ATTACQ

SUMMARISED PROVISIONAL CONSOLIDATED FINANCIAL RESULTS

FOR THE YEAR ENDED 30 JUNE 2016

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

RECONCILIATION BETWEEN EARNINGS AND HEADLINE EARNINGS

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

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

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

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

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

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

SUMMARISED SEGMENTAL ANALYSIS

Business segment	Notes	Audited 30 June 2016 Revenue R'000	Net profit (loss) R'000	Investment properties R'000	Net asset value R'000	Audited 30 June 2015 Revenue R'000	Net profit (loss) R'000	Investment properties R'000	Net asset value R'000
Brooklyn Bridge Office Park	2	80 683	4 472	636 999	308 217	71 864	11 727	611 581	224 026
Great Westerford*	1	33 904	10 792	–	–	34 363	18 982	272 762	204 377
Lynnwood Bridge – Offices		100 565	39 666	825 629	483 448	80 101	55 137	801 408	424 072
Aurecon Building		98 556	26 705	662 560	281 201	97 596	23 867	641 770	176 559
Newtown Junction – Offices		68 852	(1 024)	626 693	196 487	55 592	(7 185)	615 652	144 714
Majestic Offices		21 136	(1 652)	132 510	29 687	12 849	3 905	134 361	27 921
PwC Sunninghill		45 533	(2 154)	345 199	(44 001)	18 961	4 075	351 306	(29 371)
Waterfall – Altech Building*		6 431	4 546	43 944	29 991	8 142	3 225	40 647	25 296
Waterfall – Cell C Campus		135 372	65 671	794 486	396 015	127 696	47 182	778 013	624 091
Waterfall – Group Five		71 570	36 430	562 318	238 546	80 008	50 112	543 093	252 420
Waterfall – Maxwell Office Park – Phase I, II and III*		43 170	37 334	486 240	290 359	26 824	11 060	239 659	121 847
Waterfall – Novartis		25 247	9 443	207 963	63 930	2 190	33 303	194 620	122 126
Office and mixed use		731 019	230 229	5 324 541	2 273 880	616 186	255 390	5 224 872	2 318 078
Glenfair Boulevard Shopping Centre		56 849	27 256	419 044	222 217	50 208	62 529	388 900	157 480
Lynnwood Bridge – Retail		44 858	21 616	335 267	175 244	43 806	27 005	311 313	160 844
Newtown Junction – Retail		83 465	(40 331)	637 826	(56 580)	61 662	(14 711)	653 051	72 649
Garden Route Mall		139 701	56 848	1 247 711	502 504	122 846	74 004	1 186 014	452 361
Brooklyn Mall#		75 601	49 971	740 972	330 398	71 999	36 919	677 335	260 397
MooiRivier Mall		119 751	51 998	1 106 356	459 450	113 591	56 078	1 042 802	398 427
Andringa Walk	3	26 554	10 714	182 908	80 143	24 864	711	169 323	65 922
Eikestad Mall ^		68 918	41 277	573 031	253 604	65 200	26 021	529 416	202 783
Mill Square^		8 681	11 521	96 044	47 210	7 596	1 778	78 975	30 161
Waterfall – Mall of Africa^		79 675	528 840	3 730 216	2 125 461	–	–	–	–
Waterfall – Waterfall Corner		29 268	18 503	204 741	136 623	28 758	10 447	185 440	88 943
Waterfall – Waterfall Lifestyle		21 142	464	116 153	40 125	14 751	10 324	112 371	28 172
Retail		754 463	778 677	9 390 269	4 316 399	605 281	291 105	5 334 940	1 918 139
Waterfall – Angel Shack	2	2 587	3 546	36 692	27 505	4 728	5 629	32 931	23 631
Waterfall – Medtronic	2	9 434	11 741	137 800	55 670	8 911	18 589	108 442	20 949
Waterfall – Cummins*	2	9 074	9 187	94 740	34 339	1 105	14 357	78 008	76 814
Waterfall – Dräger	2	5 663	1 626	75 294	31 073	6 829	12 601	71 250	32 118
Waterfall – Massbuild		39 793	16 486	256 380	87 619	32 939	16 073	243 439	40 028
Waterfall – Westcon	2	8 718	2 990	106 068	39 501	9 977	9 209	99 176	88 324
Waterfall – Hilti	2	4 591	3 148	59 276	28 978	–	–	–	–
Waterfall – Servest	2	11 999	12 581	157 013	69 180	–	–	–	–
Waterfall – Stryker	2	4 511	2 820	61 314	24 896	–	–	–	–
Light industrial		96 370	64 125	984 577	398 761	64 489	76 458	633 246	281 864
Newtown Junction – City Lodge		5 298	11 894	109 484	23 015	–	–	–	–
Lynnwood Bridge – City Lodge		21 042	14 089	180 838	91 234	20 428	14 134	170 481	88 127
Waterfall – City Lodge		12 897	(1 858)	94 526	44 980	5 812	(468)	99 904	46 361
Hotel		39 237	24 125	384 848	159 229	26 240	13 666	270 385	134 488
Le Chateau		–	(12 004)	5 000	2 753	–	(4)	17 000	14 755
Waterfall – Development rights	3	–	(178 510)	1 174 018	1 174 022	–	68 751	1 467 422	1 467 387
Waterfall – Infrastructure and services	3	–	(24 502)	1 115 750	832 447	25	(7 751)	615 991	207 744
Vacant land		–	(215 016)	2 294 768	2 009 222	25	60 996	2 100 413	1 689 886

Business segment	Notes	Audited 30 June 2016 Revenue R'000	Audited 30 June 2016 Net profit (loss) R'000	Audited 30 June 2016 Investment properties R'000	Audited 30 June 2016 Net asset value R'000	Audited 30 June 2015 Revenue R'000	Audited 30 June 2015 Net profit (loss) R'000	Audited 30 June 2015 Investment properties R'000	Audited 30 June 2015 Net asset value R'000
Newtown Junction – City Lodge		–	–	–	–	–	4 656	73 018	25 425
Newtown – Carr Street		–	–	27 577	27 418	–	–	8 569	8 569
Waterfall – Allandale Building		–	52 542	322 095	242 397	–	3 627	69 848	52 023
Waterfall – Hilti		–	–	–	–	–	9 963	38 981	28 575
Waterfall – Mall of Africa^		–	–	–	–	–	339 686	2 010 139	624 601
Waterfall – Maxwell Office Park – Phase IV*		–	–	–	–	–	15 795	101 658	12 456
Waterfall – PwC Tower and PwC Annex˜		–	13 106	463 401	170 114	–	27 895	152 688	187 564
Waterfall – Servest		–	–	–	–	–	28 073	127 134	40 125
Waterfall – Stryker		–	–	–	–	–	11 662	41 982	18 898
Waterfall – Torre Industries		–	7 003	78 301	50 108	–	–	–	–
Waterfall – Amrod		–	12 490	261 942	131 537	–	–	–	–
Waterfall – Dimension Data		–	4 879	59 345	34 868	–	–	–	–
Developments under construction		–	90 020	1 212 661	656 442	–	441 357	2 624 017	998 236
MAS Real Estate Inc.		–	192 968	–	2 722 460	–	163 935	–	2 537 711
Atterbury Cyprus Limited		–	124 060	–	891 980	–	–	–	–
Atterbury Africa Limited		–	(1 685)	–	13 380	–	6 059	–	18 256
Stenham European Shopping Centre Fund Limited		–	43 747	–	380 803	–	(29 177)	–	344 256
Atterbury Serbia BV		–	(557)	–	34 237	–	–	–	–
Gruppo Investment Limited (Ikeja Mall)		–	(23 396)	–	324 751	–	–	–	–
The Grove Mall of Namibia		–	36 521	–	163 049	–	54 842	–	143 486
Mall of Mauritius at Bagatelle Limited		–	–	–	–	–	3 013	–	188 394
Bagaprop Limited		–	–	–	–	–	7 484	–	468 020
Other international		–	5 633	–	104 369	–	925	–	72 793
International		–	377 291	–	4 635 029	–	207 081	–	3 772 916
Head office/other		(71)	(62 443)	–	(977 642)	714	236 941	–	850 843
Total		1 621 018	1 287 008	19 591 664	13 471 320	1 312 935	1 582 994	16 187 873	11 964 450

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

COMMENTARY

Introduction

Attacq is a South African capital growth property company listed on the Johannesburg Stock Exchange. Attacq's vision is to be the premier property fund in South Africa. Attacq pursues this vision through its strategic drivers of *Invest*, *Develop* and *Grow*. Attacq's business has two key focus areas: Investments and Developments. Investments comprise completed buildings held directly and indirectly. Developments comprise land, greenfields development of land and brownfields development by refurbishment of existing buildings. Investments provide stable income and balance sheet strength to responsibly secure and fund sound growth opportunities. Attacq has a total asset value of R27.6 billion, which includes landmark commercial and retail property assets and developments. Attacq's portfolio of properties and investments consists of geographically diverse assets across South Africa as well as a growing representation of international investments in sub-Saharan Africa, Western, Central and Eastern Europe ("**CEE**").

Highlights

- Net asset value per share adjusted for deferred tax ("**Adjusted NAVPS**") increased by 15.3% to R21.89
- Total assets increased by 18.6% to R27.6 billion
- International investments increased by 34.0% to R5.8 billion
- Net rental income increased by 17.2% to R1.1 billion
- Vacancies reduced from 4.0% to 2.4%
- Attacq's super-regional mall, the Mall of Africa ("**the Mall**"), successfully opened on 28 April 2016
- South African Council of Shopping Centres ("**SACSC**") Spectrum Award for the best retail development
- MSCI award for the best performing property fund in the office sector

Adjusted NAVPS and net asset value per share ("NAVPS")

Adjusted NAVPS increased by 15.3% from R18.98 to R21.89 and NAVPS increased by 12.7% from R17.06 to R19.23.

Acquisitions

Investment in Cyprus

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

The 47 000 m^2 Shacolas Emporium Park comprises the 27 000 m^2 Mall of Cyprus and the 20 000 m^2 Ikea store, and attracts over five million shoppers annually. The Mall of Engomi is a 13 600 m^2 retail centre located in the west of Nicosia and attracts more than one and a half million shoppers annually. Both centres are trading well with low vacancies and provide expansion opportunities. Attacq's share of the acquisition consideration was R670.6 million and the total investment, both equity and loan accounts, is valued at R892.0 million as at 30 June 2016.

Investment in Serbia

Effective 1 December 2015, the Group, jointly with Atterbury Europe, acquired a 33.0% shareholding in BreAtt B.V. ("**BreAtt**"), the owner of a portfolio of five operational Serbian retail properties with a gross value of R3.1 billion. The seller, Balkans Real Estate B.V. ("**BRE**"), retained a 67.0% shareholding in BreAtt. Subsequent to the acquisition, BreAtt acquired an operational property with a further property planned to be acquired during the course of the 2016 calendar year. The portfolio was acquired at a euro yield in excess of 8.0% and Attacq's total investment is valued at R367.1 million as at 30 June 2016. Attacq's effective shareholding in BreAtt increased from 8.3% to 12.5% post year end as detailed under subsequent events below.

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

In addition to the operational properties acquired, Atterbury Serbia and BRE have jointly invested €40.0 million into a development fund which is to undertake retail developments in Serbia and neighbouring countries. BreAtt is in the advanced stages of selecting development opportunities for the investment of these funds.

Investment in Nigeria

The Group acquired a 25.0% shareholding in Ikeja City Mall located in Lagos, Nigeria with the balance of 75.0% held by Hyprop Investments Limited ("**Hyprop**"). The effective date of the transaction was 17 November 2015, at a purchase consideration equivalent to R325.6 million. As at 30 June 2016, the total investment was valued at R326.7 million.

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

Disposals

Mauritian assets

Effective 27 November 2015, the Group disposed of a 34.9% shareholding in Bagaprop Limited and a 49.9% interest in Mall of Mauritius at Bagatelle Limited. The two entities were the owners of the Bagatelle Mall in Mauritius and the land and developments surrounding the Bagatelle Mall. These investments were held via Attacq's 85.0% (80.0% as at 30 June 2015) subsidiary, Atterbury Mauritius Consortium Proprietary Limited ("**AMC**"). Attacq completed the exit from its Mauritius assets by disposing of its shareholding in AMC to Atterbury Property Holdings Proprietary Limited ("**Atterbury**"). Total cash funds received by Attacq from the exit of these assets amounted to R676.4 million, realising a profit of R145.0 million, which is included in other income.

*The Club Retail Park Proprietary Limited ("**The Club**")*

Atterbury Property Fund Proprietary Limited acquired Attacq's 32.0% interest in The Club for a purchase consideration of R11.6 million plus settlement of the Attacq loan accounts. The effective date of the transaction was 30 June 2016. The total proceeds were received during July 2016.

50.0% undivided share in Great Westerford

Attacq's 50.0% undivided share in the Great Westerford property was sold to The Leaf Property Fund Trust for an amount of R292.0 million. The property was transferred on 25 April 2016.

Atterbury

Effective 30 June 2016, Attacq disposed of its remaining 10.0% shareholding in Atterbury for a purchase consideration of R90.0 million. A profit of R33.3 million was realised which is included in other income.

*MAS Real Estate Inc. ("**MAS**") shares*

On 8 April 2016, Attacq disposed of over nine million MAS shares at R22.00 per share, resulting in proceeds of R200.0 million. As a result of this disposal and Attacq electing not to participate in a capital raise undertaken by MAS, Attacq's shareholding in MAS at 30 June 2016, decreased to 41.4% (2015: 45.3%).

Less significant disposals

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

Amendment of contractual arrangements

Waterfall

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

Financial position

Investment properties

As per the table below, investment properties increased by 11.5% to R18.0 billion which represents 65.3% (2015: 69.5%) of the total assets of the Group. The amount excludes investment properties currently disclosed as non-current assets held for sale.

	30 June 2016 R'000	30 June 2015 R'000
Completed buildings	15 282 887	11 945 642
Developments under construction	1 185 084	2 624 017
Development rights	1 059 298	1 467 422
Infrastructure and services	1 111 772	615 991
Vacant land	5 000	17 000
Per valuation	18 644 041	16 670 072
Straight-line lease debtor	(600 849)	(482 199)
Total	18 043 192	16 187 873

Buildings completed during the year

During the year the following eight buildings were completed, with seven of them in Waterfall. Attacq's attributable share of the total of 160 742 m² primary gross leasable area ("**GLA**") of these properties is 127 198 m²:

Property	Sector	Completion date	GLA (m²)*	Occupancy %
Waterfall				
Mall of Africa#	Retail	April 2016	123 348~	99
Hilti	Industrial	October 2015	3 948	100
Servest	Industrial	August 2015	6 650	100
Stryker	Industrial	September 2015	3 220	100
Maxwell Office Park – Colgate^	Office	August 2015	4 242	100
Maxwell Office Park – Mac Mac House^	Office	October 2015	6 288	100
Maxwell Office Park – Magwa House^	Office	June 2016	7 218	100
Other				
City Lodge Newtown	Hotel	November 2015	5 828	100
Total			**160 742**	**100**

* *100% of the GLA is reflected above*

Attacq has an undivided share in the property: ^50%; #80%

~ *Previously shown as 131 038 m², which is total GLA versus primary GLA shown above, subject to final measurement*

The Mall of Africa, which is centrally located in Gauteng, opened on 28 April 2016. The success of the Mall is evident in the 3.5 million shoppers who have visited in the three months ended July 2016. National retail tenants have indicated that their Mall of Africa branch trades in the top five of their South African portfolio. At the SACSC 20th Annual Congress, the Mall won the Spectrum Award for the best retail development in the category of new regional and super-regional shopping centres above 20 000 m².

Developments under construction

The following properties were under development at 30 June 2016. Attacq's attributable share of the total of 115 666 m² GLA of these properties is 104 360 m²:

Property	Sector	Anticipated completion date	GLA (m²)*	% pre-let
Waterfall				
Allandale Building	Office	August 2016	14 848	>70
PwC Tower and Annex˜	Office	January 2018	45 223	100
Amrod	Industrial	November 2016	38 455	100
Dimension Data warehouse	Industrial	August 2016	8 230	100
Torre Industries	Industrial	August 2016	8 910	100
Total			**115 666**	**>96**

* *Estimated GLA for 100% of development. Subject to change upon final re-measurement post completion*
˜ *Attacq has a 75% undivided share in the property*

Development rights

Development rights relate to the contractual rights held by Attacq Waterfall Investment Company Proprietary Limited ("**AWIC**") to develop certain land parcels in Waterfall. These rights form a material element of the overall land valuation. As at 30 June 2016, 1.3 million m² (2015: 1.4 million m²) of Waterfall's total bulk of 1.9 million m² (2015: 1.8 million m²) remains available for development.

The reasons for the reduction in value of development rights from R1.5 billion to R1.1 billion relate to a more conservative outlook on the future roll-out period of potential developments and the reclassification of land parcels 3 and 24 to non-current assets held for sale. In the current financial year, the two land parcels had a combined value of R114.7 million (2015: R106.0 million).

Infrastructure and services

The net growth in infrastructure and services is as a result of the costs incurred to service the Waterfall land in preparation for the development of Waterfall City and future developments. Although this asset generated no cash return, it creates the platform for future economic benefits from top structure developments. At 30 June 2016, Attacq held 783 000 m² of serviced land which can be rolled out without any further infrastructure spend.

Newly secured developments

Attacq has taken the initiative to develop a speculative office building, named Gateway Building West, linked to The Mall of Africa in Waterfall City. The anticipated date of completion is August 2017, with a primary GLA of 13 891 m².

Best performing property fund in the office sector

Attacq won the MSCI award for the best performing office portfolio for their three-year annualised total return to December 2015. The Group's three-year return was 16.5% versus a benchmark 12.9%. The out-performance is mainly attributable to excellent capital growth of the assets.

Investments in and loans to associates

MAS

Attacq's equity accounted investment in MAS increased from R2.2 billion as at 30 June 2015, to R2.7 billion as at 30 June 2016.

In March 2016, the agterskot owing by MAS in respect of the disposal of the Karoo Investment Fund S.C.A. SICAV-SIF ("**Karoo**") to MAS in December 2013 realised R479.8 million (€28.1 million). Attacq's shareholding increased by 2.0% at the time, with 21.3 million new MAS shares being issued to Attacq in consideration for the agterskot. In the prior year, the agterskot was included under other financial assets, but has now been reclassified under investment in associates.

Subsequent to the receipt of the agterskot shares, Attacq sold over nine million MAS shares and MAS undertook a R500.0 million capital raising in which Attacq did not participate, resulting in Attacq's shareholding in MAS decreasing to 41.4% as at year end (2015: 45.3%).

In March 2016, MAS invested €20.0 million for a 40.0% stake in a joint venture with Prime Kapital Limited ("**Prime Kapital**"), a real estate development and investment business established by Martin Slabbert and Victor Seminonov and backed by an experienced team with a proven track record. The joint venture will provide MAS with access to high growth in euro denominated jurisdictions and will focus on the development and redevelopment of commercial real assets in CEE to create a high quality portfolio of assets in dominant locations.

MAS' adjusted NAVPS decreased by 5.0% from 121.2 euro cents as at 30 June 2015 to 115.1 euro cents as at 30 June 2016. Foreign exchange losses of €25.3 million, or 7.3 euro cents per share, largely attributable to the impact of the Brexit outcome were recognised by MAS in the current year.

From a development perspective, phase one of MAS' New Waverley development has progressed well and the Adagio Hotel and its related retail component is expected to be completed at the end of this calendar year. Phase two is in the final stages of design preparation. The CEE portfolio is expected to commence with development in the new calendar year.

AttAfrica

Africa continues to experience challenging economic conditions given the continued strength of the US dollar, depressed commodity and oil prices and lack of stability in power supply. The dominant malls in the portfolio, notably Manda Hill Mall, Zambia and Accra Mall, Ghana, have defensive qualities and continue to trade relatively well given the challenging operating environment. Overall portfolio vacancies at 30 June 2016 were 4.0%.

At year end, the Group's investment in AttAfrica, being the shareholder loan to AttAfrica, amounted to R877.4 million (2015: R599.4 million). Achimota Mall in Accra, Ghana was completed in November 2015, and Kumasi City Mall, Ghana, the only remaining development under construction, has an expected completion date of April 2017. During the year under review, the Group recognised an impairment on the loan account of R58.3 million which is included in operating and other expenses. The impairment is due to the lower in-country investment properties valuations.

At 30 June 2016, AttAfrica's underlying assets were as follows:

Property	Location	GLA (m^2)	AttAfrica ownership %	Attacq's effective interest %
Completed buildings				
Accra Mall	Accra, Ghana	21 240	47	14.7
Achimota Mall	Accra, Ghana	15 170	75	23.4
West Hills Mall	Accra, Ghana	28 466	45	14.1
Manda Hill Mall	Lusaka, Zambia	40 561	50	15.6
Development under construction				
Kumasi City Mall	Kumasi, Ghana	18 000*	75	23.4

* *Proposed size*

Other financial assets

The decrease in other financial assets is as a result of the settlement of the Karoo agterskot as well as the settlement of the loan account to Atterbury for the acquisition of their 20.0% undivided share in the Mall of Africa. The amount due by Atterbury in respect of 18.8% of the Mall was settled after the completion of the Mall, with the balance of 1.2% to be settled based on the 30 June 2017 fair market value of the Mall, as determined by an external independent valuer.

Other investments

Attacq's 19.9% interest in Stenham European Shopping Centre Fund Limited, the owner of the Nova Eventis regional shopping centre in Leipzig, Germany is included in other investments at a value of R380.8 million (2015: R344.3 million).

On 30 June 2016, Attacq disposed of its 10.0% interest in Atterbury for a consideration of R90.0 million.

Non-current assets held for sale

Waterfall industrial properties

At year end, the following eight completed industrial properties were classified as non-current assets held for sale: Angel Shack, Cummins (50.0% undivided share), Dräger, Hilti, Medtronic, Servest, Stryker and Westcon. Equites Property Fund Limited ("**Equites**") and Attacq have established a joint venture in respect of a portfolio of industrial properties at Waterfall with effect from 1 July 2016. Equites have subscribed for an 80.0% shareholding in EA Waterfall Logistics JV Proprietary Limited ("**EAJV**") the acquirer of the portfolio, for a subscription consideration of R292.7 million payable on the transfer of the portfolio into EAJV. Attacq will hold the remaining 20.0% of EAJV.

Waterfall land parcel 24 and land parcel 3
Attacq has entered into an agreement for the disposal of its development rights in respect of land parcel 24, Waterfall, on loan account for R86.4 million to a new joint venture company, Winter Robin Investments 26 Proprietary Limited ("**WRI**"). The shareholding in WRI is 20.0% held by Attacq and 80.0% held by Sanlam Properties (a division of Sanlam Life Insurance Limited) ("**Sanlam Properties**"). Attacq has the right to increase its shareholding in WRI to 50.0%. As part of the transaction, WRI acquired additional light industrial development rights from one of the Mia affiliate companies for R371.6 million. Attacq advanced R16.9 million on loan account to WRI to fund the acquisition and the balance of the acquisition was funded by Sanlam Properties on loan account. After conclusion of the transaction, the total development rights in WRI equate to approximately 114.0 hectares.

Attacq, in addition, has contracted to dispose of its 15 000 m^2 retail development rights on land parcel 3 to a separate joint venture company with Sanlam Properties titled AWIC Pocket 3 JVCO Proprietary Limited ("**P3JV**"). Attacq disposed of the retail rights for R28.3 million and the amount remains outstanding on loan account. P3JV also acquired the remaining retail development rights on the same land parcel from the Mia affiliate company for R28.3 million. Attacq and Sanlam Properties each hold 50.0% in P3JV.

Brooklyn Bridge Office Park
Attacq management considers Brooklyn Bridge Office Park to no longer be a core asset. At year end, this property is classified as a non-current asset held for sale.

Sale of 20.0% undivided share in Andringa Walk
Attacq entered into a sale agreement with the existing co-owner of Eikestad Mall and Mill Square, Key Capital Holdings Proprietary Limited, in which it intends to sell a 20.0% undivided share in Andringa Walk for an amount of R37.0 million. The effective date of the sale transaction is 1 July 2016. The sale transaction was entered into to create alignment on the whole Eikestad precinct in which Attacq Retail Fund Proprietary Limited ("**ARF**") currently holds 80.0% in Eikestad Mall and Mill Square and 100.0% in Andringa Walk. ARF is a wholly-owned subsidiary of Attacq Ltd.

Borrowings

Total net interest-bearing borrowings increased by 30.2% compared with 30 June 2015, due to additional debt being incurred to fund the growing property portfolio.

Gearing, calculated as total interest-bearing debt less cash on hand as a percentage of total assets, increased from 36.3% as at 30 June 2015, to 39.9% as at 30 June 2016. In order to mitigate interest rate risk, approximately R11.0 billion or 79.5% of total committed facilities as at 30 June 2016 (2015: R8.9 billion or 74.7%) were hedged by way of fixed interest rate loans and interest rate swaps. This is well within the 70.0% minimum interest hedge policy set by the Attacq board. The weighted average cost of funding increased marginally over the last 12 months to 9.2% (2015: 9.0%).

Approximately 8.8% (R1.0 billion) of the Group's debt is due for repayment over the next 12 months, which includes R747.0 million relating to non-current assets held for sale. Similarly, 5.6% of the Group's interest rate swaps or fixed rate loans mature over the same period.

Financial performance

Profit before taxation

Net rental income
Net rental income, which includes straight-line lease income adjustments, increased by 17.2% compared to the prior year. The net rental income was positively impacted by the completion of eight buildings in the current reporting period (2015: 13 buildings). The weighted average lease expiry profile is 6.7 years as at 30 June 2016 (2015: 7.3 years). The 2016 rental income includes two months' income for the Mall which opened on 28 April 2016.

Property expenses as a percentage of gross rental income increased due to an increase in municipal charges which were not fully recovered from tenants as well as once-off costs relating to the Mall. Municipal charges of R345.7 million are included in the total property expenses of R502.8 million.

Vacancies
Overall portfolio vacancies, measured in terms of GLA, decreased by 6 501 m^2 compared to 30 June 2015. This decrease relates primarily to Newtown Junction, Lynnwood Bridge Phase III (Kaaimans and Bloukrans Offices) and Waterfall Lifestyle, all of which were completed during the 2015 financial year. Current vacant space is 16 273 m^2, which equates to 2.4% of the GLA.

Sector	30 June 2016 Vacancy %	30 June 2016 Vacant GLA (m^2)	30 June 2015 Vacancy %	30 June 2015 Vacant GLA (m^2)
Retail	1.0	7 070	1.8	10 387
Office	1.4	9 203	2.2	12 387
Industrial	–	–	–	–
Hotel	–	–	–	–
Portfolio vacancy	2.4	16 273	4.0	22 774

Other income

Other income of R448.6 million includes unrealised foreign exchange gains of R211.6 million (2015: R65.6 million) and a profit of R145.0 million on the disposal of the Mauritius assets.

Operating and other expenses

The increase of 13.7% in operating and other expenses is primarily attributed to the increase in marketing, rates and taxes and security expenses relating to Waterfall which are not capitalised against the developments under construction. Other once-off expenses which are included are a R58.3 million impairment on the AttAfrica investment, a R22.4 million impairment on the investment in Ikeja Mall and a R12.0 million impairment of intangible assets.

Fair value adjustments

Compared to the prior year, fair value adjustments on investment properties decreased by 3.3% to R1.1 billion and are made up as follows:

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

Property valuations as at 30 June 2016 are based on external valuations performed by Jones Lang LaSalle Proprietary Limited, Old Mutual Investment Group: South Africa 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 basis. The valuation is then adjusted downward to take into account, *inter alia*, the nature of the contractual rights and the estimated future rental obligations attached to the development rights. The deteriorating economic environment and lower tenant activity have caused the directors to take a more conservative view of the roll-out of the development activity, resulting in a further reduction in value.

At 30 June 2016, a loss of R32.5 million was recorded on the valuation of the interest rate swap (2015: profit of R68.1 million).

Investment income

Included in investment income in the current year is interest income of R182.9 million (2015: R113.9 million) and dividend income of R52.8 million (2015: R28.6 million). Interest income from international investments, via loan accounts, amounted to R146.5 million (2015: R39.4 million). Attacq received a dividend of R101.2 million (2015: R42.5 million) from MAS which was applied to reduce the investment in associate upon consolidation due to equity accounting principles.

Finance costs

The increase in finance costs of 22.5% compared with the prior year is mainly attributable to the eight buildings (2015: 13 buildings) completed during the financial year, resulting in the finance costs post completion being expensed and no longer capitalised to the specific development as well as to the impact of interest rate increases.

Change in directors

Effective 1 July 2015, BT Nagle was appointed to the board as a non-executive director and LLS van der Watt's designation was changed from executive to non-executive. Following a review of his independence by the board, AW Nauta's designation was changed from non-executive to independent non-executive.

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

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

AW Nauta and PH Faure resigned as directors with effect from 30 April 2016.

Subsequent events

Waterfall industrial properties – joint venture with Equites
As indicated in the paragraph on non-current assets held for sale, Equites and Attacq have established a joint venture in respect of a portfolio of industrial properties at Waterfall with effect from 1 July 2016. The transfer date of the leasehold properties took place on 31 August 2016.

Waterfall land parcel 3 and 24 – joint ventures with Sanlam Properties
As indicated in the paragraph on non-current assets held for sale, Attacq has entered into joint venture arrangements with Sanlam Properties, whereby Attacq has agreed to dispose of some Waterfall development rights for an interest in two joint ventures. The effective date of these transactions is 1 July 2016.

Sale of 20.0% undivided share in Andringa Walk
Attacq entered into a sale agreement with Key Capital Holdings Proprietary Limited, in which it sells a 20.0% undivided share in Andringa Walk for an amount of R37.0 million. The effective date of the sale transaction is 1 July 2016. Further details are included under non-current assets held for sale.

Further investment into Atterbury Serbia
On 12 August 2016, Attacq invested a further €6.6 million (R100.3 million) into Atterbury Serbia in order for Atterbury Serbia to increase its shareholding in BreAtt from 33.0% to 50.0%. Further details are included under acquisitions.

The directors are not aware of any matters or circumstances arising subsequent to 30 June 2016 that require any additional disclosure or adjustment to the financial statements.

Prospects

In South Africa, in addition to optimising its growing R15.3 billion portfolio of operational buildings and delivering on its Waterfall pipeline, Attacq is actively pursuing further investment opportunities. The Waterfall node continues to strengthen, with seven new buildings completed during the year under review, adding 121 370 m^2 GLA to Attacq's portfolio. The super-regional Mall of Africa opened on 28 April 2016, and is expected to act as a strong catalyst for demand for premises in the surrounding Waterfall City, which has a further 640 665 m^2 of bulk available for development. Waterfall City is seen as one of the most significant South African commercial developments of the decade and is expected to continue to attract local and international attention as the new corporate headquarters destination.

Internationally, Attacq has invested into new markets in Cyprus and Serbia, which complement its existing Western European exposure via MAS. The MAS joint venture with Prime Kapital is expected to start bearing fruit with land having been acquired and an exclusive pipeline is in place. The Cyprus assets provide expansion opportunities and in Serbia, development opportunities have been identified for the deployment of BreAtt's €40.0 million development fund. In sub-Saharan Africa, the challenging environment caused by the strong dollar and depressed commodity prices is expected to continue and Attacq's focus in Africa will be on completing Kumasi City Mall, Ghana and active asset management of existing assets through the cycle.

Basis of preparation and accounting policies

The Summarised Provisional Consolidated Financial Statements for the year ended 30 June 2016 have been prepared in accordance with the requirements of the JSE Listings Requirements applicable to summarised provisional reports and the requirements of the Companies Act of South Africa, No. 71 of 2008, as amended, applicable to summarised financial statements. The JSE Listings Requirements require provisional reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("**IFRS**"), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, and to also, as a minimum, contain the information required by IAS 34: Interim Financial Reporting.

This report was compiled under the supervision of M Hamman CA(SA), chief financial officer of Attacq.

The accounting policies applied in the preparation of the Summarised Provisional Consolidated Financial Statements are in terms of IFRS and are consistent with the accounting policies applied in the preparation of the previous consolidated financial statements, with the exception of the adoption of new and revised standards which became effective during the year. These standards did not have any impact on the financial statements.

Fair value disclosure

The Group's investment properties were externally valued by independent valuers. In terms of IAS 40: Investment Property and IFRS 7: Financial Instruments: Disclosure, the Group's investment properties are measured at fair value and are categorised as level 3 investments. The valuation of investment properties requires judgement in the determination of future cash flows from leases and an appropriate capitalisation rate which varies between 6.3% and 9.5% (2015: 6.3% and 9.5%). Changes in the capitalisation rate attributable to changes in market conditions can have a significant impact on property valuations. A 50 basis points weakening in the capitalisation rate will decrease the value of investment properties by R603.3 million (2015: R572.1 million). A 50 basis points improvement in the capitalisation rate will increase the value of investment properties by R690.6 million (2015: R648.6 million). Changes in the discount rate attributable to changes in the underlying risk profile associated with the property portfolio can have a significant impact on property valuations. A 50 basis points weakening in the discount rate will decrease the value of investment properties by R462.8 million (2015: R450.3 million). A 50 basis points improvement in the discount rate will increase the value of investment properties by R480.9 million (2015: R464.0 million). In terms of IAS 39: Financial Instruments: Recognition and Measurement and IFRS 7, the Group's currency and interest rate derivatives as well as the equity derivative are measured at fair value through profit or loss and are categorised as level 2 investments. Unlisted investments are categorised as level 3. There were no transfers between levels 2 and 3 during the year. The valuation methods applied are consistent with those applied in preparing the previous consolidated financial statements. This announcement does not include the information required pursuant to paragraph 16A(j) of IAS 34. The financial statements are available on the issuer's website, at the issuer's registered offices and upon request.

Audit report

The auditor, Deloitte & Touche, has issued its opinion on Attacq's Consolidated and Separate Financial Statements for the year ended 30 June 2016. The audit was conducted in accordance with International Standards on Auditing. Deloitte & Touche has issued an unmodified opinion. A copy of the auditor's report together with a copy of the audited consolidated and separate financial statements is available for inspection at the Company's registered office and on the Company's website.

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 2016, but is not itself audited. The directors take full responsibility for the preparation of these summarised provisional consolidated financial results and confirm that the financial information has been correctly extracted from the underlying audited Consolidated Financial Statements. Any reference to future financial information included in this announcement has not been reviewed or reported on by the auditor. Shareholders are advised that, in order to obtain a full understanding of the nature of the auditor's engagement, they should obtain a copy of that report together with the audited Consolidated Financial Statements as at 30 June 2016 from the Company's registered office or from the Company's website.

On behalf of the board

P Tredoux
Chairman
9 September 2016

MC Wilken
Chief executive officer

NOTES

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Directors

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

Company Secretary

T Kodde

Attacq Limited

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("Attacq" or "the Company" or "the Group")

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Sponsor

Java Capital

GREYMATTER & FINCH # 10007