance reviewing the Integrated Report or reviewing the financial model and SENS announcement for the REIT conversion. These are not included in the meeting attendance shown above. Refer to page 83 for more information.

Remuneration and Nominations Committee

Overview of the year

Remco reviews the performance of the Company in terms of rewarding employees. This takes place at the September Remco meeting, when financial results are in final draft format, allowing members to make an informed decision on the level of reward for employees.

As we have announced our intention to convert to a REIT, Remco will review existing performance targets. The revised remuneration methodology was formalised and was presented to Remco for approval. The effective date of the revised remuneration methodology was 1 July 2017 and future reporting will be based on the revised remuneration philosophy. The remuneration policy as adopted in January 2015 has not changed and is still applicable. This policy will be tabled at the November 2017 AGM for a non-binding advisory vote, as recommended by King III.

Corporate governance report continued

2018 looking forward

Remco will continue to focus on gender diversity and transformation of the Board, without compromising the skills required to oversee and guide its strategy.

	MEMBERS AT 30 JUNE 2017	MEETING ATTENDANCE
Roles and responsibilities	Independent Non-Executive Directors	
<ul style="list-style-type: none"> identify and nominate new Directors for approval by the Board; ensure that appointments to the Board are formal and transparent; approve the classification of Directors as independent; oversee induction and training of Directors; conduct annual performance reviews of the Board and Board committees; oversee an appropriate separation between Executive, Non-Executive and Independent Directors; ensure the proper and effective functioning of the Group's various Board committees; review the Board and Board committees' structure, size and composition taking into account race and gender diversity, as well as required skill set; and make recommendations based on its reviews. 	Johan van der Merwe (Chairperson – Remuneration Committee) Pierre Tredoux (Chairperson – Nominations Committee) Thys du Toit	
		4/4
		4/4
		4/4

Remco had additional meetings during the year. After every Board strategy session, Remco meets to reassess as to whether the remuneration philosophy is still in line with the strategy. These meetings are not reflected in the attendance above. Due to the nature of the business, minimum required meetings for Remco in future will be two per year, although ad hoc meetings will be scheduled as required.

Investment Committee

Overview of the year

The Investment Committee meets when necessary to make decisions on acquisitions, developments and disposals, among other investment proposals, as per its mandate. Mr van der Watt did not attend meetings where there was a conflict of interest.

	MEMBERS AT 30 JUNE 2017	MEETING ATTENDANCE
Roles and responsibilities	Independent Non-Executive Directors	
<ul style="list-style-type: none"> review the Group's investment strategy; set investment targets and criteria; assess strategic investments; and assess proposals for development, acquisitions and disposals. 	Pierre Tredoux (Chairperson) Brett Nagle Stewart Shaw-Taylor Non-Executive Director Louis van der Watt Executive Director Morné Wilken Melt Hamman	
		7/7
		6/7
		7/7
		3/7
		7/7
		7/7

PRESCRIBED OFFICERS

As set out in the Companies Act, a person is a prescribed officer if they exercise general executive control over and management of the whole, or a significant portion, of the business and activities of the Company or regularly participate to a material degree in exercising general executive control over and management of the whole, or significant portion, of the activities of the Company. Refer to page 86 for more information.



COMPANY SECRETARY

The Board has direct access to the Company Secretary, Tasja Kodde, who provides guidance and assistance in line with requirements 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 professional service providers. The Company Secretary is not a member of the Board and has an arm's-length relationship with the Board.

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

GOVERNANCE OF INFORMATION AND COMMUNICATION TECHNOLOGY ("ICT")

The Board is responsible for ICT governance and has ultimate responsibility for ensuring 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 CAF and ARC. 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, and specific projects have been implemented to standardise business processes to optimise our use of ICT infrastructure, ensuring consistent outcomes. We have also engaged with strategic service providers to support our ICT environment in line with our growth and modernisation expectations.

Investments have been made to consolidate business information, 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 page 7 of the AFS.

Internal audit

We have outsourced our internal audit function to PricewaterhouseCoopers. Refer to the ARC report on page 6 of the AFS.

Going concern

Refer to the ARC report on page 5 of the AFS.

Board of Directors



1. Pierre Tredoux

Independent Non-Executive Chairperson

Appointed: February 2005

Age: 60

Committees: Investment; Remuneration and Nominations

Qualifications: CA(SA)

Pierre is the founder and Executive Director of the Barnstone Group, and 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. Pierre was appointed as Independent Non-executive Chairperson of Attacq in 2012.

2. Morné Wilken

Chief Executive Officer

Appointed: August 2009

Age: 46

Committees: Investment

Qualifications: BEng (Hons) Industrial

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 division 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.

3. Melt Hamman

Chief Financial Officer

Appointed: July 2013

Age: 46

Committees: Investment; Transformation, Social and Ethics

Qualifications: CA(SA)

Prior to joining the Group in July 2013, Melt was the Chief Risk Officer at WesBank, a division of FirstRand, and serves 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 its commercial customers.

4. Thys du Toit

Independent Non-Executive Director

Appointed: August 2013

Age: 58

Committees: Remuneration and Nominations

Qualifications: BSc Agric, MBA

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. 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.





5. Hellen El Haimer

Independent Non-Executive Director

Appointed: August 2013

Age: 43

Committees: Audit and Risk; Transformation, Social and Ethics

Qualifications: BSoc Sci, LLB (Hons) Strategic Management, HDip Property Investment

Hellen is the Managing Director of the FM Institute Proprietary Limited, a facilities and property management consulting company. She is an Attorney with over 20 years' post-qualification experience in the legal, property and facilities management fields. Hellen has held executive positions in the Department of Public Works, SARS and Absa Bank Limited. Hellen also worked as a Legal Adviser at Standard Bank Properties.

6. Keneilwe Moloko

Independent Non-Executive Director

Appointed: February 2015

Age: 48

Committees: Audit and Risk

Qualifications: CA(SA), BSc QS

Keneilwe is a Chartered Accountant and a Quantity Surveyor. She has expertise in the construction sector environment, auditing and investment management. 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 its credit committee. She serves on a number of JSE listed and unlisted boards.

7. Brett Nagle

Independent Non-Executive Director*

Appointed: July 2015

Age: 40

Committees: Investment; Audit and Risk

Qualifications: CA(SA)

Brett joined RMB, a division of 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.

8. Stewart Shaw-Taylor

Independent Non-Executive Director

Appointed: November 2012

Age: 65

Committees: Audit and Risk; Investment

Qualifications: CA(SA)

Stewart has more than 30 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.

9. Johan van der Merwe

Independent Non-Executive Director

Appointed: May 2008

Age: 52

Committees: Remuneration and Nominations

Qualifications: CA(SA), MCom (Tax), MPhil Finance

Johan has more than 20 years' financial and investment experience and is currently the co-CEO of African Rainbow Capital, before which he was the CEO of Sanlam Investment Management. 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. Johan also worked for Gencor's corporate finance division.

10. Tasja Kodde**

Company Secretary

See Executive Management on page 118 for Tasja's summary curriculum vitae.

11. Jackie van Niekerk**

Chief Operating Officer

See Executive Management on page 118 for Jackie's summary curriculum vitae.

** Not Directors, but part of Exco.

Executive Management



1. Morné Wilken Chief Executive Officer

See Board of Directors on page 116 for Morné's summary curriculum vitae.



2. Melt Hamman Chief Financial Officer

See Board of Directors on page 116 for Melt's summary curriculum vitae.



3. Jackie van Niekerk Chief Operating Officer

Qualification: BCom

Age: 34

Appointed: May 2017

Jackie joined as the COO on 1 April 2017. Jackie has over 14 years of experience in the property industry and prior to joining Attacq, was the CEO of Pivotal. At the end of 2016, she successfully concluded the merger between Pivotal and Redefine Properties. Jackie joined Pivotal Property Fund in 2009 and grew the company to a R12 billion listed development fund. She established Pivotal's offshore strategy by successfully concluding the merger of the MaraDelta Africa fund.

4. Tasja Kodde Company Secretary

Qualification: Chartered Secretary

Age: 41

Committee: Transformation, Social and Ethics

Tasja joined the Group 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.

5. Debbie Theron

Head of Asset and Property

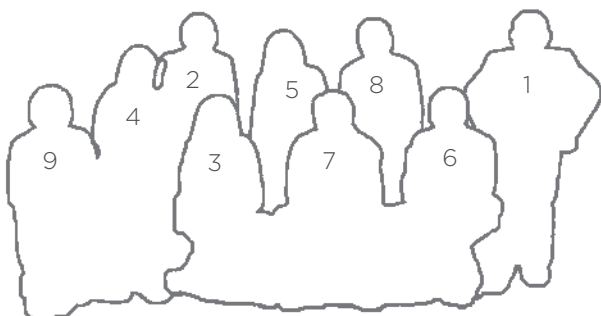
Management: Office and Mixed-Use

Qualification: BA Law

Age: 50

Committee: Transformation, Social and Ethics

Debbie commenced her career in property as part of a 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.





6. Michael Clampett

Head of Asset and Property Management: Retail

Qualification: CA(SA)

Age: 36

Michael completed his BCom Accounting at Stellenbosch University and obtained his Honours in 2004. 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.

7. Peter de Villiers

Head of Asset Management: International

Qualifications: CA(SA), CFA

Age: 39

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.

8. Pete Mackenzie

Head of Developments

Qualifications: BSc Building Management, MBA

Age: 53

Pete 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. Pete holds a Bachelor of Sciences Building Management Degree from the University of Cape Town and an MBA from Wits Business School. Pete joined the Group and Exco on 1 January 2016.

9. Raj Nana

Investment Officer

Qualification: CA(SA)

Age: 34

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 Exco on 1 April 2016.



Group Five Offices, Waterfall

Summarised Consolidated Financial Statements

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Summarised consolidated statement of financial position

	Audited 30 June 2017 R'000	Audited 30 June 2016 R'000
ASSETS		
Non-current assets		
Property, plant and equipment	52 272	33 925
Investment properties	19 735 365	18 043 192
Per valuation	20 536 861	18 644 041
Straight-line lease debtor	(801 496)	(600 849)
Straight-line lease debtor	801 496	600 849
Deferred initial lease expenditure	7 666	6 539
Intangible assets	290 539	312 599
Goodwill	67 774	67 774
Investment in associates and joint ventures	3 153 392	3 126 328
Other financial assets	304 368	222 651
Other investments	11 941	408 339
Deferred tax assets	3 329	24 627
Total non-current assets	24 428 142	22 846 823
Current assets		
Taxation receivable	951	2 411
Trade and other receivables	174 623	290 579
Inventory	25 278	-
Loans to associates and joint ventures	1 250 278	2 302 472
Other financial assets	193 590	100 266
Cash and cash equivalents	447 846	437 281
Total current assets	2 092 566	3 133 009
Non-current assets held for sale	801 483	1 649 845
Total assets	27 322 191	27 629 677
EQUITY AND LIABILITIES		
Equity		
Stated capital	6 456 633	6 442 805
Distributable reserves	6 945 483	5 891 513
Available-for-sale reserve	282 329	847 499
Share-based payment reserve	128 216	100 453
Foreign currency translation reserve	238 254	318 734
Acquisition of non-controlling interests reserve	(104 215)	(116 483)
Equity attributable to owners of the holding company	13 946 700	13 484 521
Non-controlling interests	(43 087)	(13 201)
Total equity	13 903 613	13 471 320
Non-current liabilities		
Long-term borrowings	7 976 110	10 445 221
Deferred tax liabilities	1 932 140	1 892 145
Other financial liabilities	164 696	50 705
Cash-settled share-based payments	1 496	787
Finance lease obligation	83 150	77 745
Total non-current liabilities	10 157 592	12 466 603
Current liabilities		
Other financial liabilities	137 145	109 400
Loans from associates	-	2 880
Taxation payable	7 665	2 260
Cash-settled share-based payments	1 684	5 172
Trade and other payables	501 380	557 662
Provisions	2 777	2 081
Short-term portion of long-term borrowings	2 279 802	265 276
Total current liabilities	2 930 453	944 731
Liabilities directly associated with non-current assets held for sale	330 533	747 023
Total liabilities	13 418 578	14 158 357
Total equity and liabilities	27 322 191	27 629 677
The following information does not form part of the statement of financial position		
Net asset value per share (cents)	1 984	1 923
Net asset value per share adjusted for deferred tax (cents)	2 259	2 189

Summarised consolidated statement of comprehensive income

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

Reconciliation between earnings and headline earnings

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

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

Summarised consolidated statement of cash flows

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

Summarised consolidated statement of changes in equity

	Stated capital R'000	Distributable reserves R'000	Available- for-sale reserve R'000
Audited balance at 1 July 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 loss	-	-	(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 payment reserve	-	-	-
Audited balance at 30 June 2016	6 442 805	5 891 513	847 499
Total comprehensive income	-	630 164	(129 096)
Profit for the year	-	630 164	-
Other comprehensive loss	-	-	(129 096)
Foreign currency translation reserve	-	-	-
Issue of shares	13 828	-	-
Derecognition reserves and non-controlling interests due to sale of subsidiaries	-	423 806	(436 074)
Recognition of share-based payment reserve	-	-	-
Audited balance at 30 June 2017	6 456 633	6 945 483	282 329

Share-based payment reserve R'000	Foreign currency translation reserve R'000	Acquisition of non-controlling interests reserve R'000	Equity attributable to owners of the holding company R'000	Non-controlling interests R'000	Total equity R'000
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
-	-	-	501 068	(29 886)	471 182
-	-	-	630 164	(29 886)	600 278
-	-	-	(129 096)	-	(129 096)
-	(80 480)	-	(80 480)	-	(80 480)
-	-	-	13 828	-	13 828
-	-	12 268	-	-	-
27 763	-	-	27 763	-	27 763
128 216	238 254	(104 215)	13 946 700	(43 087)	13 903 613

Summarised segmental analysis

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

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

¹ Held for sale at 30 June 2017.

² Sold during the prior year.

³ Sold during the current year.

⁴ Portion held for sale at 30 June 2017.

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

Glossary

Adjusted NAVPS	Net asset value per share adjusted for deferred taxation
AFS	Company and Group Annual Financial Statements
AGM	Annual General Meeting
ARC	Audit and Risk Committee
ADP or 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 Serbia	Atterbury Serbia B.V.
Barrow	Barrow Construction Proprietary Limited
B-BBEE	Broad-Based Black Economic Empowerment
CAF	Combined Assurance Forum
CAGR	Compound annual growth rate
CEE	Central and eastern Europe
CEO	Chief Executive Officer
CFO	Chief Financial Officer
Companies Act	The Companies Act, 71 of 2008
Coronation	Coronation Fund Managers Limited
CSI	Corporate Social Investment
CSP	Conditional share plan
Deloitte	Deloitte & Touche
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
EE	Employment Equity
Equites	Equites Property Fund Limited
ERM	Enterprise Risk Management
ESD	Enterprise and Supplier Development
Exco	Executive Committee or Executive Management
FirstRand	FirstRand Bank Limited
GBCSA	Green Building Council of South Africa
GLA	Gross lettable area
Grove Mall	Grove Mall of Namibia Proprietary Limited
Growthpoint	Growthpoint Properties Limited
Gruppo	Gruppo Investment Nigeria Limited
GTP	Guaranteed Total Package
HDI	Historically disadvantaged individual
HR	Human Resources
ICR	Interest Cover Ratio
ICT	Information and Communications Technology
IFRS	International Financial Reporting Standards
IPD	Investment Property Databank
IR	Integrated Report
ISP	Internet service provider
JSE	JSE Securities Exchange

JSE Listings Requirements	The Listings Requirements, as issued by the JSE from time to time
JV15	Waterfall JVCO 15 Proprietary Limited
JV115	Waterfall JVCO 115 Proprietary Limited
King III	The King Report on Governance for South Africa and the King Code of Governance Principles
KPI	Key Performance Indicator
LEED	Leadership in Energy and Environmental Design
LP	Land Parcel
LTI	Long-Term Incentive
MAS	MAS Real Estate Inc
MAS agterskot	Agterskot in respect of the disposal of Karoo Investment Fund S.C.A. SICAV-SIF
MOI	Memorandum of Incorporation
NAV	Net asset value, being the equity attributable to the owners of the holding company
NAVPS	NAV per share
NED	Non-Executive Director
PDP	Personal Development Plan
Performance period	Predetermined performance conditions measured over a three-year period
PGLA	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
PIC	Public Investment Corporation
Prime Kapital	Prime Kapital Limited
PV	Photovoltaic
PwC	PricewaterhouseCoopers
REIT	Real Estate Investment Trust
Remco	Remuneration and Nominations Committee
RMB	Rand Merchant Bank
Royal Bafokeng	Royal Bafokeng Holdings Proprietary Limited
SACSC	South African Council of Shopping Centres
SAPOA	South African Property Owners Association
Sanlam Properties	Sanlam Properties, a division of Sanlam Life Insurance Limited
SARs	Share Appreciation Rights
SENS	Securities Exchange News Service of the JSE
SME	Small and Medium-sized Enterprise
Standard Bank	Standard Bank of South Africa Limited
Stenham	Stenham European Shopping Centre Fund 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
VIVA	Vision Innovation Value Achievement
WAN	Waterfall Access Network
Zenprop	Zenprop Property Holdings Proprietary Limited

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

37 Magwa Crescent

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* (resigned 1 July 2017)

Independent

** Non-Executive*

COMPANY SECRETARY

T Kodde

TRANSFER SECRETARIES

Computershare Investor Services Proprietary Limited

Rosebank Towers

15 Biermann Avenue, Rosebank, Johannesburg, 2196

(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)

FORWARD LOOKING STATEMENTS

This IR contains forward looking statements that, unless indicated, reflect the Group's expectations as at 30 June 2017. Actual results may differ materially from the Group's expectations if known and unknown risks or uncertainties affect our business, or if estimates or assumptions prove to be 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 other than as required by the JSE Listings Requirements, even if new information becomes available as a result of future events, or for any other reason.

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