Summarised Provisional Consolidated

FINANCIAL RESULTS

for the year ended 30 June 2021

ATTACQ

INVEST • DEVELOP • GROW

Commentary

Performance summary

- Group distributable income declined by 35.9% to 46.8cps mainly due to no dividends received from MAS
- Distributable income from South African operations increased by 22.5%
- R2.8 billion of capital recycling announced to date with liquidity of R1.7 billion at year end
- Group gearing decreased to 43.3% with further improvement post year end
- South African real estate portfolio rental collection rate of 101.5%
- South African occupancy levels improved to 95.2%
- Five buildings completed in Waterfall City with a further five buildings under construction
- Waterfall City continues to attract high quality clients, with a total 47 930m^2 of new developments commencing post year end

Introduction

Attacq is a South African-based Real Estate Investment Trust (REIT), with a vision to create sustainable value for all stakeholders through a value-based strategy, ensuring positive impact in our communities and environment. Attacq is well-positioned to deliver its purpose to create safe, sustainable community spaces providing remarkable experiences in our managed precincts.

Attacq's strategic approach is to think differently about real estate through our quality precincts. Trends in online shopping and work-from-home continue to change the way we interact with real estate. Our approach influences the way we shape our real estate precincts and our service offerings. Shopping malls must be more than just retail spaces – they are retail-experience hubs. Office spaces must become collaboration hubs, providing opportunities for physical interaction and collaboration, in response to the evolution of the office environment. Our logistics and distribution centres continue to be safe, secure urban logistics hubs, fully integrating office and warehouse requirements into a single location, resulting in a hybrid asset class. This is demonstrated in the development of Waterfall City into a smart, safe and sustainable city, where we put people first, embrace business disruptions and find value creating opportunities.

Historically Attacq's strategy was based on four drivers: (1) South African portfolio; (2) Developments at Waterfall; (3) Investment in MAS Real Estate Inc. (MAS); and (4) Rest of Africa retail investments. During the year, in execution of its debt reduction strategy, Attacq reduced its shareholding in MAS from 20.7% to 6.5% and reaffirmed its exit strategy for the Rest of Africa retail investments. Attacq has since refocused its approach: (1) Waterfall City, that comprises its completed real estate portfolio, developments under construction and leasehold land; (2) Rest of South Africa, that comprises the remainder of its South African completed real estate portfolio; and (3) Other investments, that comprises the remaining investment in MAS and Rest of Africa retail investments.

The group has restated its prior annual financial statements. For more information, refer to the paragraph below titled Restatement of Attacq's prior year annual financial statements.

General overview

We maintained our focus on delivering our key financial and operational priorities throughout the year, resulting in an improved capital structure through disposals and debt refinancing, and achieved a strong operational performance evidenced by high collection rates and occupancy levels amidst imposed lockdown restrictions, and the introduction of new high quality clients to Waterfall City.

The group net asset value (NAV) decreased by 4.1% to R11.1 billion (2020: R11.6 billion).

Distributable income

The distributable income of the group is closely aligned with cash generated from operations, adjusted to reflect recurring income.

Total distributable income decreased by 35.9% to 46.8cps. Notwithstanding difficult trading conditions, the Waterfall City and the Rest of South Africa portfolios delivered strong performances. The distributable income from Waterfall City increased by 30.6% to 33.3cps (2020: 25.5cps), mainly as a result of rental income earned from newly completed developments and lower rental discounts compared to the prior financial year. The distributable income from the Rest of South Africa increased by 9.1% to 16.8cps (2020: 15.4cps) boosted by lower rental discounts to clients in the current year. Distributable income from Other investments decreased from 32.1cps to a loss of 3.3cps mainly due to Attacq not receiving a dividend from its investment in MAS.

A breakdown of distributable income focus area is tabled below:

	June 2021		June 2020		Change
Distributable income	**R'000**	**cps**	R'000	cps	in cps %
Waterfall City	**234 768**	**33.3**	179 772	25.5	30.6
Rest of South Africa	**118 620**	**16.8**	108 656	15.4	9.1
Other investments	**(23 266)**	**(3.3)**	225 746	32.1	(110.3)
Total	**330 122**	**46.8**	**514 174**	**73.0***	**(35.9)**

* Previously reported as 73.1 cents and subsequently updated in accordance with the SA REIT Association Best Practice Recommendation Second Edition adopted by Attacq in its year ended 30 June 2021

The impact of discounts and collections as a result of lockdown restrictions are reflected in the table below:

Impact on distributable income	June 2021 Total R'000	June 2021 Retail R'000	June 2021 Non-retail R'000	June 2020 Total R'000
Discounts	**(75 965)**	**(71 156)**	**(4 809)**	(102 949)
Bad debt written off	**(8 347)**	**(7 629)**	**(718)**	(4 628)
Expected credit losses	**3 822**	**2 344**	**1 478**	(32 786)
Net lease receivables outstanding after bad debt and expected credit losses	**16 699**	**12 848**	**3 851**	(32 091)
Total	**(63 791)**	**(63 593)**	**(198)**	**(172 454)**

Financial performance

Rental income for the group was in line with the prior year at R2.2 billion. Like-for-like rental income decreased by 0.5% (2020: decreased by 4.8%).

Group property expenses, excluding cost of sales of sectional-title units, decreased by 1.5% (2020: increase 2.6%) to R757.0 million (2020: R768.7 million), mainly due to a decrease in bad debt written off and provision for bad debts offset by the municipal charge recovery ratio having decreased to 87.6% (2020: 90.6%) resulting from temporary vacancies in the portfolio. Property expenses decreased by 4.1% (2020: increased by 4.9%) on a like-for-like basis.

Group net profit from property operations, excluding the IFRS adjustment for straight-line leasing and net proceeds from the sale of sectional-title units, was unchanged at R1.4 billion. On a like-for-like basis, net operating income increased by 1.4% (2020: 4.2%).

Waterfall City and Rest of South Africa's completed real estate portfolio

Our real estate portfolio focuses on smart, safe and sustainable precinct-based hubs, with a quality development pipeline, unlocking unique opportunities within Waterfall City. Attacq's high-quality South African real estate portfolio consists of retail-experience hubs (retail), collaboration hubs (office and mixed-use), logistics hubs (light industrial) and hotels. Our recent disposals of the Deloitte head office, Massbuild distribution centre and Amrod building, at close to their valuations demonstrates the quality of the real estate portfolio.

Retail-experience hubs

An accelerated change in shopper behaviour was evident during the year owing to lockdown restrictions and an increased availability of online shopping with the proliferation of grocery delivery services. In order to embrace this trend, Attacq malls are being transformed into experiential community spaces, referred to as retail-experience hubs, offering an optimal client mix, space where people connect and benefit from on-demand services, collection points and shopper loyalty. To attract more shoppers, popular community businesses are targeted to enhance our retail experience. During the year, Attacq launched a digital application, SHÔPING, at the Mall of Africa, which will be rolled out to all Attacq malls in phases, and is aimed at significantly improving our shopper experience and omnichannel integration.

Despite the negative impact of lockdown restrictions, particularly the restriction on alcohol sales, limited entertainment capacity and curfews, the portfolio's retail trading densities only marginally decreased on average for the 12-month period ended 30 June 2021 by 0.4% to R3 012/m^2 (30 June 2020: R3 023/m^2) whilst Mall of Africa reflected positive trading density growth of 2.4%.

Collaboration hubs

The property and asset management teams continued to engage proactively with individual clients across the entire portfolio in order to listen to and understand their business needs. As clients adopt hybrid working arrangements, the need for collaborative spaces is gaining prominence. Attacq offers flexible solutions in terms of space requirements and leases, with a focus on space optimisation, convenience and space as a service.

Logistics hubs

Due to Waterfall City's strategic position within the greater Gauteng area and its safe urban offering, interest in warehouse and office consolidations has continued. The most recent example of this is the Cotton On head office and distribution centre which is under construction, comprising 20 786m^2 of leased premises.

Client support

Attacq continued to support tenants by providing rental relief in the form of discounts and deferrals to assist with business continuity. Most of the relief has focused on restaurants, entertainment clients and gyms.

Rental relief	June 2021 Total R'000	June 2021 Retail R'000	June 2021 Non-retail R'000	June 2020 Total R'000
Discounts	**75 965**	**71 156**	**4 809**	102 949
Deferrals	**3 962**	**2 014**	**1 948**	10 910
Total relief	**79 927**	**73 170**	**6 757**	**113 859**

Property cost-to-income ratio

The decrease in the Waterfall City portfolio's cost-to-income ratios is mainly due to economies of scale and cost-saving initiatives. The increase in cost-to-income ratios for the Rest of South Africa portfolio is influenced by the Auditor General of South Africa building (Lynnwood Bridge) interim vacancy period for which municipal expenses were not recovered.

Property cost-to-income ratio	June 2021 %	June 2020 %
Waterfall City		
Net cost-to-income ratio[1]	**20.6**	23.7
Gross cost-to-income ratio[2]	**35.4**	38.5
Rest of South Africa		
Net cost-to-income ratio[1]	**21.6**	15.9
Gross cost-to-income ratio[2]	**39.4**	34.3

1 (property expenses per income statement + repayment of lease liability interest + repayment of lease liability capital + municipal recoveries)/(rental income per income statement – municipal recoveries)

2 (property expenses per income statement + repayment of lease liability interest + repayment of lease liability capital)/rental income per income statement

The Waterfall portfolio's ratios include the land lease rental obligation. The impact of IFRS 16: Leases has been excluded for the purpose of this calculation.

Occupancy

The overall portfolio occupancy rate increased from 93.6% as at 30 June 2020 to 95.2% as at 30 June 2021. The 13 959m^2 unoccupied retail-experience hub space relates mainly to the Mall of Africa (6 820m^2), MooiRivier Mall (2 895m^2), Brooklyn Mall (1 421m^2) and Eikestad Mall (955m^2). The Mall of Africa completed its first five-year lease cycle at the end of April 2021. Management took the opportunity to optimise the tenant mix by introducing 20 new brands, which includes new-concept stores for HiFi Corporation and Clicks Baby, as well as Ted Baker, Hugo Red and Nando's. After taking these new lets into account, some of which were a direct result of shopper requests, the unoccupied space reduces to 2 791m^2.

The 23 102m^2 unoccupied collaboration hub spaces mainly relate to Brooklyn Bridge Office Park (6 870m^2), Allandale building (5 339m^2) and The Ingress Building 2 (4 395m^2). Subsequent to the year-end, 6 148 m^2 of the total of 37 061m^2 of vacancies were filled, most of which relate to the retail-experience hubs.

Sector occupancy	June 2021 Rest of South Africa %	June 2021 Waterfall City %	June 2021 Total %	June 2021 Occupied GLA m^2	June 2020 Rest of South Africa %	June 2020 Waterfall City %	June 2020 Total %	June 2020 Occupied GLA m^2
Retail-experience hubs	**94.1**	**96.4**	**95.5**	**296 548**	96.9	96.5	97.1	286 493
Collaboration hubs	**93.8**	**85.5**	**91.7**	**256 247**	95.6	68.1	86.2	258 853
Logistics hubs	**100.0**	**100.0**	**100.0**	**163 856**	100.0	100.0	100.0	170 451
Hotel	**100.0**	**100.0**	**100.0**	**20 405**	100.0	100.0	100.0	13 690
Portfolio occupancy	**96.0**	**93.6**	**95.2**	**737 056**	**97.4**	**87.2**	**93.6**	**729 487**
Add: filled post year-end	**1.1**	**0.3**	**0.8**	**6 148**	0.7	0.5	0.6	4 667
Adjusted portfolio occupancy	**97.1**	**93.9**	**96.0**	**743 204**	**98.1**	**87.7**	**94.2**	**734 154**

Space management

The portfolio's weighted average lease expiry (WALE) decreased to 5.6 years (2020: 5.8 years). Leases amounting to 94 910m^2 (12.3% of total GLA) expired during the year, of which 85.0% have been renewed. Renewed leases were concluded at a weighted average negative reversion rental rate of 16.5% and a weighted average lease escalation rate of 5.5%. An example of evidence of remarkable experiences is the Garden Route Mall, which remained fully let despite the five-year lease renewal cycle taking place during lockdown restrictions. We followed a strategic approach in negotiating leases to navigate short-term market uncertainty while protecting long-term value.

Space renewals	GLA m²	Client retention rate %	Expiring rental rate change* %	Escalation rate* %
Retail-experience hubs	76 116	91.7	(15.2)	5.9
Collaboration hubs	18 794	57.8	(26.6)	1.5
Portfolio	**94 910**	**85.0**	**(16.5)**	**5.5**

* Based on new and renewed leases pertaining to leases that expired during the financial year

Developing Waterfall City

To ensure the long-term sustainability of Waterfall City, we focus on creating a smart, safe and sustainable work-live-play precinct. Following the success of Ellipse Waterfall, Attacq is expanding the residential offering of Waterfall City by launching its latest residential development, The Mix. Sales targets achieved to date for The Mix have surpassed our expectations, despite being launched during the COVID-19 pandemic restrictions which have impacted general public sentiment. We welcomed our first apartment residents to the city, following the transfer of 196 Ellipse Waterfall units post year end.

Leasehold land

Leasehold land, encompassing both development rights and infrastructure, relates to the notarial leasehold rights in respect of Waterfall, held by Attacq Waterfall Investment Company Proprietary Limited (AWIC), a 100.0% subsidiary of Attacq. AWIC has until the end of the 2040 calendar year in which to proclaim its leasehold rights to the extent it has not already done so. Proclamation entails the formal government gazetting of leasehold land within a township and is predominantly an administrative process.

As at 30 June 2021, the group had 1 069 106m^2 (2020: 1 100 495m^2) of developable rights remaining, split between the Waterfall City logistics hub which includes Waterfall Junction (324 188m^2) and the rest of Waterfall City (744 918m^2).

During the year, we continued to invest in infrastructure in Waterfall City to unlock future development sites. Further enhancement is continuing including a new electrical substation to increase electricity supply to the logistics hub, enabling further diversification investment in light industrial uses.

Residential developments

Ellipse Waterfall, located on a prime city gateway site opposite the Mall of Africa, is a joint venture with Portstone Development Proprietary Limited (Portstone). Ellipse Waterfall comprises four deluxe high-rise towers, named after celebrated astronomers: Newton, Kepler, Cassini and Galileo. The construction of Newton and Kepler towers (Phase 1), a 50/50 undivided interest with Portstone, comprising 269 units, has been completed with more than 83.0% of the units having been sold. Transfer of the first 196 units took place post year end, with a further 27 units pending transfer. In excess of 60.0% of bankable pre-sales have been achieved in Phase 2, Cassini tower (± 180 units) to date. Attacq's interest therein will be 20.0%. Phase 3, Galileo tower (± 170 units) is in the early phases of design. The development is targeting a minimum four-star GBCSA (by design and as built) certification.

The Mix residential development in Waterfall City was launched on 3 July 2021. Attacq has partnered on a 50/50 joint venture with D2E Properties Proprietary Limited to develop a 14-storey, 391 apartment offering which will be situated adjacent the Mall of Africa. The sales of this innovative and affordable development, with apartment prices starting from R999 000, is exceeding expectations, having achieved over R115.0 million in pre-sales to date.

Newly completed developments

During the year, five developments were completed in Waterfall City, three of which are classified as investment property whilst Ellipse Waterfall Phase 1 is classified as inventory. These buildings added 33 332m² of GLA to Waterfall City, of which 22 325m² represents Attacq's effective share.

Newly completed developments	Practical completion date	Total GLA m²	Effective GLA m²	Pre-let/ pre-sold % based on total GLA	Effective valuation
Waterfall City – Collaboration hubs					
Waterfall Corporate Campus, Building 4^	Q3 FY21	4 970	2 485	100.0	53 724
Waterfall City – Logistics hubs					
Midi warehouse 4	Q1 FY21	4 603	4 603	100.0	48 556
Waterfall City – Hotel					
Nexus Waterfall, Courtyard Hotel (168 keys)	Q3 FY21	6 715	6 715	100.0	194 709
Waterfall City – Residential					
Ellipse Waterfall, Newton and Kepler towers^*#	Q4 FY21	17 044	8 522	>83.0	n/a
Total		33 332	22 325	>94.0	296 989

^ Attacq has an undivided share in the building of 50.0%
# Pre-sold % based on number of bankable sales

Developments under construction

Developments under construction at year-end amounted to R210.6 million (2020: R198.2 million) and comprised the following projects: Corporate Campus Building 6, Nexus Waterfall Building 1; and the Cotton On head office and distribution centre. Attacq commenced with the construction of Corporate Campus Building 7 and Vantage data centre Phase 1 post year end.

Developments under construction	Anticipated practical completion date	First lease commencement date	Total GLA* m²	Effective GLA* m²	Pre-let % based on total GLA
Waterfall City – Collaboration hubs					
Waterfall Corporate Campus, Building 6^	Q2 FY22	Q2 FY22	3 953	1 977	100.0
Nexus Waterfall, Building 1	Q3 FY22	Q3 FY22	7 456	7 456	53.0
Waterfall City – Logistics hubs					
Cotton On head office and distribution centre#	Q4 FY22	Q4 FY22	20 786	20 786	100.0
Sub-total			32 195	30 219	>80.0
Developments commenced post year end					
Waterfall City – Collaboration hubs					
Waterfall Corporate Campus, Building 7^	Q3 FY22	–	3 950	1 975	–
Vantage data centre, Phase 1^	Q2 FY23	Q2 FY23	11 785	5 893	100.0
Total			47 930	38 087	>84.0

^ Attacq has an undivided share in the building of 50.0%
* Estimated GLA of development, subject to change upon final re-measurement post completion
# 50.0% held for sale at year end

Pipeline developments

One large light industrial developments is in the final stages of approval.

Pipeline developments	Anticipated practical completion date	Total GLA** m²	Effective GLA** m²	Pre-let/ sold % based on total GLA
Waterfall City – Logistics hub				
Pipeline transaction^	Q2 FY23	14 943	7 471	100.0
Waterfall City – Residential				
Ellipse Waterfall, Cassini towers (180 units)$*#	Q3 FY23	15 412	3 082	>60.0
The Mix (391 units)^*#	Q2 FY23	17 560	8 780	>23.0
Total		47 915	19 333	>58.0

^ Attacq has an undivided share in the building of 50.0%
$ Attacq has an undivided share in the building of 20.0%
* Sectional title
# Based on number of bankable pre-sale units
** Estimated GLA of development, subject to change upon final re-measurement post completion

Valuations

The investment property value of the South African real estate portfolio is R17.0 billion (2020: R19.4 billion).

Valuations	June 2021 R'000	June 2020 R'000	% change
Waterfall City	11 059 614	11 621 300	(4.8)
Rest of South Africa	6 587 825	7 029 885	(6.3)
Sub-total	**17 647 439**	**18 651 185**	**(5.4)**
Developments under construction	210 593	198 172	6.3
Leasehold land	1 218 235	1 351 290	(9.8)
Sub-total investment property	**19 076 267**	**20 200 647**	**(5.6)**
Less: Held for sale	(1 303 665)	(75 626)	1 623.8
IFRS 16 Right-of-use assets	238 636	265 940	(10.3)
Total investment property (excluding straight-lining)	**18 011 238**	**20 390 961**	**(11.7)**
Straight -lining lease debtor	(1 019 441)	(1 016 541)	0.3
Total investment property (balance sheet)	**16 991 797**	**19 374 420**	**(12.3)**
Waterfall Junction	102 165	90 855	12.4
Inventory	216 336	119 927	80.4

Completed buildings

All income producing properties were valued externally using the discounted cash flow (DCF) methodology, except for: Deloitte head office (classified as non-current asset held for sale at 30 June 2021), which was valued based on the selling price net of commission; Cell C which was valued at an income capitalisation methodology and Lynnwood Bridge – City Lodge, which is a directors' valuation. External valuations were performed by Mills Fitchet Cape Proprietary Limited (Mills Fitchet), Sterling Valuation Specialists Close Corporation (Sterling), Broll Valuation and Advisory Services (Broll), and CBRE Excellerate CRES Proprietary Limited t/a CBRE Excellerate.

The property valuations take into account the external valuers' assessment of the economic impact of COVID-19 on the properties at the valuation date. External valuers are faced with an unprecedented set of circumstances on which to base a judgement as a result of the COVID-19 pandemic. The general risk environment in which the group operates has heightened over the past 18 months. The valuations across all asset classes are therefore reported on the basis of a "material valuation uncertainty" as per professional valuation guidelines. Consequently, less certainty – and a higher degree of caution – should be attached to the valuations provided than would normally be the case.

The impact of the COVID-19 pandemic on valuations is evident in long-term vacancy rates and market rental assumptions that were negatively adjusted to factor in current and forecast market conditions, while capitalisation rates (cap rates) for completed building valuations at 30 June 2021 were mostly static. The net result is a negative fair value adjustment of R1.5 billion (2020: R1.6 billion). This excludes the IFRS adjustment for straight-line leasing. The largest contributors to the negative fair value adjustments were the Mall of Africa (R233.2 million), Cell C (R264.9 million) and Brooklyn Bridge Office Park (R106.5 million). The information below is weighted on property values:

Completed buildings	% of total portfolio based on value	Discount rates %	Exit cap rates %	Cap rates %	Average value per GLA R/m²	Like-for-like value change %
Retail-experience hubs	48.7	11.96	7.50	7.19	27 689	(4.9)
Collaboration hubs	38.9	12.80	8.53	8.05	24 598	(10.3)
Logistics hubs	9.3	13.00	8.44	8.00	10 001	2.6
Hotel	3.1	12.78	8.75	8.00	26 452	2.2
Total portfolio	100.0	12.37	8.00	7.60	22 797	(6.2)

Developments under construction

The value of developments under construction as at 30 June 2021 is based on external valuations performed by Mills Fitchet and Sterling adjusted for costs still to be incurred to final completion.

Leasehold land

The group carries leasehold land, encompassing both development rights and infrastructure, at fair value. The group has determined fair value with reference to the comparable sales technique, which is in line with international best practice.

The output of the comparable sales valuation technique determines the valuation of the leasehold land, being the aggregate of development rights, infrastructure and services, less future cost of servicing and leasehold liabilities.

Category	Characteristics	Valuation
Unserviced leasehold land	Unserviced leasehold land with development potential	Land area multiplied by market rate per m² for unserviced land
Partially or fully serviced leasehold land	Leasehold land with section 82 certificates, a small measure of costs to complete	Land/bulk area multiplied by market rate per m² of serviced bulk, reduced by future costs of servicing and leasehold liability

Other investments

Other investments incurred a distributable loss of R23.3 million (2020: income of R225.7 million). The year-on-year decline is mainly due to the fact that no dividend was received from MAS during the year.

Investment in MAS

Attacq's shareholding has decreased from 20.7% to 6.5% at 30 June 2021 as the result of the disposal of 100.7 million shares for an aggregate amount of R1.4 billion.

The remaining investment in MAS, held in anticipation of capital growth and dividend income, was previously classified as an associate, is now classified as an investment and valued at a closing share price (30 June 2021) of R18.18 per share. The resultant carrying value is R839.2 million (2020: R1.9 billion). No dividend was received from MAS during the current financial year (2020: R233.6 million).

Subsequent to year end, MAS declared a 5.93 EUR cent per share dividend payable to shareholders on 27 September 2021.

For further information in respect of MAS' results, refer to the MAS website at www.masrei.com.

Rest of Africa retail investments

As at 30 June 2021, the value of the Rest of Africa retail investments was R434.9 million (2020: R484.9 million). Attacq's strategy, which is aligned with that of its co-shareholder, Hyprop Investments Limited (Hyprop), is to exit these investments by way of an orderly disposal .

The group's interest in Gruppo Investment Limited (Gruppo) is shown as held for sale on the statement of financial position as at 30 June 2021. The disposal of Ikeja City Mall remains subject to conditions precedent, including the raising of funds which has proven difficult under current economic conditions and given continued US dollar liquidity constraints in Nigeria.

During the year no cash interest was received from the Rest of Africa retail investments (2020: R12.1 million). Attacq does not have any debt associated with its Rest of Africa retail investments and future disposal proceeds will be utilised at the group's discretion.

Attacq's Rest of Africa retail investments comprise:

Rest of Africa retail investments	June 2021 R'000	%	June 2020 R'000	%
Cash held by AIH International	**35 808**	**8.2**	68 849	14.2
26.9% interest in AttAfrica Limited (AttAfrica), which is invested in three retail properties in Ghana	**224 895**	**51.7**	211 598	43.6
25.0% interest in Gruppo, the owner of Ikeja City Mall, Nigeria	**174 240**	**40.1**	204 461	42.2
Total	**434 943**	**100.0**	**484 908**	**100.0**

Capital structure

Reallocation of capital

In line with Attacq's stated intention of optimising its capital structure, transactions totalling R2.8 billion have been concluded to date, the proceeds of which have been or will be utilised in reducing interest-bearing debt.

Asset	Transaction status	Carrying value R'000	Transaction value R'000
2 Eglin Road, Sunninghill	Proceeds received during the year	**75 626**	**76 626**
MAS shares	Proceeds received during the year	**1 283 428**	**1 381 400**
Deloitte head office*	Proceeds received after year end	**834 074**	**850 000**
Amrod building, Massbuild distribution centre, Cotton On development*	Awaiting competition authorities' approval	**444 191**	**444 505**
Total proceeds		**2 637 319**	**2 752 531**

* Included under non-current assets held for sale at 30 June 2021

Liquidity

At 30 June 2021, the group had available liquidity of R1.7 billion (2020: R1.1 billion), comprising unrestricted cash balances of R990.7 million (2020: R672.9 million), prepaid access facilities of R448.0 million (2020: nil) and undrawn committed facilities of R310.0 million (2020: R424.4 million). In addition, Attacq has undrawn development facilities of R160.7 million (2020: R287.5 million). Accordingly the group has access to adequate facilities and available cash balances to complete developments under construction and developments which commenced post year end.

Interest-bearing borrowings

The group's debt facilities are spread amongst four South African banks and three South African institutions, with no exposure to bond markets. Total interest-bearing borrowings decreased by 10.9% to R10.2 billion (2020: R11.4 billion) in line with the group's stated debt reduction initiative. The decrease is due to reduction of R1.1 billion of the euro-denominated facilities and R252.0 million of the Attacq Retail Fund Proprietary Limited and Lynnwood Bridge Office Park Proprietary Limited syndicated loan. The loan facility reductions were funded from the proceeds realised from the sale of MAS shares.

At 30 June 2021, interest-bearing debt classified as current liabilities totals R1.5 billion, comprising:

- R320.1 million of euro-denominated debt that Attacq had elected to early settle during July 2021 from proceeds realised from the sale of MAS shares.
- R597.2 million settled during August 2021 from the proceeds of the disposal of the Deloitte head office.
- R120.1 million settled during August 2021 following the transfer of completed Ellipse phase 1 apartments to purchasers.
- R161.0 million that will be settled from the proceeds of the Equites transaction.
- R218.4 million of debt facilities that contractually mature and will be repaid from available cash.
- R51.9 million of year end interest accruals and capital amortisation.

The interest cover ratio (ICR) reduced to 1.41 times (2020: 1.68 times) largely as a result of the non-receipt of dividends from MAS.

An improvement in the ICR is expected in the 2022 financial year as a result of the planned reduction of debt and receipt of MAS dividends. Gearing, calculated as total interest-bearing debt less unrestricted cash on hand as a percentage of total assets less total cash on hand and right of use assets recognised as a result of IFRS 16: Leases, decreased to 43.0% (2020: 45.7%). The decrease in gearing is attributable to the repayment of facilities.

Following proactive engagement with lenders, the minimum group NAV covenant was reduced from R10.0 billion to R7.0 billion and the calculation thereof standardised across lenders.

Liquidity and borrowings	Units	2021	2020
Unrestricted cash balances	R'000	**990 694**	672 914
Prepaid access facilities	R'000	**448 000**	–
Undrawn committed facilities	R'000	**310 000**	424 406
Available liquidity	R'000	**1 748 694**	1 097 320
Undrawn development facilities	R'000	**160 731**	287 510
Total drawn facilities	R'000	**10 183 029**	11 424 268
Total weighted average loan term	years	**3.9**	3.2
Rand-denominated interest-bearing borrowings			
Drawn facilities	R'000	**9 844 510**	9 988 722
Weighted average loan term	Years	**4.0**	3.4
Euro-denominated interest-bearing borrowings			
Drawn facilities	R'000	**338 519**	1 435 546
Weighted average loan term	years	**0.9**	1.7
Interest cover ratio	times	**1.41**	1.68
Gearing	%	**43.3**	45.7

Cost of debt

The weighted average cost of funding of the group was weighted more towards its rand-denominated debt after the significant reduction in euro-denominated facilities during the year.

Debt	Units	June 2021 R'000	June 2020 R'000
Total weighted average cost of debt	%	**8.9**	8.5
Weighted average floating interest rate	%	**5.6**	5.3
Premium for hedging	%	**3.3**	3.2
Rand-denominated weighted average cost of debt		**9.1**	9.4
Weighted average floating interest rate	%	**5.7**	5.9
Premium for hedging	%	**3.4**	3.5
Euro-denominated weighted average cost of debt		**3.2**	2.1
Weighted average floating interest rate	%	**3.2**	2.1
Premium for hedging	%	**n/a**	n/a
Total hedged as a percentage of total committed facilities	%	**73.8**	79.2
Total hedged as a percentage of rand-denominated committed facilities	%	**76.2**	90.3
Weighted average rand-denominated hedge term	years	**3.0**	3.7

In order to mitigate rand-denominated interest rate risk, 76.2% (2020: 90.3%) of total committed rand-denominated facilities were hedged by way of fixed interest-rate loans or interest-rate swaps. The weighted average rand-denominated hedge term is 3.0 years (2020. 3.7 years). The euro-denominated debt was not hedged, reducing the overall group interest rate hedging position to 73.8% (2020: 79.2%), which is above the minimum group hedging policy of 70.0%.

Due to higher forward interest rates, a decrease in other financial liabilities of R300.7 million (2020: increase of R524.9 million) was recorded on the mark-to-market valuation of interest rate swaps.

Dividend and REIT status

Consistent with Attacq's strategic objectives, the board of directors has resolved not to pay a dividend for the current financial year (2020: 45.0cps). In compliance with regulatory requirements, the distributable profits which were generated by Attacq's subsidiaries during the current financial year will be distributed to Attacq within four months of year-end. Attacq will account for this income in its distributable profits for the 2022 financial year. The payment of a dividend in respect of its distributable profits for the 2022 financial year will be required by no later than 31 October 2022 for Attacq to retain its REIT status for that year. The board of directors will consider the declaration of dividends on or before that date.

The board has decided not to declare a final cash dividend (2020: 45.0 cents per share).

The number of shares in issue as at 30 June 2021 and as at the date of this announcement is 751 551 292 ordinary shares of no par value which includes 46 427 553 treasury shares. Attacq's tax reference number is 9241/038/64/6.

Prospects

The COVID-19 pandemic and lockdown restrictions will continue to bring a level of uncertainty into our operating environment. This is expected to continue until the national vaccination rate has increased to a significant level allowing for the economy to fully open up and recover to pre-COVID levels. We are however seeing signs of improvement in the real estate sector and specifically in our business drivers, as the markets reopen post the easing of lockdown restrictions.

We will continue with our strategy of strengthening our precinct focused South African portfolio, developing Waterfall City into a smart, safe, sustainable city and strengthening our capital structure, with the objective of creating sustainable value for all stakeholders.

The board has resolved not to provide guidance for the financial year ending 30 June 2022. Looking ahead, the board of Attacq will consider the payment of a final dividend for the year ending 30 June 2022 taking into account the group's financial position and applicable regulatory requirements.

These prospects have not been reviewed or reported on by Attacq's auditors.

Restatement of Attacq's prior year financial statements

Below are the effects of restatements in the line items of the group statement of financial position and statement of comprehensive income.

Group annual financial statements

Error in reclassification of derivative instruments between current and non-current

The group's activities expose it to the financial risks of changes in foreign exchange rates and interest rates, which it manages using derivative financial instruments. The group's principal derivative financial instruments are interest rate swaps and foreign exchange contracts.

The group determined the swap classification between current and non-current based on the maturity date of the swaps and not based on payments to be made throughout the period.

Based on the guidance in paragraphs 66 and 69 of IAS 1 Presentation of Financial Statements, an asset and a liability should be classified between current and non-current portions. If a financial instrument is not held primarily for the purpose of trading, as is the case with the group's swaps, the instrument should be presented as current or non-current on the basis of the periodic payments to be made throughout the lifetime of the swap.

The impact of this error is that the group has restated the prior year annual financial statements by reclassifying the current derivative assets and liabilities payable over the next 12 months based on actual interest payable as follows:

	As reported Audited 30 June 2020 R'000	Restatement R'000	Restated Audited 30 June 2020 R'000	As reported Audited 30 June 2019 R'000	Restatement R'000	Restated Audited 30 June 2019 R'000
Non-current assets						
Other financial assets	397 736	(17 730)	380 006	386 709	(7 040)	379 669
Total non-current assets	23 033 971	(17 730)	23 016 241	25 874 436	(7 040)	25 867 396
Current assets						
Other financial assets–current	20 834	17 730	38 564	32 656	7 040	39 696
Total current assets	1 518 758	17 730	1 536 488	1 175 965	7 040	1 183 005
Non-current liabilities						
Other financial liabilities	820 114	(333 195)	486 919	268 112	(84 238)	183 874
Total non-current liabilities	12 470 555	(333 195)	12 137 360	10 710 322	(84 238)	10 626 084
Current liabilities						
Other financial liabilities–current	22 842	333 195	356 037	29 439	84 238	113 677
Total current liabilities	500 603	333 195	833 798	752 347	84 238	836 585

Error in reclassification of non-current assets held for sale

The group has previously classified non-current assets and liabilities held for sale as current assets and current liabilities on the statement of financial position.

Based on the guidance in paragraphs 54 and 57 of IAS 1 Presentation of Financial Statements, items that are sufficiently different in nature or function warrant separate presentation in the statement of financial position. The impact of this error is that the group has restated prior year annual financial statements by reclassifying non-current assets and liabilities held for sale not as part of current assets and liabilities but to a separate line item below current assets and current liabilities on the statement of financial position as follows:

	As reported Audited 30 June 2020 R'000	Restatement R'000	Restated Audited 30 June 2020 R'000	As reported Audited 30 June 2019 R'000	Restatement R'000	Restated Audited 30 June 2019 R'000
Non-current assets held for sale	77 536	(77 536)	–	96 781	(96 781)	–
Total current assets	1 518 758	(77 536)	1 441 222	1 175 965	(96 781)	1 079 184
Non-current assets held for sale	–	77 536	77 536	–	96 781	96 781
Liabilities associated with non-current assets held for sale	1 824	(1 824)	–	53 986	(53 986)	–
Total current liabilities	500 603	(1 824)	498 779	752 347	(53 986)	698 361
Liabilities associated with non-current assets held for sale	–	1 824	1 824	–	53 986	53 986

Error in classification of amounts under other comprehensive income on the statement of profit or loss and other comprehensive income

Based on guidance in paragraph 82A Presentation of Financial Statements, the other comprehensive income section shall present separately line items for items that will be reclassified to profit and loss and items that will not be subsequently reclassified to profit and loss. Previously the group presented all items under the heading ''will be reclassified to profit and loss''. The effect of this is that line items affected previously shown under ''items that will be reclassified to profit and loss'' has been corrected under the heading ''items that will not be reclassified subsequently to profit and loss".

As part of this reassessment, the treatment of Foreign Exchange Translation Reserve was analysed.

The group through its investments in Africa and Europe has transactions in foreign currencies that is taken into account in the consolidated financial statements.

Based on the guidance in paragraph 32 and of IAS 21:The Effects of Changes in Foreign Exchange Rates, in the financial statements that include the foreign operation and the reporting entity, such exchange differences shall be recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

The group did not initially recognise the exchange difference in other comprehensive income and recognised the movement directly to equity. The impact of this error together with the reclassification of amount to items that will not be reclassified to profit and loss is as follows:

	As reported Audited 30 June 2020 R'000	Restatement R'000	Restated Audited 30 June 2020 R'000	As reported Audited 30 June 2019 R'000	Restatement R'000	Restated Audited 30 June 2019 R'000
Other comprehensive loss						
Items that will not be reclassified subsequently to profit or loss						
Loss on fair value through other comprehensive income assets	–	(9 202)	(9 202)	–	(6 144)	(6 144)
Taxation relating to components of other comprehensive income	–	–	–	–	(27 566)	(27 566)
Other comprehensive loss for the year net of taxation	–	(9 202)	(9 202)	–	**(33 710)**	**(33 710)**
Items that will be reclassified subsequently to profit or loss						
Exchange differences on translation of foreign operations	–	264 442	264 442	–	26 445	26 445
Loss on fair value through other comprehensive income assets	(9 202)	9 202	–	(6 144)	6 144	–
Taxation relating to components of other comprehensive income	–	–	–	(27 566)	27 566	–
Other comprehensive profit for the year net of taxation	(9 202)	273 644	264 442	**(33 710)**	**60 155**	**26 445**

Subsequent events

Civil unrest

The group's direct property portfolio, including its retail centres and logistics centres, did not suffer any damage as a result of the civil unrest. To exercise caution, on 13 July 2021 at 14h00, the decision was made to temporarily evacuate the Mall of Africa and Waterfall Corner, while strategic entry and exit points to Waterfall City were secured with security resources. All operations resumed the following day.

The safe keeping of the Waterfall precinct was, in large part, due to the support of local communities, taxi associations, local law enforcement and private security, all of whom worked together. Attacq expresses its appreciation to these stakeholders.

Settlement of euro-denominated debt

Subsequent to year-end, on 9 July 2021, the group settled its remaining euro-denominated debt utilising proceeds received from the part-disposal of MAS shares.

Transfer of Deloitte head office

Subsequent to year-end, the undivided half share in the Deloitte head office leasehold rights was transferred to the Government Employees Pension Fund on 17 August 2021 and the amounted debt was settled. Refer to note 29 for more information.

Equites transaction relating to Industrial properties in Waterfall

The group disposed of an undivided half share in the Amrod building leasehold rights, the Massbuild distribution centre leasehold rights and the Cotton On distribution centre leasehold rights for a purchase consideration of R444.5 million. This transaction is still subject to approval from the Competition Authorities as the final remaining condition precedent on the disposal transaction.

Equites transaction relating to industrial properties in Waterfall City logistics hub

The group disposed of an undivided half share in the Amrod building leasehold rights, the Massbuild distribution centre leasehold rights and the Cotton On distribution centre leasehold rights for a purchase consideration of R444.5 million. This transaction is still subject to approval from the Competition Authorities as the final remaining condition precedent on the disposal transaction.

No other significant subsequent events occurred.

Commitments

Please refer to note 35 of the annual financial statements for future capital commitments on developments under construction and developments in the pipeline. Future commitments will be funded by undrawn banking facilities, cash on hand and proceeds from capital recycling activities.

Issue of shares

During the year, 1 217 162 shares were issued in terms of long-term incentive awards.

Change in directors

Non-executive directors

Brett Nagle, independent non-executive director retired on 27 November 2020. Allen Swiegers and Thabo Leeuw were appointed as independent non-executive directors of Attacq, effective from 14 January 2021 and 10 February 2021, respectively.

Executive directors

Melt Hamman resigned from the board and as chief executive officer (CEO) on 30 April 2021. Jackie van Niekerk, chief operating officer (COO), was appointed as CEO effective from 1 May 2021.

Basis of preparation, changes in accounting policies and change in accounting estimates

The summarised provisional consolidated annual financial statements for the year ended 30 June 2021 have been prepared in accordance with the JSE Listings Requirements applicable to summarised provisional reports and the requirements of the Companies Act, No. 71 of 2008 applicable to summarised annual 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 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 together with the preparation of the consolidated annual financial statements were compiled under the supervision of R Nana CA (SA), CFO of Attacq.

The accounting policies applied in the preparation of the consolidated annual financial statements, from which the summarised consolidated annual financial statements were derived, are in terms of IFRS and are consistent with the accounting policies applied in the preparation of the previous consolidated annual financial statements for the year ended 30 June 2020, with the exception of the adoption of all the new, revised and amended accounting pronouncements as issued by the International Accounting Standards Board (IASB) which were effective for Attacq from 1 July 2020. The new, revised and amended standards had no material impact on the interim financial statements.

Fair value disclosure

The group's investment properties were externally valued by independent valuers except for Deloitte head office, which was valued based on the selling price net of commission and Lynnwood Bridge – City Lodge, which is a directors' valuation. 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.

2021	**Rate range %**	**Decrease of 50.0 basis points results in R'000**	**Increase of 50.0 basis points results in R'000**	**Decrease of 100.0 basis points results in R'000**	**Increase of 100.0 basis points results in R'000**	**Decrease of 1 month in vacancy R'000**	**Increase of 1 month in vacancy R'000**
Exit capitalisation rate	**6.50 – 9.75**	**560 868**	**(499 868)**	**n/a**	**n/a**	**n/a**	**n/a**
Discount rate	**11.50 – 13.25**	**457 641**	**(446 339)**	**n/a**	**n/a**	**n/a**	**n/a**
Market rental growth	**4.00 – 5.00**	**n/a**	**n/a**	**(828 536)**	**854 658**	**n/a**	**n/a**
Long-term vacancy rate	**0.50 – 5.00**	**n/a**	**n/a**	**97 278**	**(108 669)**	**n/a**	**n/a**
Vacancy	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**44 721**	**(75 586)**

2020	Rate range %	Decrease of 50.0 basis points results in R'000	Increase of 50.0 basis points results in R'000	Decrease of 100.0 basis points results in R'000	Increase of 100.0 basis points results in R'000	Decrease of 1 month in vacancy R'000	Increase of 1 month in vacancy R'000
Exit capitalisation rate	6.50 – 9.75	595 699	(523 627)	n/a	n/a	n/a	n/a
Discount rate	11.50 – 13.75	560 692	(537 407)	n/a	n/a	n/a	n/a
Market rental growth	4.00 – 5.25	n/a	n/a	(941 260)	999 314	n/a	n/a
Long-term vacancy rate	1.00 – 5.00	n/a	n/a	102 004	(102 906)	n/a	n/a
Vacancy	n/a	n/a	n/a	n/a	n/a	61 180	(107 116)

Changes in the capitalisation rate attributable to changes in market conditions can have a significant impact on property valuations. An increase (weakening) in the capitalisation rate will decrease the value of investment properties. A decrease (improvement) in the capitalisation rate will increase the value of investment properties. 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. An increase (weakening) in the discount rate will decrease the value of investment properties. A decrease (improvement) in the discount rate will increase the value of investment properties. Changes in the market rental attributable to changes in market conditions can have a significant impact on property valuations. A decrease (weakening) in the market rental will decrease the value of investment properties. An increase (improvement) in the market rental will increase the value of investment properties. Changes in the long-term vacancy rate attributable to changes in market conditions can have a significant impact on property valuations. An increase (weakening) in the long-term vacancy rate will decrease the value of investment properties. A decrease (improvement) in the long-term vacancy rate will increase the value of investment properties. Changes in the vacancy attributable to changes in market conditions can have a significant impact on property valuations. An increase (weakening) in the vacancy will decrease the value of investment properties. A decrease (improvement) in the vacancy will increase the value of investment properties.

In terms of IFRS 9: Financial Instruments and IFRS 7: Financial Instruments: Disclosure, the group's currency and interest rate derivatives as well as the equity derivative are measured at fair value through profit or loss and are categorised as level 2 investments. Unlisted investments are categorised as level 3. There were no transfers between levels 1, 2 and 3 during the year. The valuation methods applied are consistent with those applied in preparing the previous consolidated annual financial statements. This announcement does not include all the information required pursuant to paragraph 16A(j) of IAS 34: Interim Financial Reporting. The full report is available on the issuer's website, at the issuer's registered offices and upon request.

Audit report

The auditor, Ernst & Young Inc, has issued an unmodified opinion on Attacq's audited consolidated annual financial statements for the year ended 30 June 2021. The audit was conducted in accordance with International Standards on Auditing. The following key audit matter was considered as part of their audit (they also represent significant audit risks): valuation of investment property, including completed developments, developments under construction and leasehold land.

A copy of the auditor's report together with a copy of the audited consolidated annual financial statements is available for inspection at the company's registered office and on the company's website (www.attacq.co.za).

These summarised provisional consolidated annual financial statements have been derived from the group's audited consolidated annual financial statements and are consistent in all material respects with the group's audited consolidated annual financial statements for the year ended 30 June 2021 but are not themselves audited. The directors take full responsibility for the preparation of these summarised provisional consolidated annual financial results and confirm that the financial information has been correctly extracted from the underlying audited consolidated annual financial statements. Any reference to future financial information included in this announcement has not been reviewed or reported on by the auditor. The auditor does not necessarily report on all the information contained in this announcement. 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 the auditor's report together with the audited consolidated annual financial statements for the year ended as at 30 June 2021 from the company's registered office or from the company's website.

On behalf of the board

P Tredoux
Chairperson

JR van Niekerk
CEO

14 September 2021

Summarised consolidated statement of profit or loss and other comprehensive income

	30 June 2021 R'000	Restated 30 June 2020 R'000
Gross revenue	**2 390 241**	2 192 386
Rental income	**2 206 357**	2 209 156
Straight-line lease income adjustment	**132 033**	(22 606)
Sale of sectional title units	**51 851**	5 836
Gross property expenses	**(802 534)**	(768 677)
Property expenses	**(753 196)**	(735 891)
Expected credit losses on trade and other receivables	**(3 822)**	(32 786)
Cost of sales of sectional title units	**(45 516)**	–
Net profit from property operations	**1 587 707**	1 423 709
Other income	**366 686**	65 596
Realisation of foreign currency translation reserve (FCTR) on foreign operations	**895 431**	–
Operating expenses	**(180 347)**	(160 315)
Expected credit losses on loans to associates, suretyships and guarantees	**(14 811)**	(594 145)
Impairment of investment in associates	**(158 462)**	(1 312 012)
Impairment of goodwill and intangible assets	**–**	(232 477)
Other expenses	**(169 395)**	(177 925)
Operating profit (loss)	**2 326 809**	(987 569)
Amortisation of intangible asset	**–**	(19 964)
Fair value adjustments	**(1 233 605)**	(2 117 466)
Investment properties	**(1 534 260)**	(1 590 476)
Derivative financial instruments	**300 655**	(524 922)
Other investments at fair value through profit and loss	**–**	(2 068)
Net income (loss) from associates and joint ventures	**70 698**	(90 107)
Investment income	**71 204**	97 097
Finance costs	**(994 052)**	(904 950)
Profit (loss) before taxation	**241 054**	(4 022 959)
Income tax (expense) credit	**(86 939)**	255 104
Profit (loss) for the year	**154 115**	(3 767 855)
Attributable to:		
Owners of the holding company	**154 115**	(3 767 855)
Other comprehensive profit		
Items that will not be reclassified subsequently to profit or loss		
Profit (loss) on fair value through other comprehensive income assets	**375 689**	(9 202)
Taxation relating to components of other comprehensive income	**–**	–
Other comprehensive profit (loss) for the year net of taxation	**375 689**	(9 202)
Items that will be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	**(123 555)**	264 442
Taxation relating to components of other comprehensive income	**–**	–
Total comprehensive profit (loss) for the year	**406 249**	(3 512 615)
Attributable to:		
Owners of the parent	**406 249**	(3 512 615)
Earnings (loss)		
Basic (cents)	**21,9**	(535,4)
Diluted (cents)	**21,6**	(535,4)

Other income

Other income for the year increased to R366.7 million (2020: R65.6 million) mainly due to the reversal of expected credit losses on the loan to AttAfrica of R225.3 million and the reversal of the impairment of the investment in MAS of R92.4 million.

Expected credit losses on loans to associates, suretyship and guarantees

ECL decreased year-on-year to R14.8 million (2020: R594.1 billion) and includes:

- ECL on loan to JV115 of R2.3 million (2020: includes ECL on loan to Gruppo impaired by R142.1 million, ECL on loan to Nieuwtown Property Development Company Proprietary Limited impaired by R262.4 million and ECL on loan to AttAfrica and interest write-off of R144.6 million).
- ECL on suretyships and guarantees provided to the Moolman group of R10.4 million (2020: R5.7 million).

Impairment of investment in associates

This relates mainly to the impairment of the investment in AttAfrica of R158.5 million and prior year impairment of MAS of R1.3 billion.

Impairment of goodwill and intangible assets

The impairment of the asset management agreement and goodwill relating to Attacq Management Services Proprietary Limited of R232.5 million in the prior year.

Other expenses

Other expenses decreased year-on-year to R169.4 million (2020: R177.9 million) and includes foreign exchange losses of R113.2 million (2020: R126.7 million).

Fair value adjustment

	30 June 2021 R'000	30 June 2020 R'000
Completed buildings	**(1 452 651)**	(1 696 689)
Right-of-use asset	**(26 409)**	(22 571)
Developments under construction	**6 583**	112 805
Waterfall leasehold land	**(61 783)**	15 979
Other financial assets and liabilities	**300 655**	(524 922)
Other investments at fair value through profit and loss	**–**	(2 068)
Total	**(1 233 605)**	(2 117 466)

Investment income

	30 June 2021 R'000	30 June 2020 R'000
Loans to associates	**–**	38 927
Bank	**30 186**	15 501
Other interest*	**41 018**	42 669
Total	**71 204**	97 097

* Other interest relates mainly to interest earned from PwC Waterfall Property Partnership.

Interest paid

	30 June 2021 R'000	30 June 2020 R'000
Long-term borrowings	**(628 854)**	(784 411)
Derivative financial liabilities	**(340 203)**	(97 031)
Lease liability	**(24 950)**	(22 639)
Other	**(45)**	(869)
Total	**(994 052)**	(904 950)

Summarised consolidated statement of financial position

	30 June 2021 R'000	Restated 30 June 2020 R'000
Assets		
Non-current assets		
Investment properties	**16 991 797**	19 374 421
Per valuation	**18 011 238**	20 390 962
Straight-line lease debtor	**(1 019 441)**	(1 016 541)
Straight-line lease debtor	**1 019 441**	1 016 541
Property and equipment	**14 092**	16 788
Deferred initial lease expenditure	**4 866**	4 927
Investment in associates and joint ventures	**258 229**	1 950 156
Loans to associates and joint ventures	**–**	204 461
Other financial assets	**1 204 067**	380 006
Deferred tax assets	**19 806**	68 941
Total non-current assets	**19 512 298**	23 016 241
Current assets		
Taxation receivable	**1 557**	1 348
Trade and other receivables	**149 422**	220 345
Inventory	**216 336**	119 927
Loans to associates and joint ventures	**105 520**	306 221
Other financial assets	**33 453**	38 564
Cash and cash equivalents	**1 092 915**	772 547
Total current assets	**1 599 203**	1 458 952
Non-current assets held for sale	**1 477 671**	77 536
Total assets	**22 589 172**	24 552 729
Equity and liabilities		
Equity		
Stated capital	**6 499 090**	6 473 103
Distributable reserves	**4 104 170**	3 682 728
Fair value through other comprehensive income reserve	**380 563**	272 016
Share-based payment reserve	**107 821**	118 136
Foreign currency translation reserve	**16 602**	1 035 588
Equity attributable to owners of the holding company	**11 108 246**	11 581 571
Non-current liabilities		
Long-term borrowings	**8 714 314**	11 372 592
Deferred tax liabilities	**67 927**	29 800
Other financial liabilities	**247 427**	486 919
Cash settled share-based payments	**205**	246
Lease liability	**228 477**	247 803
Total non-current liabilities	**9 258 350**	12 137 360

	30 June 2021 R'000	Restated 30 June 2020 R'000
Current liabilities		
Other financial liabilities	**268 749**	356 037
Lease liability	**22 588**	28 146
Loans from associates	**4 661**	–
Taxation payable	**2 013**	32
Cash settled share-based payments	**358**	273
Trade and other payables	**437 178**	370 452
Provisions	**18 314**	25 358
Short-term portion of long-term borrowings	**710 545**	51 676
Total current liabilities	**1 464 406**	831 974
Liabilities associated with non-current assets held for sale	**758 170**	1 824
Total liabilities	**11 480 926**	12 971 158
Total equity and liabilities	**22 589 172**	24 552 729

Investment Properties

The decrease to R17.0 billion (2020: R19.4 billion) includes:

- Negative fair value adjustments on investment properties of R1.5 billion (2020: 1.6 billion)
- Capital expenditure of R334.0 million (2020: R667.9 million)

Investments in, and loans to associates and joint ventures and other financial assets

The decrease to R1.6 billion (2020: R2.8 billion) includes the partial disposal of the MAS investment reducing the carrying amount from R1.9 billion in the previous year to R839.2 million in the current year.

Reconciliation between income and headline income

	30 June 2021 R'000	30 June 2020 R'000
Profit (loss) for the year	**154 115**	(3 767 855)
Headline earnings adjustments	**701 232**	3 278 743
Profit on disposal of associate and other assets	**(1 000)**	(3 146)
Profit on disposal of investment property	**–**	(2 457)
Net impairment of investment in associates	**66 019**	1 312 012
Impairment of goodwill	**–**	67 774
Impairment of intangible asset	**–**	164 703
Fair value adjustments	**1 534 260**	1 590 476
Realisation of FCTR on foreign operations	**(895 431)**	–
Adjustments of measurements, included in the equity accounted earnings of associates	**(3 863)**	130 004
Loss on disposal of subsidiary	**1 247**	3 221
Tax effect of adjustments	**–**	16 156
Headline earnings (loss)	**855 347**	(489 112)
Number of shares in issue*	**705 123 739**	703 906 577
Weighted average number of shares in issue*	**704 690 544**	703 787 442
Diluted weighted average number of shares in issue*	**712 906 309**	712 252 605
Headline earnings (loss) per share		
Basic (cents)	**121.4**	(69.5)
Diluted (cents)	**120.0**	(69.5)

* Adjusted for 46 427 553 treasury shares

Summarised consolidated statement of cash flows

	30 June 2021 R'000	30 June 2020 R'000
Net cash generated from operating activities	**340 070**	574 526
Cash generated from operations	**1 279 545**	1 217 045
Interest income	**71 073**	68 521
Dividend income	**–**	233 560
Interest paid	**(997 682)**	(900 578)
Finance costs capitalised	**(4 875)**	(26 441)
Repurchase of equity-settled share-based payments	**(9 440)**	–
Taxation received (paid)	**1 449**	(17 581)
Net cash generated from (utilised in) investing activities	**1 137 454**	(524 482)
Expenditure to maintain operating capacity		
Property and equipment acquired	**(4 483)**	(4 122)
Property and equipment disposed	**2 047**	–
Expenditure to expand operating capacity		
Investment properties acquired	**(325 719)**	(641 485)
Associates and joint ventures acquired	**–**	(1 468)
Proceeds of associates and joint ventures disposed	**1 381 845**	–
Cash in entity over which control was obtained	**–**	18 079
Other investments acquired	**–**	(9 880)
Other financial assets repaid	**8 661**	19 047
Additions to deferred initial lease expenditure	**(1 523)**	(671)
Cash flow relating to non-current assets held for sale	**76 626**	96 018
Net cash (utilised in) generated from financing activities	**(1 149 502)**	49 017
Dividends paid	**–**	(605 191)
Repayment of lease liability	**(26 720)**	(21 861)
Long-term borrowings raised	**713 666**	2 069 204
Long-term borrowings repaid	**(1 810 549)**	(1 482 464)
Loans to associates and joint ventures (advanced) repaid	**(14 699)**	111 762
Other financial liabilities repaid	**(11 200)**	(22 433)
Total cash movement for the year	**328 023**	99 061
Cash at the beginning of the year	**772 547**	673 486
Foreign currency effect on cash and cash equivalents	**(7 655)**	–
Cash and cash equivalents at the end of the year	**1 092 915**	772 547

Summarised consolidated statement of changes in equity

	Stated capital R'000	FVOCI reserve R'000	Distributable reserves R'000	Share-based payment reserve R'000	Foreign currency translation reserve R'000	Total equity attributable to owners of the holding company R'000
Audited balance at 30 June 2019	6 463 585	281 218	7 954 665	117 118	771 146	15 587 732
Issue of shares	9 518	–	–	(9 518)	–	–
Total comprehensive profit (loss)	–	(9 202)	(3 767 855)	–	264 442	(3 512 615)
Loss for the year	–	–	(3 767 855)	–	–	(3 767 855)
Other comprehensive income	–	(9 202)	–	–	264 442	255 240
Dividends	–	–	(605 191)	–	–	(605 191)
Transfer of share-based payment reserve on vesting	–	–	710	(710)	–	–
Transfer between reserves[1]	–	–	12 957	(12 957)	–	–
Reversal of present value of loans to associate[2]	–	–	80 202	–	–	80 202
Obtaining control of entity	–	–	1 332	–	–	1 332
Loss of control of entity	–	–	5 908	–	–	5 908
Recognition of share-based payment reserve	–	–	–	24 203	–	24 203
Balance at 30 June 2020 as reported	**6 473 103**	**272 016**	**3 682 728**	**118 136**	**1 035 588**	**11 581 571**
Issue of shares	**25 987**	**–**	**–**	**(25 987)**	**–**	**–**
Total comprehensive profit (loss)	**–**	**375 689**	**154 115**	**–**	**(1 018 986)**	**(489 182)**
Profit (loss) for the year	**–**	**–**	**154 115**	**–**	**(895 431)**	**(741 316)**
Other comprehensive profit (loss)	**–**	**375 689**	**–**	**–**	**(123 555)**	**252 134**
Transfer between reserves	**–**	**(267 142)**	**267 142**	**–**		**–**
Transfer of share-based payment reserve on vesting	**–**	**–**	**185**	**(185)**	**–**	**–**
Repurchase of equity-settled share-based payments	**–**	**–**	**–**	**(14 395)**	**–**	**(14 395)**
Recognition of share-based payment reserve	**–**	**–**	**–**	**30 252**	**–**	**30 252**
Audited balance at 30 June 2021	**6 499 090**	**380 563**	**4 104 170**	**107 821**	**16 602**	**11 108 246**

1 The transfer between reserves relates to share options that vested in prior year.

2 The reversal of the present value of loans to associates in the previous year relates to the reversal of the present value on the loan to Nieuwtown. The loan to Nieuwtown was not repayable on demand and as a result was discounted back for the duration of the repayment period. Nieuwtown was disposed of on 5 March 2020 (note 17, 19 and 41) and the loan was repaid resulting in the reversal of the present value recognised in the previous year.

Summarised segmental analysis

	Rest of South Africa		
	Retail-experience hubs R'000	Collabo-ration hubs R'000	Hotel R'000
STATEMENT OF FINANCIAL POSITION			
Investment property	4 473 971	1 605 305	230 441
Waterfall developments	–	–	–
Developments under construction	–	–	–
Leasehold land	–	–	–
Straight-line lease debtor	110 414	165 362	8 673
Investments in associates and joint ventures	32 172	1 162	–
Other financial assets	6 515	–	–
Loans to associates and joint ventures	–	–	–
Trade and other receivables	30 844	5 267	371
Cash and cash equivalents	21 152	48 025	–
Inventory	–	–	–
Non-current assets held for sale	–	–	–
Deferred tax assets	–	–	–
Other assets	–	3 195	–
Total assets	4 675 068	1 828 316	239 485
Long-term borrowings	–	–	–
Other financial liabilities	–	–	–
Loans from associates	–	–	–
Deferred tax liabilities	–	–	–
Trade and other payables	107 321	24 002	549
Liabilities associated with non-current assets held for sale	–	–	–
Lease liability	333	6 026	–
Other liabilities	–	–	–
Total liabilities	107 655	30 028	549
STATEMENT OF COMPREHENSIVE INCOME			
Rental income	554 116	195 826	26 146
Straight-line lease income adjustment	(1 920)	4 872	7 996
Sale of sectional title units	–	–	–
Property expenses / PM fee income	(227 937)	(79 993)	(5 848)
ECL on trade and other receivables	(2 257)	1 670	(1 011)
Cost of sales of sectional title units	–	–	–
Net profit from property operations	322 002	122 375	27 283
Other income	–	–	–
Realisation of FCTR on foreign operations	–	–	–
Operating expenses	(34 102)	(10 448)	(1 214)
ECL on loans to associates and suretyships	–	–	–
Impairment of investment in associates	–	–	–
Other expenses	–	–	–
Operating profit (loss)	287 900	111 927	26 069
Fair value adjustments	(242 415)	(184 388)	(8 040)
Net income (loss) from associates	(470)	(72)	–
Investment income	2 113	3 512	17
Finance costs	–	433	–
Profit (loss) before tax	47 128	(68 588)	18 046
Taxation	–	–	–
Profit (loss) for the year attributable to owners	47 128	(68 588)	18 046

30 June 2021									
Waterfall City									
Retail-experience hubs R'000	Collabo-ration hubs R'000	Logistics hubs R'000	Hotel R'000	Develop-ments R'000	Head office SA R'000	Total South African portfolio R'000	Head office Global R'000	Other R'000	Total R'000
3 913 749	3 934 690	1 152 861	298 750	–	–	15 609 767	–	–	15 609 767
–	–	–	–	1 382 030	–	1 382 030	–	–	1 382 030
–	–	–	–	163 795	–	163 795	–	–	163 795
–	–	–	–	1 218 235	–	1 218 235	–	–	1 218 235
130 323	472 356	119 492	12 821	–	–	1 019 441	–	–	1 019 441
–	–	–	–	–	–	33 334	–	224 895	258 229
890	332 450	6 476	5	–	52 032	398 368	–	839 152	1 237 520
–	–	–	–	102 165	3 355	105 520	–	–	105 520
14 610	25 731	6 225	21 885	31 170	13 286	149 389	33	–	149 422
29 595	44 287	18 138	273	1 702	893 935	1 057 107	35 808	–	1 092 915
–	31 765	–	–	184 571	–	216 336	–	–	216 336
–	845 010	411 602	–	46 816	–	1 303 428	–	174 243	1 477 671
–	–	–	–	–	19 806	19 806	–	–	19 806
–	167	–	–	–	17 153	20 515	–	–	20 515
4 089 167	5 686 456	1 714 794	333 734	1 748 454	999 567	21 315 041	35 841	1 238 290	22 589 172
–	–	–	–	–	9 086 370	9 086 370	338 489	–	9 424 859
–	–	–	–	–	516 176	516 176	–	–	516 176
–	–	–	–	–	–	–	–	4 661	4 661
–	–	–	–	–	67 927	67 927	–	–	67 927
68 511	99 433	15 598	6 692	10 117	104 629	436 853	325	–	437 178
–	–	–	–	–	758 170	758 170	–	–	758 170
30 591	145 608	49 461	10 920	–	8 126	251 065	–	–	251 065
–	–	–	–	15 059	5 831	20 890	–	–	20 890
99 102	245 041	65 059	17 612	25 176	10 547 229	11 137 451	338 814	4 661	11 480 926
485 412	718 344	190 222	21 469	–	14 822	2 206 357	–	–	2 206 357
(7 060)	84 022	38 814	5 309	–	–	132 033	–	–	132 033
–	51 851	–	–	–	–	51 851	–	–	51 851
(213 229)	(175 739)	(53 820)	(6 176)	–	9 546	(753 196)	–	–	(753 196)
(87)	(4 326)	369	1 820	–	–	(3 822)	–	–	(3 822)
–	(45 516)	–	–	–	–	(45 516)	–	–	(45 516)
265 036	628 636	175 585	22 422	–	24 368	1 587 707	–	–	1 587 707
–	1 830	419	–	–	22 469	24 718	–	341 968	366 686
–	–	–	–	–	–	–	–	–	895 431
(6 312)	(16 595)	(8 060)	(840)	–	(102 776)	(180 347)	–	–	(180 347)
–	–	–	–	–	(14 811)	(14 811)	–	–	(14 811)
–	–	–	–	–	–	–	–	(158 462)	(158 462)
–	–	–	–	(38 185)	(18 038)	(56 223)	–	(113 172)	(169 395)
258 724	613 871	167 944	21 582	(38 185)	(88 788)	1 361 044	–	965 765	2 326 809
(229 146)	(789 712)	(13 516)	(11 843)	(55 200)	300 655	(1 233 605)	–	–	(1 233 605)
–	–	–	–	–	–	(542)	–	71 240	70 698
2 181	38 402	1 039	46	–	22 792	70 102	–	1 102	71 204
(3 884)	(14 520)	(4 662)	(464)	–	(944 202)	(967 299)	(26 753)	–	(994 052)
27 875	(151 959)	150 805	9 321	(93 385)	(709 543)	(770 300)	(26 753)	1 038 107	241 054
		–	–	–	(86 939)	(86 939)	–	–	(86 939)
27 875	(151 959)	150 805	9 321	(93 385)	(796 482)	(857 239)	(26 753)	1 038 107	154 115

	Retail-experience hubs R'000	Collabo-ration hubs R'000	Logistics hubs R'000
STATEMENT OF FINANCIAL POSITION			
Investment property	8 387 720	5 539 995	1 152 861
Waterfall developments	–	–	–
Developments under construction	–	–	–
Leasehold land	–	–	–
Straight-line lease debtor	240 737	637 718	119 492
Investments in associates and joint ventures	32 172	1 162	–
Other financial assets	7 405	332 450	6 476
Loans to associates and joint ventures	–	–	–
Trade and other receivables	45 454	30 998	6 225
Cash and cash equivalents	50 747	92 312	18 138
Inventory	–	31 765	–
Non-current assets held for sale	–	845 009	411 602
Deferred tax assets	–	–	–
Other assets	–	3 362	–
Total assets	8 764 235	7 514 771	1 714 794
Long-term borrowings	–	–	–
Other financial liabilities	–	–	–
Loans from associates	–	–	–
Deferred tax liabilities	–	–	–
Trade and other payables	175 833	123 435	15 598
Liabilities associated with non-current assets held for sale	–	3	–
Lease liability	30 924	151 634	49 461
Other liabilities	–	–	–
Total liabilities	206 757	275 072	65 059
STATEMENT OF COMPREHENSIVE INCOME			
Rental income	1 039 528	914 170	190 222
Straight-line lease income adjustment	(8 980)	88 894	38 814
Sale of sectional title units	–	51 851	–
Property expenses/PM fee income	(441 166)	(255 732)	(53 820)
ECL on trade and other receivables	(2 344)	(2 656)	369
Cost of sales of sectional title units	–	(45 516)	–
Net profit from property operations	587 038	751 011	175 585
Other income	–	1 830	419
Realisation of FCTR on foreign operations	–	–	–
Operating expenses	(40 414)	(27 043)	(8 060)
ECL on loans to associates and suretyships	–	–	–
Impairment of investment in associates	–	–	–
Other expenses	–	–	–
Operating profit (loss)	546 624	725 798	167 944
Fair value adjustments	(471 561)	(974 100)	(13 516)
Net income (loss) from associates	(470)	(72)	–
Investment income	4 294	41 914	1 039
Finance costs	(3 884)	(14 087)	(4 662)
Profit (loss) before tax	75 003	(220 547)	150 805
Taxation	–	–	–
Profit (loss) for the year attributable to owners	75 003	(220 547)	150 805

Hotel R'000	30 June 2021 Waterfall develop-ments R'000	Head office SA R'000	Total SA R'000	MAS European R'000	Rest of Africa R'000	Head office Global R'000	Total R'000
529 191	–	–	15 609 767	–	–	–	15 609 767
–	1 382 030	–	1 382 030	–	–	–	1 382 030
–	163 795	–	163 795	–	–	–	163 795
–	1 218 235	–	1 218 235	–	–	–	1 218 235
21 494	–	–	1 019 441	–	–	–	1 019 441
–	–	–	33 334	–	224 895	–	258 229
5	–	52 032	398 368	839 152	–	–	1 237 520
–	102 165	3 355	105 520	–	–	–	105 520
22 256	31 170	13 286	149 389	–	–	33	149 422
273	1 702	893 935	1 057 107	–	–	35 808	1 092 915
–	184 571	–	216 336	–	–	–	216 336
–	46 816	1	1 303 428	–	–	174 243	1 477 671
–	–	19 806	19 806	–	–	–	19 806
–	–	17 153	20 515	–	–	–	20 515
573 219	1 748 454	999 568	21 315 041	839 152	224 895	210 084	22 589 172
–	–	9 086 370	9 086 370	–	–	338 489	9 424 859
–	–	516 176	516 176	–	–	–	516 176
–	–	–	–	–	4 661	–	4 661
–	–	67 927	67 927	–	–	–	67 927
7 241	10 117	104 629	436 853	–	–	325	437 178
–	–	758 167	758 170	–	–	–	758 170
10 920	–	8 126	251 065	–	–	–	251 065
–	15 059	5 831	20 890	–	–	–	20 890
18 161	25 176	10 547 226	11 137 451	–	4 661	338 814	11 480 926
47 615	–	14 822	2 206 357	–	–	–	2 206 357
13 305	–	–	132 033	–	–	–	132 033
–	–	–	51 851	–	–	–	51 851
(12 024)	–	9 546	(753 196)	–	–	–	(753 196)
809	–	–	(3 822)	–	–	–	(3 822)
–	–	–	(45 516)	–	–	–	(45 516)
49 705	–	24 368	1 587 707	–	–	–	1 587 707
–	–	22 469	24 718	108 037	233 931	–	366 686
–	–	–	–	895 431	–	–	895 431
(2 054)	–	(102 776)	(180 347)	–	–	–	(180 347)
–	–	(14 811)	(14 811)	–	–	–	(14 811)
–	–	–	–	–	(158 462)	–	(158 462)
–	(38 185)	(18 038)	(56 223)	(13 079)	(100 093)	–	(169 395)
47 651	(38 185)	(88 788)	1 361 044	990 389	(24 624)	–	2 326 809
(19 883)	(55 200)	300 655	(1 233 605)	–	–	–	(1 233 605)
–	–	–	(542)	79 660	(8 420)	–	70 698
63	–	22 792	70 102	2 354	(1 252)	–	71 204
(464)	–	(944 202)	(967 299)	–	–	(26 753)	(994 052)
27 367	(93 385)	(709 543)	(770 300)	1 072 403	(34 296)	(26 753)	241 054
–	–	(86 939)	(86 939)	–	–	–	(86 939)
27 367	(93 385)	(796 482)	(857 239)	1 072 403	(34 296)	(26 753)	154 115

	Retail-experience hubs R'000	Collaboration hubs R'000	Logistics hubs R'000
STATEMENT OF FINANCIAL POSITION			
Investment property	8 834 374	7 189 359	1 453 433
Waterfall developments	–	–	–
Developments under construction	–	–	–
Leasehold land	–	–	–
Straight-line lease debtor	249 717	599 235	159 401
Investments in associates and joint ventures	32 642	1 097	–
Other financial assets	12 497	342 242	6 698
Loans to associates and joint ventures	–	–	–
Trade and other receivables	51 952	116 364	7 911
Cash and cash equivalents	70 540	147 317	2 463
Inventory	–	76 205	–
Non-current assets held for sale	–	77 404	–
Deferred tax assets	–	–	–
Other assets	–	1 839	–
Total assets	9 251 722	8 551 062	1 629 906
Long-term borrowings	–	–	–
Other financial liabilities	–	5 675	–
Deferred tax liabilities	–	–	–
Trade and other payables	160 588	110 401	12 859
Liabilities associated with non-current assets held for sale	–	1 824	–
Lease liability	44 778	168 154	50 874
Other liabilities	–	–	–
Total liabilities	205 366	286 054	63 733
STATEMENT OF COMPREHENSIVE INCOME			
Rental income	1 039 018	939 054	187 706
Straight-line lease income adjustment	17 694	(71 381)	35 472
Sale of sectional title units	–	5 836	–
Property expenses/PM fee income	(439 496)	(241 988)	(48 305)
ECL on trade and other receivables	(26 993)	(4 923)	(562)
Net profit from property operations	590 223	626 598	174 311
Other income	–	2 587	198
Operating expenses	(34 343)	(32 643)	(7 918)
ECL on loans to associates and suretyships	(61)	(7 138)	(91)
Impairment of investment in associates	–	–	–
Impairment of goodwill and intangible assets	–	–	–
Other expenses	–	–	(2)
Operating profit (loss)	555 819	589 404	166 498
Amortisation of intangible assets	–	–	–
Fair value adjustments	(1 010 853)	(672 844)	(46 686)
Net income (loss) from associates	637	75	–
Investment income	7 167	38 891	1 114
Finance costs	(4 680)	(12 079)	(4 781)
(Loss) profit before tax	(451 910)	(56 553)	116 145
Taxation	–	–	–
(Loss) profit for the year attributable to owners	(451 910)	(56 553)	116 145

30 June 2020

Hotel R'000	Waterfall develop-ments R'000	Head office SA R'000	Total SA R'000	MAS European R'000	Rest of Africa R'000	Head office Global R'000	Total R'000
347 793	–	–	17 824 959	–	–	–	17 824 959
–	1 549 462	–	1 549 462	–	–	–	1 549 462
–	198 172	–	198 172	–	–	–	198 172
–	1 351 290	–	1 351 290	–	–	–	1 351 290
8 188	–	–	1 016 541	–	–	–	1 016 541
–	–	776	34 515	1 915 641	–	–	1 950 156
–	–	57 133	418 570	–	–	–	418 570
–	90 855	3 768	94 623	–	416 059	–	510 682
3 762	22 641	17 674	220 304	–	–	41	220 345
2	1 565	482 091	703 978	–	–	68 569	772 547
–	43 722	–	119 927	–	–	–	119 927
–	–	132	77 536	–	–	–	77 536
–	–	68 941	68 941	–	–	–	68 941
–	–	21 224	23 063	–	–	–	23 063
359 745	1 708 245	651 739	22 152 419	1 915 641	416 059	68 610	24 552 729
–	–	9 988 721	9 988 721	–	–	1 435 547	11 424 268
–	–	821 687	827 362	15 594	–	–	842 956
–	–	29 800	29 800	–	–	–	29 800
1 589	24 918	59 953	370 308	–	–	144	370 452
–	–	–	1 824	–	–	–	1 824
2 111	–	10 032	275 949	–	–	–	275 949
–	15 550	10 359	25 909	–	–	–	25 909
3 700	40 468	10 920 552	11 519 873	15 594	–	1 435 691	12 971 158
35 274	–	8 104	2 209 156	–	–	–	2 209 156
(4 391)	–	–	(22 606)	–	–	–	(22 606)
–	–	–	5 836	–	–	–	5 836
(11 384)	–	5 282	(735 891)	–	–	–	(735 891)
(308)	–	–	(32 786)	–	–	–	(32 786)
19 191	–	13 386	1 423 709	–	–	–	1 423 709
–	–	22 497	25 282	2 749	37 565	–	65 596
(1 771)	–	(83 640)	(160 315)	–	–	–	(160 315)
–	(36 137)	(264 051)	(307 478)	–	(286 667)	–	(594 145)
–	–	–	–	(1 312 012)	–	–	(1 312 012)
–	–	(232 477)	(232 477)	–	–	–	(232 477)
–	(31 885)	(19 366)	(51 253)	(25 078)	(101 594)	–	(177 925)
17 420	(68 022)	(563 651)	697 468	(1 334 341)	(350 696)	–	(987 569)
–	–	(19 964)	(19 964)	–	–	–	(19 964)
11 123	131 924	(530 130)	(2 117 466)	–	–	–	(2 117 466)
–	–	(1 882)	(1 170)	(88 937)	–	–	(90 107)
10	–	17 441	64 623	–	32 239	235	97 097
(210)	–	(852 280)	(874 030)	–	–	(30 920)	(904 950)
28 343	63 902	(1 950 466)	(2 250 539)	(1 423 278)	(318 457)	(30 685)	(4 022 959)
–	–	117 860	117 860	138 520	–	(1 276)	255 104
28 343	63 902	(1 832 606)	(2 132 679)	(1 284 758)	(318 457)	(31 961)	(3 767 855)

Annexure A

SA REIT Association Best Practice Recommendations financial ratios

The second edition of the SA REIT Association Best-Practice Recommendations (SA REIT BPR) was issued in November 2019 and is effective for reporting periods commencing on or after 1 January 2020. The comparative figures have been disclosed on the same basis.

The reconciliation of profit to funds from operation is a non-IFRS financial measure and does not form part of the condensed financial statements for the years presented.

SA REIT funds from operations (SA REIT FFO)	**Unaudited 30 June 2021 R'000**	Unaudited 30 June 2020 R'000
Profit (loss) per IFRS consolidated statement of profit (loss) attributable to the parent	**154 115**	(3 767 855)
Adjusted for:		
Accounting/specific adjustments:		
Fair value adjustments to:		
• Investment property	**1 534 260**	1 590 476
• Debt and equity instruments held at fair value through profit or loss	**(300 655)**	526 990
Depreciation of an administrative nature and amortisation of intangible assets	**5 507**	25 121
Impairment of goodwill	**–**	67 774
Asset impairments and expected credit losses (ECLs) (excluding goodwill) and reversals of impairments and ECLs		
• Net impairment and ECL of associates, other investments and loans	**(160 708)**	1 900 412
• ECL on guarantees	**10 367**	5 675
• Impairment of investment in Edcon	**–**	(9 880)
• Impairment of asset management agreements	**–**	164 703
• Forgiveness of loan payable	**–**	(2 248)
Deferred tax movement recognised in profit or loss	**87 262**	(274 947)
Straight-line lease income adjustments	**(132 033)**	22 606
Adjustment arising from investing activities:		
Gains and losses on disposal of:		
• Profit on disposal of investment property	**–**	(2 457)
• Profit from sale of sectional title units	**(6 335)**	(5 836)
• Loss on disposal of investment in associate and other	**–**	84
• Profit on disposal of other assets	**(1 000)**	(3 146)
• Loss on disposal of subsidiary	**1 247**	3 221
Foreign exchange and hedging items:		
• Fair value adjustment on derivative financial instruments	**(15 594)**	25 078
• Foreign exchange gains or losses relating to capital items – realised and unrealised	**96 936**	67 175
• Realisation of FCTR on foreign operations	**(895 431)**	–
Other adjustments:		
Tax from sale of sectional title units	**–**	18 482
Adjustments made for equity-accounted entities#	**(15 366)**	272 832
SA REIT FFO	**362 572**	624 260
Number of shares outstanding at end of period (net of treasury shares)		
• **Number of shares in issue***	**705 123 739**	703 906 577
SA REIT FFO per share (cents)	**51,4**	88,7
SA REIT FFO	**362 572**	**624 260**

Adjustments made for equity-accounted entities are based on publicly available information

* Adjusted for 46 427 553 treasury shares

SA REIT funds from operations (SA REIT FFO)	**Unaudited 30 June 2021 R'000**	Unaudited 30 June 2020 R'000
Company-specific adjustments:		
Non-cash income from associates – MAS and Africa	**(54 705)**	49 335
Non-cash income from associates – South African portfolio	**(627)**	1 500
Provision and reversal of provision for other receivables	**909**	(909)
Depreciation in respect of property operations and amortisation of letting commission and tenant installations	**15 067**	13 915
Interest on lease liability	**24 950**	22 639
Rental paid	**(51 384)**	(44 296)
Net non-cash interest adjustment on loans from associates and other	**–**	(28 576)
Net reduction (increase) in lease receivables through higher (lower) collections	**16 699**	(32 091)
Net non-cash property owners association income	**(6 093)**	(1 603)
Lease cancellation fee	**22 733**	(90 000)
Distributable income	**330 122**	514 174
Distributable income per share (cents)	**46,8**	73,0
Dividends	**–**	316 758
Interim	**–**	316 758
Final	**–**	–
Dividend per share (cents)	**–**	45,0
Interim	**–**	45,0
Final	**–**	–

SA REIT net asset value (NAV) per share	Unaudited 30 June 2021 R'000	Unaudited 30 June 2020 R'000
Reported NAV attributable to the parent	**11 108 246**	11 581 571
Adjustments:		
Fair value of derivative financial instruments	**455 833**	783 279
Deferred tax	**48 121**	(39 141)
SA REIT NAV	**11 612 200**	12 325 709
Number of shares outstanding at end of period (net of treasury shares)		
Number of shares in issue*	**705 123 739**	703 906 577
Effect of dilutive instruments (options, convertibles and equity interests)	**8 215 765**	8 344 463
Diluted number of shares in issue*	**713 339 504**	712 251 040
SA REIT NAV per share (Rand)	**16,28**	17,31

* Adjusted for 46 427 553 treasury shares

SA REIT cost-to-income ratio	Unaudited 30 June 2021 R'000	Unaudited 30 June 2020 R'000
Expenses		
Operating expenses per IFRS income statement (includes municipal expenses)	**757 018**	768 677
Administrative expenses per IFRS income statement	**180 347**	160 315
Exclude		
Depreciation expense in relation to property, plant and equipment of an administrative nature and amortisation expense in respect of intangible assets	**(5 507)**	(5 157)
Operating costs	**931 858**	923 835
Rental income		
Contractual rental income per IFRS income statement (excluding straight-lining)	**1 718 117**	1 712 345
Utility and operating recoveries per IFRS income statement	**488 240**	496 811
Gross rental income	**2 206 357**	2 209 156
SA REIT cost-to-income ratio (%)	**42,2**	41,8

SA REIT administrative cost-to-income ratio	Unaudited 30 June 2021 R'000	Unaudited 30 June 2020 R'000
Expenses		
Administrative expenses per IFRS income statement	**180 347**	160 315
Administrative cost	**180 347**	160 315
Rental income		
Contractual rental income per IFRS income statement (excluding straight-lining)	**1 718 117**	1 712 345
Utility and operating recoveries per IFRS income statement	**488 240**	496 811
Gross rental income	**2 206 357**	2 209 156
SA REIT administrative cost-to-income ratio (%)	**8,2**	7,3

SA REIT loan-to-value (LTV)	**Unaudited 30 June 2021 R'000**	Unaudited 30 June 2020 R'000
Gross debt	**10 183 029**	11 424 268
Adjustments:		
Cash and cash equivalents	**(990 694)**	(672 914)
Derivative financial instruments	**455 833**	783 279
Net debt	**9 648 168**	11 534 633
Total assets	**22 589 172**	24 552 729
Adjustments:		
Cash and cash equivalents	**(990 694)**	(672 914)
Derivative financial assets	**(44 301)**	(54 002)
Trade and other receivables	**(149 422)**	(220 345)
Carrying amount of property-related assets	**21 404 755**	23 605 468
SA REIT LTV (%)	**45,1**	48,9

SA REIT GLA vacancy rate	**Unaudited 30 June 2021 m²**	Unaudited 30 June 2020 m²
Gross lettable area of vacant space	**37 061**	49 993
Gross lettable area of total property portfolio	**774 117**	779 480
SA REIT GLA vacancy rate (%)	**4,8**	6,4

		Unaudited 30 June 2021			Unaudited 30 June 2020		
Cost of debt (%)	Notes	**Rand**	**EUR**	**TOTAL**	Rand	EUR	TOTAL
Variable interest-rate borrowings							
Floating reference rate plus weighted average margin		**5,7**	**3,2**	**5,6**	5,9	2,0	5,4
Fixed interest-rate borrowings							
Weighted average fixed rate		**10,5**	**–**	**10,5**	10,7	–	10,7
Pre-adjusted weighted average cost of debt	A	**5,8**	**3,2**	**5,7**	6,2	2,0	5,7
Adjustments:							
Impact of interest rate derivatives	B	**3,4**	**–**	**3,3**	3,5	–	3,1
Impact of cross-currency interest rate swaps	C	**–**	**–**	**–**	–	–	–
Amortised transaction costs imputed into the effective interest rate	D	**0,1**	**0,1**	**0,1**	0,1	0,1	0,1
All-in weighted average cost of debt	A+B+C+D	**9,3**	**3,3**	**9,1**	10,1	2,1	8,9

Company information

Independent non-executive directors

P Tredoux (chairperson)
HR El Haimer (lead independent)
TP Leeuw (appointed 10 February 2021)
IN Mkhari
BT Nagle (retired on 27 November 2020)
S Shaw-Taylor
AE Swiegers (appointed 14 January 2021)
JHP van der Merwe

Executive directors

JR van Niekerk (CEO, appointed 1 May 2021)
M Hamman (CEO, resigned 30 April 2021)
R Nana (CFO)

Company secretary

A Matwa

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Sponsor

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