ATTACQ

Creating investment opportunities.

Annual results

for the year ended

30 June 2014

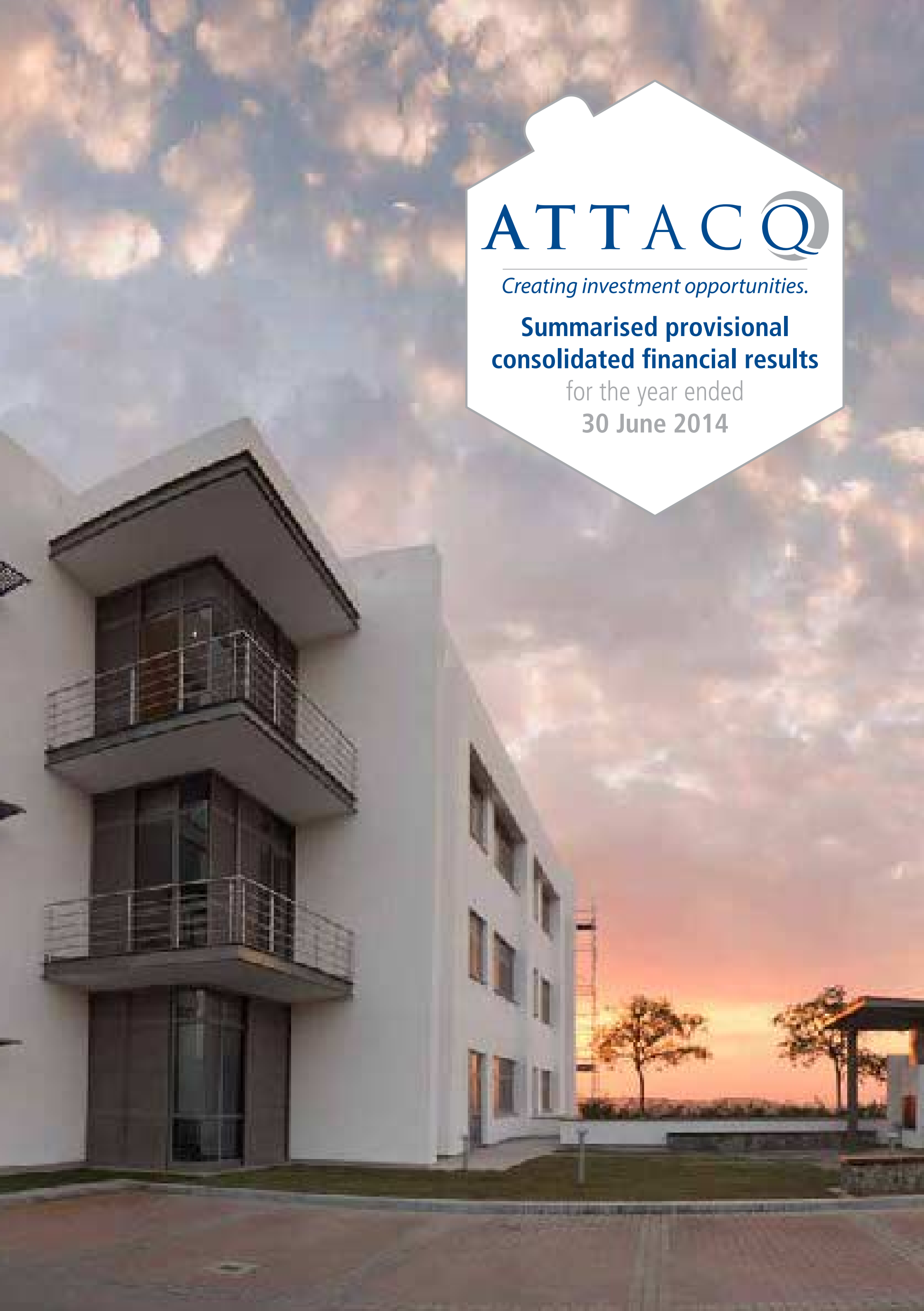
ATTACQ

Creating investment opportunities.

Summarised provisional consolidated financial results

for the year ended

30 June 2014



Summarised consolidated statement of financial position

	Audited 30 June 2014 R'000	Restated 30 June 2013 R'000
Assets		
Non-current assets		
Property, plant and equipment	**11 061**	5 666
Investment properties	**12 829 337**	8 921 552
Per valuation	**13 138 938**	9 089 523
Straight-line lease debtor	**(309 601)**	(167 971)
Straight-line lease debtor	**309 601**	167 971
Deferred initial lease expenditure	**7 174**	4 504
Intangible asset	**284 826**	–
Goodwill	**62 847**	–
Investment in associates	**2 950 274**	1 145 246
Other investments	**523 750**	58 379
Deferred tax assets	**11 570**	8 103
Total non-current assets	**16 990 440**	10 311 421
Current assets		
Inventory	**–**	126 304
Taxation receivable	**896**	1 497
Trade and other receivables	**167 302**	155 497
Loans to associates	**771 936**	487 142
Other financial assets	**6 173**	47 368
Cash and cash equivalents	**389 293**	44 389
Total current assets	**1 335 600**	862 197
Non-current assets held for sale	**138 846**	1 601 642
Total assets	**18 464 886**	12 775 260
Equity and liabilities		
Stated capital/Issued share capital and share premium	**5 798 843**	2 196 594
Distributable reserves	**3 836 930**	3 150 726
Available-for-sale reserve	**83 746**	–
Share-based payment reserve	**83 317**	5 488
Foreign currency translation reserve	**111 929**	159
Acquisition of non-controlling interest reserve	**(2 574)**	–
Equity attributable to owners of the holding company	**9 912 191**	5 352 967
Non-controlling interests	**214 567**	352 283
Total equity	**10 126 758**	5 705 250
Non-current liabilities		
Long-term borrowings	**6 226 221**	3 872 731
Deferred tax liabilities	**900 811**	799 088
Other financial liabilities	**48 026**	70 944
Provisions for liabilities relating to associates	**8 844**	71 355
Finance lease liabilities	**56 009**	56 891
Total non-current liabilities	**7 239 911**	4 871 009
Current liabilities		
Other financial liabilities	**5 851**	145 257
Loans from associates	**246 079**	–
Taxation payable	**11 158**	25 759
Trade and other payables	**375 960**	327 990
Provisions	**10 142**	5 709
Current portion of long-term borrowings	**449 027**	1 295 713
Total current liabilities	**1 098 217**	1 800 428
Non-current liabilities directly associated with assets held for sale	**–**	398 573
Total liabilities	**8 338 128**	7 070 010
Total equity and liabilities	**18 464 886**	12 775 260

	Cents	Cents
Net asset value per share	**1 477**	1 191
Net asset value per share excluding deferred tax	**1 610**	1 367

Summarised consolidated statement of comprehensive income

	Audited 30 June 2014 R'000	Restated 30 June 2013 R'000
Continuing operations		
Gross rental income	**876 850**	628 532
Rental income	**769 199**	543 279
Straight-line lease income adjustments	**107 651**	85 253
Property expenses	**(230 300)**	(212 362)
Net rental income	**646 550**	416 170
Gross profit on sale of inventory	**41 332**	–
Sale of inventory	**263 209**	–
Cost of sales	**(221 877)**	–
Bargain purchase on acquisition of subsidiary	**43 783**	–
Other income	**59 325**	126 348
Operating and other expenses	**(283 743)**	(288 060)
Operating profit	**507 247**	254 458
Amortisation of intangible asset	**(14 634)**	–
Fair value adjustments	**953 192**	856 298
Investment properties	**919 094**	782 061
Other financial assets and liabilities	**34 098**	57 137
Other investments	**–**	17 100
Net (loss) income from associates	**(58 069)**	94 430
Investment income	**424 796**	48 345
Finance costs	**(582 122)**	(400 440)
Profit before taxation	**1 230 410**	853 091
Income tax expense	**(218 156)**	(209 405)
Profit for the year from continuing operations	**1 012 254**	643 686
Discontinued operations		
Profit from discontinued operations net of taxation	**–**	108 788
Profit for the year	**1 012 254**	752 474
Attributable to:		
Owners of the company	**946 147**	723 009
Non-controlling interests	**66 107**	29 465
Other comprehensive income		
Items that will be reclassified subsequently to profit or loss		
Gain on available-for-sale financial assets	**104 950**	–
Taxation relating to components of other comprehensive income	**(21 204)**	–
Other comprehensive income for the year net of taxation	**83 746**	–
Total comprehensive income for the year	**1 096 000**	752 474
Attributable to:		
Owners of the company	**1 029 893**	723 009
Non-controlling interests	**66 107**	29 465
Earnings per share		
From continuing and discontinued operations		
Basic (cents)	**163.4**	160.9
Diluted (cents)	**163.1**	160.7
From continuing operations		
Basic (cents)	**163.4**	136.7
Diluted (cents)	**163.1**	136.5

	Audited 30 June 2014 R'000	Restated 30 June 2013 R'000
Reconciliation between earnings, headline earnings (loss) and distributable earnings (loss)		
Profit for the year	**946 147**	723 009
Headline earnings adjustments	**(640 350)**	(741 211)
Profit on disposal of associates	**(7 790)**	–
Loss (profit) on disposal of other investments	**65 150**	(49 279)
Profit on sale of subsidiaries	**–**	(12 591)
Reversal of impairment of loans	**–**	(21 651)
Profit on disposal of investment property	**(8 567)**	(11 787)
Impairment of associates and other investments	**14 995**	85 070
Impairment of goodwill	**–**	16 929
Impairment of loans	**–**	40 372
Fair value adjustments	**(953 192)**	(970 087)
Gain arising from bargain purchase	**(43 783)**	–
Net loss (income) from associates	**58 069**	(109 325)
Tax effect of adjustments	**153 575**	195 865
Non-controlling interests share	**81 193**	95 273
Headline earnings (loss)	**305 797**	(18 202)
Distributable earnings adjustments	**28 780**	(55 075)
Straight-line lease income adjustments	**(94 358)**	(54 529)
Interest in respect of Attvest transaction	**123 571**	–
Actual finance lease payments	**(433)**	(546)
Distributable earnings (loss)	**334 577**	(73 277)
Number of shares in issue*	**670 965 594**	449 406 150
Weighted average number of shares in issue*	**578 976 838**	449 406 150
Diluted weighted average number of shares in issue*	**580 271 131**	449 861 909
Headline earnings (loss) per share		
Basic (cents)	**52.8**	(4.1)
Diluted (cents)	**52.7**	(4.0)

* *Adjusted for 46 427 553 treasury shares (2013: 73 583 735)*

Summarised consolidated statement of cash flows

	Audited 30 June 2014 R'000	Restated 30 June 2013 R'000
Cash flow generated from (utilised in) operating activities	**276 516**	(19 305)
Cash generated from operating activities	**503 049**	402 579
Investment income	**424 797**	48 345
Finance costs	**(582 122)**	(400 440)
Taxation paid	**(69 208)**	(29 039)
Cash flow relating to non-current assets held for sale	**–**	(40 750)
Cash flow utilised in investing activities	**(3 970 959)**	(636 524)
Cash flow from financing activities	**3 751 402**	547 323
Total cash movement for the year	**56 959**	(108 506)
Cash at the beginning of the year	**44 389**	200 501
Cash acquired (disposed) with subsidiaries	**287 945**	(47 606)
Total cash at the end of the year	**389 293**	44 389

Condensed consolidated statement of changes in equity

	Share capital and share premium/ Stated capital R'000	Foreign currency translation reserve R'000	Share-based payment reserve R'000
Balance as reported at 1 July 2012	2 196 596	(668)	–
Restatement	–	–	–
Balance at 1 July 2012 – restated	2 196 596	(668)	–
Total comprehensive income	–	–	–
Dividends paid	–	–	–
Derecognition of FCTR and non-controlling interests	–	321	–
Foreign currency translation reserve	–	506	–
Recognition of share-based payments	–	–	5 488
Issue of shares – adjustment	(2)	–	–
Balance at 30 June 2013 – restated	**2 196 594**	**159**	**5 488**
Balance at 30 June 2013 – previously reported	**2 196 594**	**159**	**5 488**
Restatement	**–**	**–**	**–**
Total comprehensive income	**–**	**–**	**–**
Derecognition of non-controlling interest	**–**	**–**	**–**
Foreign currency translation reserve	**–**	**111 770**	**–**
Cancellation of shares	**(158 673)**	**–**	**–**
Issue of shares	**3 760 922**	**–**	**–**
Recognition of change in ownership reserve	**–**	**–**	**–**
Other comprehensive income		**–**	**–**
Recognition of share-based payments	**–**	**–**	**77 829**
Balance at 30 June 2014	**5 798 843**	**111 929**	**83 317**

Available-for-sale reserve R'000	Distributable reserves R'000	Acquisition of non-controlling interest reserve R'000	Equity attributable to owners of the company R'000	Non-controlling interests R'000	Total R'000
–	2 442 040	–	4 637 968	395 348	5 033 316
–	(14 323)	–	(14 323)	(2 527)	(16 850)
–	2 427 717	–	4 623 645	392 821	5 016 466
–	723 009	–	723 009	29 465	752 474
–	–	–	–	(5 000)	(5 000)
–	–	–	321	(65 003)	(64 682)
–	–	–	506	–	506
–	–	–	5 488	–	5 488
–	–	–	(2)	–	(2)
–	**3 150 726**	**–**	**5 352 967**	**352 283**	**5 705 250**
–	**3 170 832**	**–**	**5 373 073**	**355 831**	**5 728 904**
–	**(20 106)**	**–**	**(20 106)**	**(3 548)**	**(23 654)**
–	**946 147**	**–**	**946 147**	**66 107**	**1 012 254**
–	**–**	**–**	**–**	**(203 823)**	**(203 823)**
–	**–**	**–**	**111 770**	**–**	**111 770**
–	**(259 943)**	**–**	**(418 616)**	**–**	**(418 616)**
–	**–**	**–**	**3 760 922**	**–**	**3 760 922**
–	**–**	**(2 574)**	**(2 574)**	**–**	**(2 574)**
83 746	**–**	**–**	**83 746**	**–**	**83 746**
–	**–**	**–**	**77 829**	**–**	**77 829**
83 746	**3 836 930**	**(2 574)**	**9 912 191**	**214 567**	**10 126 758**

Summarised segmental analysis

Business segment	Notes	Audited 30 June 2014 Revenue R'000	Net profit R'000	Investment properties R'000	Net asset value R'000
Atterbury House	1	4 462	(9 282)	–	–
Brooklyn Bridge Office Park	2	19 222	41 472	608 275	203 377
Great Westerford	3	34 529	(21 787)	235 609	181 563
Harlequins Office Park	1	2 694	2 094	–	–
Lynnwood Bridge		118 079	48 852	829 661	300 755
Aurecon Building		101 230	19 093	637 953	152 692
Waterfall – Altech Building		3 803	4 634	41 004	15 920
Waterfall – Cell C Campus		64 343	106 358	761 329	882 766
Waterfall – Group 5		32 048	82 213	504 420	214 285
Waterfall – Maxwell Office Park – Phase I		6 495	14 474	130 494	96 504
Office and mixed use		**386 905**	**288 121**	**3 748 745**	**2 047 862**
De Ville Shopping Centre	1	20 204	31 074	–	–
Glenfair Boulevard Shopping Centre		44 197	35 901	349 646	281 698
Sanridge Square	1	511	2 016	–	(388)
Garden Route Mall		114 759	110 978	1 111 741	362 632
Brooklyn Mall		67 350	75 134	637 515	239 287
Mooirivier Mall		115 524	84 173	992 265	440 212
Andringa Walk		23 444	3 163	160 512	(110 516)
Eikestad Mall		60 121	17 461	503 449	97 335
Mill Square		4 214	260	73 196	9 365
Waterfall Corner		6 723	32 438	169 592	43 666
Retail		**457 047**	**392 598**	**3 997 916**	**1 363 291**
Waterfall – Massbuild Distribution Centre		31 701	1 471	224 962	49 612
Light industrial		**31 701**	**1 471**	**224 962**	**49 612**
Le Chateau		–	(70)	17 000	14 753
Waterfall – Infrastructure and Services		–	(31 149)	446 046	316 217
Waterfall – Land		–	24 154	1 503 549	1 503 471
Vacant land		**–**	**(7 065)**	**1 966 595**	**1 834 441**
Waterfall – Angel Shack		–	1 134	21 031	18 705
Waterfall – City Lodge		–	5 156	63 086	60 755
Waterfall – Covidien		–	2 903	39 236	35 513
Waterfall – Cummins		–	1 118	24 312	15 216
Waterfall – Dräger		–	2 968	30 535	29 378
Waterfall – Mall of Africa		–	141 149	994 714	732 865
Waterfall – Maxwell Office Park – Phase II		–	8 281	83 671	72 491
Waterfall – Novartis		–	5 146	54 168	49 292
Waterfall Lifestyle		–	(1 516)	87 299	84 867
Waterfall – Cell C Campus		–	–	–	–
Waterfall – Group 5		–	–	–	–
Waterfall – Maxwell Office Park – Phase I		–	–	–	–
Waterfall – Westcon		–	489	52 348	46 436
Lynnwood Bridge – Phase III		–	8 149	308 639	115 081
Newtown		–	6 035	987 919	187 323
Majestic Offices		–	19 194	144 161	24 190
Developments		**–**	**200 206**	**2 891 119**	**1 472 112**
Head office/other		**1 197**	**220 669**	**–**	**3 359 440**
Total		**876 850**	**1 096 000**	**12 829 337**	**10 126 758**

Notes:
1 Held for sale as at 30 June 2013, sold prior to 30 June 2014
2. Acquired 11 March 2014
3. Held for sale as at 30 June 2013, not sold and no longer held for sale as at 30 June 2014

Restated 30 June 2013 Revenue R'000	Net profit R'000	Investment properties R'000	Net asset value R'000
26 362	33 356	335 942	202 018
–	–	–	–
48 567	55 385	258 871	159 261
14 351	17 529	132 838	66 511
119 917	60 414	810 379	316 706
90 314	32 036	644 158	129 941
5 143	3 805	34 068	7 029
–	–	–	–
–	–	–	–
–	–	–	–
304 654	202 525	2 216 256	881 466
30 230	(6 669)	184 239	87 720
43 264	33 189	316 909	246 169
15 106	10 668	99 834	101 080
119 998	56 299	1 023 185	507 329
57 655	52 880	575 000	191 497
112 408	148 532	915 178	398 840
15 835	(34 798)	146 293	(138 521)
54 497	26 844	483 267	(2 624)
226	4 397	58 019	57 610
–	–	–	–
449 219	291 342	3 801 924	1 449 100
17 412	24 489	231 820	28 414
17 412	24 489	231 820	28 414
–	1 483	17 000	9 927
–	(5 782)	554 042	208 570
–	199 769	1 743 027	1 589 110
–	195 470	2 314 069	1 807 607
–	–	–	–
–	–	–	–
–	–	–	–
–	–	–	–
–	–	–	–
–	–	–	–
–	–	–	–
–	–	–	–
–	–	–	–
–	82 020	478 236	134 561
–	24 341	206 345	72 034
–	9 681	54 120	52 740
–	–	–	–
–	47 803	165 977	47 803
–	3 960	427 363	147 558
–	(5 572)	37 165	12 579
–	162 233	1 369 206	467 275
(7 243)	(123 585)	–	1 071 389
764 042	752 474	9 933 275	5 705 250

Commentary

Introduction

Attacq is a leading South African capital growth property company listed on the JSE. Attacq's business has two focus areas: Investments and Developments. Investments comprise completed buildings held directly and indirectly. Developments comprise land, greenfields development of land or brownfields development by refurbishment of existing buildings. Investments provide stable income and balance sheet strength to responsibly secure and fund high-growth opportunities within Developments. Attacq has a total asset value in excess of R18 billion, including landmark commercial and retail property assets and developments. Its portfolio of properties is geographically diverse across South Africa and includes a growing representation of international investments in sub-Saharan Africa and exposure to property investments in Germany, Switzerland and the United Kingdom via a strategic stake in MAS Real Estate Inc. ("MAS").

Attacq listed on the JSE in the "Real Estate – Real Estate Holdings and Development" sector on 14 October 2013.

Restatement

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

Despite the cumulative impact of the restatement on the 2013 net asset value ("NAV") being only R20.1 million lower (4.5 cents per share), a restatement was required in terms of IAS 8: *Accounting Policies, Changes in Accounting Estimates and Errors* because there are material adjustments to individual line items of the statement of financial position. The net impact of the restatement was a decrease in investment properties of R574.1 million in 2013 (2012: R501.4 million) with a corresponding decrease in the finance lease liability. Deferred tax liabilities increased by R23.7 million in 2013 (2012: R16.9 million) with a corresponding decrease in distributable reserves.

Net asset value per share ("NAVPS")

NAVPS at 30 June 2014 was R14.77, 24.0% higher than the prior year NAVPS of R11.91 (restated).

Capital raised

Attacq raised a total of R2.9 billion in cash from shareholders during the current financial year in order to fund developments, make investments and reduce debt:

- R580 million by way of a non-renounceable rights offer prior to listing at R11.50 per share which closed 24 July 2013;
- R800 million by way of a private placement at listing at R14.50 per share;
- R512 million by way of a general issue of shares for cash on 5 February 2014 at R17.65 per share; and
- R1 billion in terms of a vendor placement undertaken on 25 February 2014 at R17.65 per share, in order to fund Attacq's R1.3 billion investment in the MAS private placement which closed on 11 March 2014.

Acquisitions

Non-controlling interests

During the year, Attacq acquired the non-controlling interest in Attacq Retail Fund (Pty) Ltd ("ARF") (previously Abacus Holdings (Pty) Ltd) by issuing 12.1 million Attacq shares at R11.63 per share. The transaction was entered into prior to listing and the shares issued subsequent to listing when the market price of an Attacq share was R16.50 per share. This resulted in an IFRS 2: *Share-based Payment* charge of R59.2 million being recognised in operating and other expenses in the current year.

During December 2013, Attacq became the sole shareholder of Mantrablox (Pty) Ltd, the owner of Garden Route Mall, by exercising its call option to acquire the 20% shareholding owned by Hyprop Investments Limited ("Hyprop") for an amount of R21.4 million and settling the related shareholder loan of R117.6 million.

Shareholding increase in AWIC

Attacq acquired an additional interest of 1.2% in AWIC from Trinsam Trust, a discretionary family trust of which MC Wilken is a beneficiary. The acquisition price was partly settled by the issue of new Attacq shares at an issue price of R11.96 (being the NAVPS as at 30 June 2013 prior to restatement), totalling R13.5 million. An agterskot amount of R11.6 million, escalating at the prime interest rate, is payable on the occurrence of certain events relating to a change in control occurring in Attacq or MC Wilken ceasing to be a director of Attacq. Should MC Wilken still be a director of Attacq in 2020, the agterskot amount will be calculated in terms of a formula.

Internalisation of asset management function
Attacq internalised its asset management function as part of its listing by acquiring the entire issued share capital of Attacq Management Services (Pty) Ltd ("AMS") (previously Atterbury Asset Managers (Pty) Ltd) from Atterbury Property Holdings (Pty) Ltd (an associate of Attacq) and Attventure (Pty) Ltd. The objectives of the internalisation are to conform to market practice, to create synergies between Attacq and the asset manager and to remove any potential conflicts of interest between Attacq and the asset manager. The purchase consideration of R271.1 million was settled by way of a cash payment of R135.5 million and by the issue of 11.3 million new Attacq shares issued on 4 October 2013 at the 30 June 2013 NAVPS prior to restatement.

Investment in African Land Investments Limited ("ALI")
Attacq acquired a 12.4% stake in ALI on 5 December 2013 for an amount of R110 million. Hyprop acquired 87% of ALI as part of the same transaction. ALI owns the 43 400m^2 Manda Hill Mall in Lusaka, Zambia. The mall is currently fully let with a strong retail offering. An expansion of 10 000m^2 is planned in the future.

Brooklyn Bridge Office Park
Attacq increased its shareholding in Brooklyn Bridge Office Park (Pty) Ltd ("Brooklyn Bridge") from 25% to 100% on 11 March 2014, following the receipt of the competition authorities' approval to implement the transaction. The transaction was entered into prior to listing and the purchase consideration was settled by way of R60.3 million in cash and the balance of R56.3 million by the issue of 4.9 million Attacq shares issued at an issue price of R11.53 per share, being the NAVPS as at 31 March 2013 when the commercial terms of the transaction were agreed. The related shareholder loan of R29.6 million was settled simultaneously.

Additional investment in MAS
Attacq invested R1.3 billion in the MAS private placement which closed on 11 March 2014, enabling it to maintain its stake of 47.2% in the enlarged issued share capital of MAS. MAS will utilise the cash in order to fast track its development pipeline as well as to acquire additional income producing assets. MAS' intention is to have 90% of its portfolio invested in income producing assets by the end of 2016 and the remaining 10% in developments. MAS has a pipeline under exclusivity into which it will invest its capital raising proceeds. However, it will experience some cash drag on its performance until all the proceeds are fully deployed.

Restructure of Retail Africa Consortium Holdings (Pty) Ltd ("Reach")
Prior to year end, the underlying investments of Reach were unbundled to its shareholders, resulting in Attacq holding direct stakes in Retail Africa Wingspan Investments (Pty) Ltd ("Wingspan") and Rapfund Holdings (Pty) Ltd ("Rapfund") of 34.4% and 26.6%, respectively. The Rapfund stake was disposed of subsequent to year end and is reflected as a non-current asset held for sale as at 30 June 2014.

Business combinations
An intangible asset representing the right to the asset management of Attacq's properties has been recognised in respect of the AMS acquisition and is amortised over a period of 15 years.

A gain on bargain purchase was recognised on the acquisition of Brooklyn Bridge. Attacq has measured identifiable assets and liabilities of AMS and Brooklyn Bridge at fair value at their respective acquisition dates as follows:

	AMS R'000	Brooklyn Bridge R'000
Purchase consideration	271 089	76 132
Fair value of previously held equity interest	–	63 515
Total identifiable net assets acquired at fair value	(208 242)	(183 430)
Assets acquired, including intangible assets	(593 328)	(634 966)
Liabilities acquired, including deferred tax recognised	385 086	453 466
Goodwill/(gain on bargain purchase recognised in profit and loss)	62 847	(43 783)

Disposals

Attacq concluded the following disposals during the current financial year:

- 100% of the issued share capital of Atterbury Parkdev Consortium (Pty) Ltd, owner of Harlequins Office Park, to Delta Property Fund Limited ("Delta") for a total consideration of R136 million settled by the payment of R95.2 million in cash and 4.9 million Delta units totalling R40.8 million, which units were subsequently sold for a total of R44 million;
- A 50% undivided share in Sanridge Square to Rapfund for an amount of R102 million on 20 August 2013;
- A 26.3% shareholding in the issued share capital and loan notes of Artisan Investment Projects 10 Limited, the owner of the New Waverley (previously Caltongate) development in Edinburgh, in return for 3.1 million shares in MAS, effective on 19 August 2013 and increasing Attacq's shareholding in MAS to 23.9% at the time;
- Atterbury House, sold to Ascension Properties Limited for an amount of R341 million on 6 September 2013;
- The merged Karoo I and II investments to MAS in return for 32 million MAS shares, effective on 20 December 2013, increasing Attacq's shareholding in MAS to 47.2%; and
- 100% of the issued share capital of De Ville Shopping Centre (Pty) Ltd, owner of the De Ville shopping centre in Durbanville, Cape Town, to Tower Property Fund Limited. The shopping centre was valued at R226 million on the disposal date.

Profit before taxation

Net rental income

Net rental income increased by 55.4% year-on-year due to a 39.5% increase in revenue (including straight-line lease adjustments) with the increase in property expenses being lower at 8.4%. A like-for-like comparison of net rental income is of limited use due to the internalisation of the asset management function as well as a result of changes in the property portfolio during the year. Four properties were disposed of, one property was acquired and a further five properties under development were completed.

Vacancies

Overall portfolio vacancies have decreased by 10 626m^2 primarily as a result of the sale of Atterbury House, Sanridge Square and De Ville shopping centre during the year. Office vacancies have improved as a percentage of the total office portfolio due to these disposals as well as due to the completion of Group 5, Cell C Campus and two of the office developments in Maxwell Office Park, resulting in a net increase in the size of the office portfolio gross lettable area ("GLA").

	30 June 2014		30 June 2013	
Sector	**Vacancy %***	**Vacant GLA m^2***	Vacancy %*	Vacant GLA m^2*
Retail	**0.9**	**3 317**	1.5	4 922
Office	**2.4**	**9 389**	5.7	18 410
Industrial	**–**	**–**	–	–
Hotel	**–**	**–**	–	–
Portfolio vacancy	**3.3**	**12 706**	7.3	23 332

* *Based on primary GLA. 13 662m^2 of the 23 332m^2 (58.6%) of the vacant m^2 related to properties held for sale. Great Westerford, which was held for sale at June 2013, was not sold and is no longer held for sale at June 2014 with a refurbishment currently underway.*

Operating and other expenses

Operating expenses include a loss of R68.1 million realised on the disposal of Attacq's investment in the merged Karoo I and Karoo II funds in return for a further 23.4% stake in MAS. Attacq will share in any realised upside on the Karoo assets directly by way of an agterskot mechanism and indirectly via its increased shareholding in MAS. Operating expenses in the current year include impairments of loans of R46.8 million and IFRS 2: *Share-based Payment* charges of R66.2 million. R59.2 million of this relates to the acquisition of a non-controlling interest in ARF and the balance of R7.0 million in respect of senior executive management's share options.

Fair value adjustments

Fair value adjustments on investment properties increased by 17.5% to R919.1 million, made up of R325.4 million (2013: R419.2 million) in respect of completed properties, R560.1 million (2013: R108.0 million) in respect of properties under development and R33.6 million (2013: R254.9 million) on vacant land.

Fair value increases in respect of completed properties relate mainly to the increase in contracted rentals, with market capitalisation rates remaining largely unchanged from the prior year.

Property valuations as at 30 June 2014 are based on external valuations performed by Jones Lang LaSalle (Pty) Ltd, Old Mutual Investment Group (South Africa) (Pty) Ltd, Mills Fitchet KZN CC and Broll Valuation & Advisory Services (Pty) Ltd.

The valuation in respect of Waterfall's vacant land is based on an external valuation performed on a freehold basis. This valuation is then adjusted by management in order to value the land on a leasehold basis by taking into account the future rental obligations attached to the land.

Investment income
Investment income in 2014 includes dividends of R356.2 million and interest income of R68.6 million. R325.8 million of the dividends are of a once-off nature resulting from the unbundling of the underlying investments held by Attacq via certain of its investments in associates. The impairments recognised on these associate investments from the unbundlings resulted in a net loss being reflected in respect of associates.

Finance costs
Finance costs increased by 45.4% year-on-year. This includes a non-cash non-recurring amount of R123.6 million arising from the transaction concluded between Attacq, Atterbury Investment Managers (Pty) Ltd and Razorbill Properties 91 (Pty) Ltd (a wholly owned subsidiary of Attacq) as more fully detailed in Attacq's listing prospectus and as approved by shareholders at the general meeting held on 27 August 2013. Excluding this amount, the increase is 14.5% and is driven largely by the completion of development properties during the year, resulting in the related finance costs being expensed and no longer capitalised to the property under development.

Development property

In the current financial year, a number of properties under development were completed, adding a total of 87 991m^2 GLA to Waterfall's completed buildings.

Property	Sector	Completion date	Total GLA (m^2)	Vacancy %
Waterfall				
Cell C Campus	Office & Industrial	December 2013	44 200	–
Group 5	Office	January 2014	23 139	–
Golder & Associates (Maxwell Office Park)	Office	December 2013	6 198	–
Att House (Maxwell Office Park)	Office	December 2013	5 154	19.7
Waterfall Corner	Retail	April 2014	9 300	4.7

The following properties were either under development at 30 June 2014 or development commenced subsequently:

Property	Sector	Completion date	Total GLA (m^2)*	Pre-let %
Under development				
Waterfall				
Premier Foods (Maxwell Office Park)^	Office	July 2014	4 232	100
Waterfall Lifestyle	Retail	July 2014	7 540	>60
Angel Shack	Office & Industrial	August 2014	4 558	100
Honda Building (Maxwell Office Park)^	Office	November 2014#	4 069	>65
Westcon	Office & Industrial	September 2014#	8 074	100
City Lodge	Hotel	November 2014#	6 180	100
Dräger	Office & Industrial	November 2014#	4 674	100
Covidien	Office & Industrial	December 2014#	11 050	100
Novartis	Office	April 2015#	7 055	100
Cummins~	Industrial	June 2015#	20 833	100
Mall of Africa	Retail	April 2016#	130 188	>75
Other				
Newtown and Majestic	Retail & Office	September 2014	72 725	>70
Lynnwood Bridge Phase III	Office	October 2014#	15 315	>65
Commenced post year end				
Waterfall				
Colgate Building (Maxwell Office Park)^	Office	August 2015#	4 241	100
Speculative Building (Maxwell Office Park)^	Office	August 2015#	6 280	–
Servest	Industrial	August 2015#	6 650	100

\# *Anticipated completion date*
* *Estimated GLA, subject to change upon final re-measurement post completion*
^ *50% joint venture with Moolman Group. 100% of the GLA reflected above*
~ *50% joint venture with Zenprop. 100% of the GLA reflected above*

Borrowings

Total net interest-bearing borrowings increased by 13.8% from 2013 with additional debt being incurred to fund Attacq's growing property portfolio in accordance with its capital growth model.

Gearing, calculated as total net external interest-bearing debt (including debt on non-current assets held for sale) less cash on hand to total assets, improved from 43.2% as at 30 June 2013 (restated) to 34.0% as at 30 June 2014. Given the interest rate cycle the economy is entering, hedges are in place and 58.3% of total external interest-bearing debt was fixed as at 30 June 2014 (2013: 52.1%). This excludes forward hedges of R2.7 billion in respect of unutilised committed facilities. The weighted average cost of funding as at 30 June 2014 was 9.5% (2013: 9.1%).

Atterbury Africa

Attacq's investment in Atterbury Africa Limited ("Atterbury Africa") increased from R112.3 million to R248.2 million during the year in order to fund its share of Atterbury Africa's underlying development pipeline. At 30 June 2014, Atterbury Africa's underlying assets were as follows:

Property and location	GLA (m^2) (proposed*)	Atterbury Africa ownership %	Attributable value (USD'000)	Attacq effective interest %	Status
Accra Mall *Accra, Ghana*	19 000	47	38 780	14.7	Income producing, fully let. Future expansion planned
West Hills Mall *Accra, Ghana*	27 500	45	29 850	14.1	Phase I 99% let. Opening October 2014
Achimota Mall *Accra, Ghana*	13 400*	75	5 567	23.4	Under construction. Anchored by Shoprite, Mr Price and Jet. Completion October 2015
Kumasi City Mall *Kumasi, Ghana*	27 000*	75	7 380	23.4	Bulk earthworks commenced June 2014. Completion date end 2016
Waterfalls *Lusaka, Zambia*	27 500*	25	1 215	7.8	Land acquired for retail and hotel development

Change in directors

Wilhelm Nauta, previously an alternate director, was appointed to the board from 30 April 2014, following the resignation of Lucas Ndala effective the same date. Francois van Niekerk, one of the founders of the business that led to the creation of Attacq, retired from the board with effect from 27 June 2014.

Subsequent events

Restructure of ALI

Subsequent to year end, Attacq and Hyprop restructured 50% of Manda Hill Mall under Atterbury Africa, with the remaining 50% being held directly by Hyprop. The management teams of ALI and Atterbury Africa were merged and Atterbury Africa was rebranded as Att Africa.

Disposal of Rapfund

In July 2014, Attacq sold its shareholding in Rapfund to a consortium of existing and new Rapfund shareholders for an amount of R139 million.

Potential major new Waterfall tenant

Post year end, in principle approval was received by Attacq to develop new office premises for PricewaterhouseCoopers. The proposed 40 000m^2 building in Waterfall City will accommodate some 3 500 employees. The conclusion of a formal lease remains subject to conditions precedent.

Prospects

In South Africa, Attacq's main focus remains on the delivery of Waterfall and the efficient management of its operational portfolio. At year end, Waterfall's secured pipeline of projects planned or underway totalled 296 493m^2 and 79% of the total developable bulk of 1.75 million m^2 remains untapped. In Africa, Att Africa will soon be invested in three operational malls, being Accra Mall, Manda Hill Mall and West Hills Mall with two further developments underway. In Europe, Attacq increased its investment in MAS by R1.3 billion, which capital MAS will deploy into a secured and unsecured pipeline as well as to advance its development projects, with construction on New Waverley to commence post year end.

Basis of presentation of summarised provisional consolidated financial statements

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

The areas that include significant judgements made by management in applying the Group's accounting policies and key sources of estimation uncertainty were the same as those that were identified in the consolidated financial statements as at and for the year ended 30 June 2013.

Significant accounting policies

Except as described below, the accounting policies applied in these summarised provisional consolidated financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 30 June 2013.

Changes in accounting policies

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 July 2013:

IFRS 10: *Consolidated Financial Statements*
IFRS 11: *Joint Arrangements*
IFRS 12: *Disclosure of Interests in Other Entities*
IFRS 13: *Fair Value Measurement*
IAS 19: *Employee Benefits*

IFRS 10: *Consolidated Financial Statements*
IFRS 10 addresses the divergence arising from the control-based principles in IAS 27 and the risks and rewards based approach in SIC 12, and in addition, provides greater guidance on *de facto* control. Management has reassessed the control conclusion for each of its investees at 1 July 2013. No changes were identified and the adoption of this new standard has thus had no impact on the financial results.

IFRS 11: *Joint Arrangements*
IFRS 11 identifies two types of joint arrangements, namely joint operations and joint ventures, and prohibits the use of proportionate consolidation for joint ventures. Management has re-evaluated the Group's involvement in the various joint arrangements and no changes in the accounting treatments were identified.

IFRS 12: *Disclosure of Interest in Other Entities*
IFRS 12 requires additional disclosure about the investees in which the entity has an investment. The disclosure in the financial statements was updated for these additional requirements.

IFRS 13: *Fair Value Measurement*
IFRS 13 is a single cohesive standard consolidating the principles of fair value measurement and disclosures for financial reporting. Fair value measurements of a non-financial asset will take into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. In accordance with the transitional provisions of IFRS 13, the Group has applied the new fair value measurement guidance prospectively. Notwithstanding the above, the change had no significant impact on the measurements of the Group's assets and liabilities.

IAS 19: *Employee Benefits*
The revised IAS 19 changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The adoption of the changes to this statement has had no impact on the results of the Group as previously reported.

The accounting policies of the Group were updated for the impact of the above standards.

Audit report
The auditors, Deloitte & Touche, have issued their opinion on the Group's consolidated financial statements for the year ended 30 June 2014. The audit was conducted in accordance with International Standards on Auditing. They have issued an unmodified opinion. A copy of the auditor's report together with a copy of the audited consolidated financial statements is available at the company's registered office.

These summarised provisional consolidated financial statements have been derived from the Group's consolidated financial statements and are consistent in all material respects with the Group's consolidated financial statements for the year ended 30 June 2014, but is not itself audited. The directors take full responsibility for the preparation of these summarised provisional consolidated financial results and confirm that the financial information has been correctly extracted from the underlying audited consolidated financial statements. Any reference to future financial information included in this announcement has not been reviewed or reported on by the auditors. Shareholders are advised that, in order to obtain a full understanding of the nature of the auditor's engagement, they should obtain a copy of that report together with the audited consolidated financial statements as at 30 June 2014 from the Company's registered office.

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

On behalf of the board

P Tredoux
Chairman

MC Wilken
CEO

30 September 2014

Company information

Attacq Limited
(previously Atterbury Investment Holdings Limited)
(Incorporated in the Republic of South Africa)
(Registration number 1997/000543/06)
JSE share code: ATT ISIN: ZAE000177218
("Attacq" or "the Company" or "the Group")

Directors
P Tredoux#* (Chairman)
MC Wilken (CEO)
M Hamman (FD)
LLS van der Watt
AW Nauta*
JHP van der Merwe*
S Shaw-Taylor#*
HR El Haimer#*
PH Faure*
MM du Toit#*
WL Masekela#*

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** Non-executive*

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Notes

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