REVIEWED CONDENSED CONSOLIDATED FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2013

ATTACQ

Creating investment opportunities.

HIGHLIGHTS

- *NAV per share growth year-on-year of 19.9%*
- *Total assets grew to R15,1 billion*
- *Successful listing on JSE on 14 October 2013*
- *1.75 million m^2 Waterfall gaining momentum*
  - *215 892 m^2 under construction*
  - *108 363 m^2 completed*
- *Broke ground on the largest single phase super regional mall in South Africa, the Mall of Africa*
- *Internalisation of the Asset and Property Manager on the direct property portfolio*
- *Increased shareholding in MAS Real Estate Inc to 47.2%*

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Reviewed 31 December 2013 R'000	Unaudited 31 December 2012 R'000	Audited 30 June 2013 R'000
Assets			
Non-current assets			
Property, plant and equipment	**8 714**	2 204	5 666
Investment properties	**11 275 771**	8 765 198	9 495 681
Per valuation	**11 469 897**	8 850 154	9 663 652
Straight-line lease debtor income adjustments	**(194 126)**	(84 956)	(167 971)
Straight-line lease debtor	**194 126**	84 956	167 971
Deferred initial lease expenditure	**1 902**	719	4 504
Intangible asset	**294 469**	–	–
Goodwill	**60 658**	–	–
Investment in associates	**1 554 337**	1 600 891	1 145 246
Other investments	**410 453**	138 076	58 379
Deferred tax assets	**15 710**	–	8 103
Total non-current assets	**13 816 140**	10 592 044	10 885 550
Current assets			
Inventories	**177 698**	43 658	126 304
Taxation receivable	**15 966**	–	1 497
Trade and other receivables	**131 713**	97 469	155 497
Loans to associates	**499 414**	303 932	487 142
Other financial assets	**69 088**	48 298	47 368
Cash and cash equivalents	**187 686**	99 983	44 389
Total current assets	**1 081 565**	593 340	862 197
Non-current assets classified as held for sale	**200 299**	560 652	1 601 642
Total assets	**15 098 004**	11 746 036	13 349 389
Equity and liabilities			
Stated capital/issued capital and share premium	**4 205 186**	2 196 596	2 196 594
Distributable reserves	**3 268 435**	2 632 262	3 170 832
Equity-settled employee benefit reserve	**8 873**	–	5 488
Foreign currency translation reserve	**227**	1 803	159
Change in ownership reserve	**(3 183)**	–	–
Equity attributable to owners of the holding company	**7 479 538**	4 830 661	5 373 073
Non-controlling interests	**157 991**	356 626	355 831
Total equity	**7 637 529**	5 187 287	5 728 904
Non-current liabilities			
Long-term borrowings	**4 003 365**	3 571 320	3 872 731
Deferred tax liabilities	**808 396**	650 719	775 434
Other financial liabilities	**182 505**	154 832	70 944
Provision for liabilities relating to associates	**71 353**	55 807	71 355
Finance lease liabilities	**633 442**	560 219	624 358
Total non-current liabilities	**5 699 061**	4 992 897	5 414 822
Current liabilities			
Other financial liabilities	**2 029**	215 238	145 257
Finance lease liabilities	**18 958**	1 175	6 662
Tax payable	**11 879**	11 338	25 759
Trade and other payables	**149 148**	116 882	327 990
Provisions	**7 205**	2 805	5 709
Current portion of long-term borrowings	**1 471 514**	920 201	1 295 713
Total current liabilities	**1 660 733**	1 267 639	1 807 090
Non-current liabilities directly associated with assets classified as held for sale	**100 681**	298 213	398 573
Total liabilities	**7 460 475**	6 558 749	7 620 485
Total equity and liabilities	**15 098 004**	11 746 036	13 349 389
	Cents	Cents	Cents
Net asset value per share	**1 289**	1 075	1 196
Net asset value per share excluding deferred tax	**1 425**	1 220	1 366

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Reviewed 31 December 2013 R'000	Unaudited 31 December 2012 R'000	Audited 30 June 2013 R'000
Continuing operations			
Gross rental income	**368 696**	314 076	628 532
Rental income	**346 059**	326 709	543 279
Straight-line lease income adjustments	**22 637**	(12 633)	85 253
Property expenses	**(130 966)**	(133 377)	(212 362)
Net rental income	**237 730**	180 699	416 170
Other income	**7 669**	34 450	126 348
Operating and other expenses	**(160 219)**	(68 908)	(288 060)
Operating profit	**85 180**	146 241	254 458
Fair value adjustments	**591 269**	305 324	929 054
Investment properties	**485 638**	296 719	854 817
Other financial assets and liabilities	**16 092**	(26 751)	57 137
Other investments	**89 539**	35 356	17 100
Net income from associates	**55 573**	51 392	94 430
Investment income	**61 187**	35 073	48 345
Finance costs	**(354 272)**	(245 390)	(473 196)
Profit before taxation	**438 937**	292 640	853 091
Taxation	**(76 071)**	(73 874)	(202 601)
Profit for the year from continuing operations	**362 866**	218 766	650 490
Discontinued operations			
Profit from discontinued operations net of taxation	**–**	–	108 788
Total comprehensive income for the period	**362 866**	218 766	759 278
Attributable to:			
Owners of the company	**357 546**	190 222	728 792
Non-controlling interests	**5 320**	28 544	30 486
Earnings per share			
From continuing and discontinued operations			
Basic (cents)	**68,1**	42,3	162,2
Diluted (cents)	**68,0**	42,3	162,0
From continuing operations			
Basic (cents)	**68,1**	42,3	138,0
Diluted (cents)	**68,0**	42,3	137,8

RECONCILIATION BETWEEN EARNINGS, HEADLINE LOSS AND DISTRIBUTABLE EARNINGS

	Reviewed 31 December 2013 R'000	Unaudited 31 December 2012 R'000	Audited 30 June 2013 R'000
Profit for the period	**357 546**	190 222	728 792
Headline earnings adjustments (net of tax and non-controlling interests)	**(435 823)**	(282 684)	(776 393)
Profit on disposal of associates	**(7 543)**	–	–
Loss (profit) on disposal of other investments	**65 153**	(28 323)	(49 279)
Profit on sale of subsidiaries	**–**	–	(12 591)
Reversal of impairment of loans	**–**	–	(21 651)
Profit on disposal of investment property	**(2 651)**	(17 197)	(11 787)
Impairment of associates and other investments	**4 954**	–	85 070
Impairment of goodwill	**–**	16 929	16 929
Loans impaired	**–**	–	40 372
Fair value adjustments	**(591 269)**	(305 324)	(1 024 481)
Net income from associates	**(55 573)**	(51 392)	(109 325)
Tax effect of adjustments	**109 451**	75 022	206 019
Non-controlling interests share	**41 700**	27 601	104 331
Headline loss	**(78 232)**	(92 462)	(47 601)
Distributable earnings adjustments	**84 209**	30 744	(10 709)
Straight-line lease income adjustments	**(15 999)**	9 096	(54 529)
Finance lease interest	**12 009**	21 936	44 366
Interest in respect of Attvest transaction	**88 971**	–	–
Actual lease payments	**(772)**	(288)	(546)
Distributable earnings (loss)	**5 977**	(61 718)	(58 310)
Number of shares in issue*	**580 416 250**	449 406 150	449 406 150
Weighted average number of shares in issue	**524 687 572**	449 406 150	449 406 150
Diluted weighted average number of shares in issue	**526 050 170**	449 406 150	449 861 909
Headline loss per share			
Basic (cents)	**(14,9)**	(20,6)	(10,6)
Diluted (cents)	**(14,9)**	(20,6)	(10,6)

* *Net of treasury shares.*

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital and share premium/ Stated capital R'000	Foreign currency translation reserve R'000	Equity-settled employee benefit reserve R'000	Distri-butable reserves R'000	Change in ownership reserve R'000	Attri-butable to equity holders of the company R'000	Non-controll-ing interest R'000	Total R'000
Audited balance at 1 July 2012	2 196 596	(668)	–	2 442 040	–	4 637 968	395 348	5 033 316
Total comprehensive income	–	–	–	190 222	–	190 222	28 544	218 766
Derecognition of non-controlling interest due to sale of subsidiaries	–	–	–	–	–	–	(67 266)	(67 266)
Recognition of share-based payments	–	–	–	–	–	–	–	–
Foreign currency translation	–	2 471	–	–	–	2 471	–	2 471
Unaudited balance at 31 December 2012	2 196 596	1 803	–	2 632 262	–	4 830 661	356 626	5 187 287
Total comprehensive income	–	–	–	538 570	–	538 570	1 942	540 512
Derecognition of FCTR and non-controlling interest due to sale of subsidiaries	–	321	–	–	–	321	2 263	2 584
Dividends paid	–	–	–	–	–	–	(5 000)	(5 000)
Recognition of share-based payments	–	–	5 488	–	–	5 488	–	5 488
Foreign currency translation	–	(1 965)	–	–	–	(1 965)	–	(1 965)
Issue of shares – adjustment	(2)	–	–	–	–	(2)	–	(2)
Audited balance at 30 June 2013	**2 196 594**	**159**	**5 488**	**3 170 832**	**–**	**5 373 073**	**355 831**	**5 728 904**
Total comprehensive income	**–**	**–**	**–**	**357 546**	**–**	**357 546**	**5 320**	**362 866**
Derecognition of non-controlling interest due to sale of subsidiaries	**–**	**–**	**–**	**–**	**–**	**–**	**(203 160)**	**(203 160)**
Foreign currency translation	**–**	**68**	**–**	**–**	**–**	**68**	**–**	**68**
Cancellation of shares	**–**	**–**	**–**	**(259 943)**	**–**	**(259 943)**	**–**	**(259 943)**
Issue of shares	**2 008 592**	**–**	**–**	**–**	**–**	**2 008 592**	**–**	**2 008 592**
Recognition of change in ownership reserve	**–**	**–**	**–**	**–**	**(3 183)**	**(3 183)**	**–**	**(3 183)**
Recognition of share-based payments	**–**	**–**	**3 385**	**–**	**–**	**3 385**	**–**	**3 385**
Reviewed balance at 31 December 2013	**4 205 186**	**227**	**8 873**	**3 268 435**	**(3 183)**	**7 479 538**	**157 991**	**7 637 529**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Reviewed 31 December 2013 R'000	Unaudited 31 December 2012 R'000	Audited 30 June 2013 R'000
Cash flow utlised in operating activities	**(287 017)**	(48 749)	(19 305)
Cash (utilised in)/generated from operations	**(64 731)**	54 153	475 335
Investment income	**61 187**	35 073	48 345
Interest paid	**(204 409)**	(132 027)	(473 196)
Taxation paid	**(79 064)**	(5 948)	(29 039)
Cash flow relating to non-current assets held for sale	**–**	–	(40 750)
Cash utilised in investing activities	**(1 127 497)**	(284 892)	(636 524)
Cash flow from financing activities	**1 598 894**	233 123	547 323
Total cash movement for the period	**184 380**	(100 518)	(108 506)
Cash at the beginning of the period	**44 389**	200 501	200 501
Cash disposed with subsidiaries	**(41 083)**	–	(47 606)
Total cash at the end of the period	**187 686**	99 983	44 389

SUMMARISED SEGMENTAL ANALYSIS

Business segment	Revenue R'000	Net profit R'000	Investment properties R'000	Net asset value R'000
	Reviewed 31 December 2013			
Atterbury House [1, 2]	4 367	(1 571)	–	–
Great Westerford [1, 3]	16 691	914	264 757	156 290
Harlequins Office Park [2]	2 692	(769)	–	–
Lynnwood Bridge	60 800	45 017	835 312	385 968
Aurecon Building	37 967	7 577	649 061	142 019
Altech Building	536	7 949	44 208	11 512
Cell C	9 207	61 151	750 130	60 997
Maxwell Office Park – Phase I	134	17 103	124 228	32 221
Office and mixed use	**132 394**	**137 371**	**2 667 696**	**789 007**
De Ville Shopping Centre [4]	13 586	8 130	200 299	101 651
Glenfair Boulevard Shopping Centre	21 675	15 342	328 202	259 843
Sanridge Square [1]	2 944	2 125	–	–
Garden Route Mall	58 711	31 532	1 056 042	653 650
Brooklyn Mall [1]	34 148	22 383	604 193	244 056
Mooirivier Mall [1]	56 690	57 714	974 683	381 053
Andringa Walk [1]	11 386	2 435	155 834	(116 948)
Eikestad Mall [1]	29 136	16 942	504 575	66 453
Mill Square [1]	1 491	(4 808)	58 573	98 251
Retail	**229 767**	**151 795**	**3 882 401**	**1 688 009**
Massbuild	6 535	8 310	251 554	99 272
Light industrial	**6 535**	**8 310**	**251 554**	**99 272**
Le Chateau	–	(52)	17 000	14 751
Waterfall – Land	–	(18 333)	2 014 197	1 742 181
Waterfall – Infrastructure and Services	–	–	408 243	260 869
Vacant land	**–**	**(18 385)**	**2 439 440**	**2 017 801**
Lynnwood Bridge – Phase III	–	(12 573)	206 208	35 229
Newtown	–	(26 994)	577 670	147 905
Majestic Offices	–	8 082	81 575	22 519
Waterfall – Angel Shack [1]	–	–	4 813	558
Waterfall – Cell C [1]	–	–	–	–
Waterfall – City Lodge [1]	–	2 614	24 548	13 305
Waterfall – Dräger [1]	–	396	14 713	2 701
Waterfall – Group 5 [1]	–	108 912	517 596	108 912
Waterfall – Mall of Africa [1]	–	44 686	581 407	307 482
Waterfall – Maxwell Office Park – Phase I [1]	–	–	–	–
Waterfall – Maxwell Office Park – Phase II [1]	–	2 823	35 318	32 709
Waterfall Corner [1]	–	33 899	134 119	49 343
Waterfall Lifestyle [1]	–	–	33 669	16 182
Waterfall – Westcon [1]	–	–	23 343	6 918
Developments	**–**	**161 845**	**2 234 979**	**743 763**
Head office/other	**–**	**(78 070)**	**–**	**2 299 677**
Total	**368 696**	**362 866**	**11 476 070**	**7 637 529**

Notes

1. *Tax calculated at legal entity level and not assigned per building.*
2. *Held for sale as at 30 June 2013, sold in the six months to 31 December 2013.*
3. *50% undivided share sold in six months to 30 June 2013, 50% undivided share held for sale as at 30 June 2013, no longer held for sale as at 31 December 2013.*
4. *Held for sale as at 30 June 2013 and 31 December 2013.*

Unaudited 31 December 2012				Audited 30 June 2013			
Revenue R'000	Net profit R'000	Investment properties R'000	Net asset value R'000	Revenue R'000	Net profit R'000	Investment properties R'000	Net asset value R'000
15 040	41 262	331 373	152 803	26 362	33 356	335 942	202 018
25 499	37 538	544 612	211 954	48 567	55 385	258 871	159 261
5 080	4 744	117 772	47 794	14 351	17 529	132 838	66 511
45 538	10 265	858 633	259 257	119 917	60 414	810 379	316 706
31 407	17 470	644 893	132 865	90 314	32 036	644 158	129 941
846	1 912	36 780	1 912	5 143	3 805	37 793	3 304
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–
123 410	113 191	2 534 063	806 585	304 654	202 525	2 219 981	877 741
10 599	2 821	204 932	90 311	30 230	(6 669)	184 239	87 720
19 383	21 601	307 790	211 337	43 264	33 189	316 909	246 169
7 531	6 858	96 638	45 215	15 106	10 668	99 834	101 080
54 175	18 046	982 712	466 058	119 998	56 299	1 023 185	507 329
27 825	9 734	542 093	173 903	57 655	52 880	575 000	191 497
49 914	19 196	814 544	307 298	112 408	148 532	915 178	398 840
5 760	(6 087)	167 550	(148 911)	15 835	(34 798)	146 293	(138 521)
20 963	(28 613)	445 824	3 653	54 497	26 844	483 267	(2 624)
–	–	35 810	–	226	4 397	58 019	57 610
196 150	43 556	3 597 893	1 148 864	449 219	291 342	3 801 924	1 449 100
–	578	165 961	578	17 412	24 489	243 634	16 600
–	578	165 961	578	17 412	24 489	243 634	16 600
–	1	15 000	7 014	–	1 483	17 000	9 927
–	89 293	2 283 918	898 379	–	199 769	2 236 380	1 589 109
–	–	299 368	133 356	–	(5 782)	554 037	208 570
–	89 294	2 598 286	1 038 749	–	195 470	2 807 417	1 807 606
–	–	–	–	–	47 803	165 977	47 803
–	451	250 881	159 068	–	3 960	427 363	147 558
–	(90)	24 810	13 307	–	(5 572)	37 165	12 579
–	–	–	–	–	–	–	–
–	–	119 386	–	–	82 020	514 578	98 219
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–
–	–	32 481	–	–	24 341	230 437	47 942
–	–	–	–	–	–	–	–
–	–	1 684	–	–	9 681	58 923	47 937
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–
–	361	429 242	172 375	–	162 233	1 434 443	402 038
(5 484)	(28 214)	405	2 020 136	(7 243)	(116 781)	–	1 175 819
314 076	218 766	9 325 850	5 187 287	764 042	759 278	10 507 399	5 728 904

COMMENTARY

Introduction

Attacq is a leading South African capital growth property company listed on the JSE. Attacq's business has two focus areas: Investments and Developments. Investments comprise completed buildings held directly and indirectly. Developments comprise land, greenfields development of land or brownfield developments by refurbishments to existing buildings. Investments provide stable income and balance sheet strength to responsibly secure and fund high-growth opportunities within Developments. Attacq has a total asset value in excess of R15 billion, including landmark commercial and retail property assets and developments. Its portfolio of properties is geographically diverse across South Africa and includes a growing representation of international investments in sub-Saharan Africa and exposure to property investment in Germany, Switzerland and the United Kingdom *via* a strategic stake in MAS Real Estate Inc. ("MAS").

This set of interim results marks Attacq's maiden set of interim results since listing on the JSE in the "Real Estate – Real Estate Holdings and Development" sector on 14 October 2013.

Net asset value per share ("NAVPS")

NAVPS of R12,89 at 31 December 2013 was 19.9% higher than the R10,75 for the comparative period of 31 December 2012 and 7.8% higher than the NAVPS per share of R11,96 at 30 June 2013.

Growth in NAVPS was impacted by the 29.2% increase in the number of issued shares.

Attacq applies the equity accounting method to its 47.2% shareholding in MAS. Applying a look-through approach on the investment by employing the issue price of R15,75 per MAS share from MAS' recent successful capital raising results in a further 11 cents per share increase to Attacq's NAVPS, after taking into account capital gains tax.

Adoption of NAVPS for trading statement purposes

Given the nature of Attacq's business as a capital growth fund, the Company has decided to adopt the NAVPS measure for future trading statement purposes as it is considered a more relevant performance measure than earnings per share and headline earnings per share.

Capital raised

During the period under review, Attacq raised a total of R1,38 billion, prior to expenses, from shareholders.

Prior to listing, Attacq issued 50,4 million shares to existing shareholders at R11,50 per share in terms of a non-renounceable rights offer to raise R580 million. The rights offer, which closed on 24 July 2013, was 44% oversubscribed.

R800 million was raised as part of the listing process by way of the private placement of 55,2 million shares at R14,50 per share.

Acquisitions

Non-controlling interests

During the period under review, Attacq acquired the non-controlling interests in Attacq Retail Fund (Pty) Ltd (previously Abacus Holdings (Pty) Ltd) by issuing 12,2 million Attacq shares at R11,64 per share. During December 2013, Attacq also exercised its call option to acquire the 20% shareholding of Hyprop Investments Ltd ("Hyprop") in Mantrablox (Pty) Ltd, the owner of Garden Route Mall, by acquiring Hyprop's 20% shareholding for an amount of R21,4 million and settling the related shareholder loan of R117,6 million.

Investment in African Land Investments Ltd ("ALI")

Attacq acquired a 12.4% stake in ALI effective 5 December 2013 for an amount of R110 million at a forward yield of 8.1%. Hyprop acquired 87% of ALI as part of the same transaction. ALI owns the 43 400m^2 Manda Hill Shopping Centre in Lusaka, Zambia. The mall was the first regional shopping centre in Zambia and is currently fully let with a strong retail offering. The intention is for Attacq and Hyprop to restructure the investment with the aim of Atterbury Africa Ltd ("Atterbury Africa") holding 50% of ALI and Hyprop owning the other 50% directly.

Internalisation of asset management function

In order to internalise the asset management function, Attacq acquired the entire issued share capital of Attacq Management Services (Pty) Ltd ("AMS") (previously, Atterbury Asset Managers (Pty) Ltd) from Atterbury Property Holdings (Pty) Ltd (an associate of Attacq) and Attventure (Pty) Ltd. The objectives of the internalisation are to conform to market practice, to create synergies between Attacq and the asset manager and to remove any potential conflicts of interest between Attacq and the asset manager. The purchase consideration of R271,1 million was settled by way of a cash payment of R135,5 million and by the issue of 11,3 million new Attacq shares issued at R11,96 per share on 14 October 2013, being the NAVPS of Attacq as at 30 June 2013.

Attacq has measured AMS' identifiable assets and liabilities at their acquisition-date fair value. The consolidated fair values are presented below:

Assets and liabilities acquired and intangible asset recognised	R'000
Assets acquired	294 388
Liabilities acquired	(299 568)
Total identifiable net assets at fair value	(5 180)
Purchase consideration	271 089
Intangible asset recognised	276 269
Allocated to:	
Contracts	299 460
Goodwill	60 658
Deferred tax	(83 849)

An intangible asset representing the right to the asset management of certain Attacq properties has been recognised and is amortised over a period of 15 years. Recognition of this asset and the related deferred taxation of R83,8 million resulted in goodwill of R60,7 million being recognised.

Shareholding increase in Atterbury Waterfall Investment Company (Pty) Ltd ("AWIC")

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

Disposals and assets held for sale

During the period under review, Attacq concluded the disposal of the following assets:

- Atterbury House, to Ascension Properties Ltd for an amount of R341 million on 6 September 2013;
- 100% of the issued share capital of Atterbury Parkdev Consortium (Pty) Ltd, owner of Harlequins Office Park, to Delta Property Fund Ltd ("Delta") for a total consideration of R136 million settled by the payment of R95,2 million in cash and 4,9 million Delta units totalling R40,8 million; and
- Its 50% undivided share in Sanridge Square to Rapfund Holdings (Pty) Ltd for an amount of R102 million on 20 August 2013;
- Its 26.3% shareholding in the issued share capital and loan notes of Artisan Investment Projects 10 Ltd, the owner of the Caltongate development in Edinburgh, in return for 3,1 million shares in MAS, effective 19 August 2013 and increasing Attacq's shareholding in MAS to 23.9% at the time; and
- The merged Karoo I and II investments to MAS in return for 32 million MAS shares, effective 20 December 2013, increasing Attacq's shareholding in MAS to 47.2%.

Attacq's 50% undivided share in the Great Westerford property was reflected under assets held for sale as at 30 June 2013. Attacq and its co-owners have decided to refurbish the property and accordingly it is no longer classified as held for sale at 31 December 2013. The only remaining asset held for sale at period end is the De Ville Shopping Centre in Durbanville.

Profit before taxation

Net rental income

Net rental income increased by 31.6% compared with the corresponding period in 2012. This was driven by a 17.4% increase in rental income and a decrease of 1.8% in property expenses. Excluding the new AWIC properties that came on stream during 2013, on a like-for-like basis revenue increased by 7% and the decrease in expenses was primarily driven by savings from the internalisation of the asset and property manager. On a net basis, the property cost to rental income ratio improved to 19.6% (December 2012: 22%).

Vacancies

Overall portfolio vacancies have decreased by 14 334m² since June 2013 primarily as a result of the sale of Atterbury House and Sanridge Square during the period. Office vacancies have deteriorated slightly as a percentage of the total office portfolio due to the vacancies in existence on completion of construction on one of the office buildings in Maxwell Office Park during December 2013 and the completion of the Mill Square offices during the period. The slight increase in retail vacancies was driven by non-renewals of tenants in the regional retail portfolio.

Sector	31 December 2013 Vacancy % based on total GLA*	Vacant GLA(m^2)*	30 June 2013 Vacancy % based on total GLA*	Vacant GLAm^{2}*
Retail	**1.7**	**3 215**	1.5	4 922
Office	**4.6**	**5 783**	5.7	18 410
Industrial	**–**	**–**	0.0	–
Hotel	**–**	**–**	0.0	–
Portfolio vacancy	**2.5**	**8 998**	7.3	23 332

** 1 751m^2 (June 2013: 13 662m^2) of the vacant m^2 (19.5%) (June 2013: 58.6%) relates to properties held for sale. Great Westerford, held for sale as at June 2013, is no longer held for sale at December 2013.*

Fair value adjustments

Fair value adjustments of investment properties and investment properties under development totalled R485.6 million (December 2012: R296,7 million) for the period under review.

R257,2 million and R15,2 million of the fair value adjustment in the current period arose from fair valuing investment properties under development and vacant land, respectively. The balance of R213,3 million relates to operational investment properties and is mainly due to an overall increase in contracted rentals, as the market capitalisation rates applied in valuing these properties were largely unchanged from 30 June 2013.

Property valuations as at 31 December 2013 are based on directors' valuations using the same principles and methodologies as applied in the external valuations performed for the year ended 30 June 2013. In support of the directors' valuations, an external desktop review was performed by either Old Mutual Investment Group (South Africa) (Pty) Ltd Valuations or Mills Fitchet KZN CC on the majority of investment properties.

Operating and other expenses

Included in operating and other expenses is a loss of R68 million realised on the disposal of Attacq's investment in the merged Karoo I and Karoo II funds in return for a further 23.4% stake in MAS. The transaction created the opportunity for Attacq to exchange a holding in an illiquid asset for an increased shareholding in a strategic investment with a quality portfolio and development pipeline well positioned to benefit from any recovery in the European property markets. Attacq will share in any potential upside on the Karoo assets directly by way of an agterskot mechanism and indirectly *via* its increased shareholding in MAS.

Finance costs

Attacq's finance costs increased by 44.4% on the prior comparative period due to an interest reversal of R123,6 million arising from the transaction concluded between Attacq, Atterbury Investment Managers (Pty) Ltd and Razorbill Properties 91 (Pty) Ltd (a wholly owned subsidiary of Attacq) as more fully detailed in Attacq's listing prospectus and as approved by shareholders at the general meeting held on 27 August 2013.

Development property

During the period under review the Cell C Campus as well as two of the proposed seven office buildings in Maxwell Office Park were completed, adding a total of 55 552m^2 of GLA to Waterfall's completed buildings. These new buildings are 98% occupied.

Attacq's development pipeline remains robust, with the following projects underway as at 31 December 2013:

Property	Sector	Completion date (anticipated*)	Total GLA (m^2)	% pre-let
Waterfall				
Group 5	Office	January 2014	23 139	100
Speculative Building (Maxwell Office Park)	Office	July 2014*	4 360	
Premier Foods (Maxwell Office Park)	Office	June 2014*	4 343	100
Waterfall Corner	Retail	April 2014*	9 126	>95
Waterfall Lifestyle	Retail	June 2014*	6 917	>57
Angel Shack	Office and Industrial	July 2014*	4 558	100
City Lodge	Hotel	November 2014*	6 180	100
Dräger	Office and Industrial	December 2014*	4 674	100
Westcon	Office and Industrial	September 2014*	7 500	100
Mall of Africa	Retail	April 2016*	117 875	>60
Other				
Lynnwood Bridge Phase III	Office	October 2014*	15 000	57
Newtown and Majestic	Retail and Office	November 2014*	75 000	>70

Borrowings

The gearing ratio, calculated as total net external interest-bearing debt (including debt on non-current assets held for sale) less cash on hand to total assets, improved from 41.4% as at 30 June 2013 to 35.7% as at 31 December 2013. 69.6% of total external interest-bearing debt was fixed as at 31 December 2013.

Being a capital growth fund, Attacq's gearing is generally expected to be higher than that of its listed income-focused property peers. The current portion of long-term borrowings includes funding provided by financial institutions for both completed buildings and development loans. Funding provided in respect of developments and servicing of land amounts to R807,3 million of the R1 471,5 million current portion of long term borrowings. Funding utilised for the construction of individual buildings will be settled with term loans at completion of the specific property and therefore does not pose a refinancing or liquidity risk.

Atterbury Africa

During the period under review, Attacq increased its commitment to Atterbury Africa from R250 million to R333 million. Its investment partner, Hyprop, increased its commitment from R750 million to R1 billion. As at 31 December 2013, Attacq's investment in Atterbury Africa totalled R193,5 million.

The Atterbury Africa portfolio comprised the following as at 31 December 2013:

Property	Location	GLA (m^2) (proposed*)	Atterbury Africa's % ownership	Attributable property value (USD '000)	Status
Accra Mall	Accra, Ghana	19 000	47	38 328	Income producing, fully let
West Hills Mall	Accra, Ghana	27 500	45	42 087	Under development, expected completion date October 2014
Achimota	Accra, Ghana	14 500*	75	4 630	Land acquired and design finalised. Pre-letting in progress
Kumasi	Kumasi, Ghana	27 800*	75	4 851	Land acquired
Waterfalls	Lusaka, Zambia	27 500*	25	1 374	Land acquired for retail and hotel development

Subsequent events

Brooklyn Bridge

Attacq increased its stake in the Brooklyn Bridge Office Park property from 25% to 100% on 11 March 2014. The purchase consideration was settled by way of R90 million in cash and the balance of R56,3 million by the issue of 4 883 621 Attacq shares issued at an issue price of R11,53 per share, being the NAVPS as at 31 March 2013. As at period end, this was the only outstanding transaction disclosed in the pro forma statement of financial position contained in Attacq's listing prospectus.

General issue of shares for cash

Attacq issued 29 million shares to raise a total of R512 million before expenses by way of a general issue of shares for cash on 5 February 2014. The shares were issued at R17,65, being a 1.6% discount to the prior day's 30 day volume weighted average price ("VWAP").

The capital raising was undertaken in order to fund further development of Waterfall and to fund Attacq's participation in MAS' initial €100 million capital raising announced on 10 February 2014.

Vendor placement to fund additional subscription for MAS shares

Due to positive investor demand, MAS decided to increase the quantum of its private placement from the previously announced €100 million to €183 million. In order to raise the funds required to exercise its full pre-emptive rights in the enlarged MAS capital raising, Attacq raised a further R1 billion on 25 February 2014 by way of a vendor consideration placement of 56.6 million Attacq shares issued at R17,65 (being a 1.7% discount to the prior day's 30-day VWAP).

Attacq invested a total of R1,3 billion in the MAS private placement which closed on 11 March 2014 in order to maintain its stake of 47.2% in the enlarged issued share capital of MAS. The additional capital raised by MAS will allow MAS to act on further income generating investment opportunities as well as to fast track its development pipeline.

Prospects

Attacq's focus remains on the ongoing roll out of Waterfall, the successful completion of its existing development pipeline and the implementation of its diversification strategy into African and international markets.

Basis of preparation

These reviewed condensed consolidated interim financial statements for the six months ended 31 December 2013 have been prepared in accordance with IAS 34: Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Guides as issued by the Financial Reporting Standards Council, the JSE Listings Requirements and the Companies Act of South Africa (Act 71 of 2008), as amended. The JSE

Listings Requirements require interim reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS").

The accounting policies applied in the preparation of these interim results are in terms of IFRS and are consistent with the accounting policies applied in the preparation of the previous financial year. Accounting policies have been amended for changes accounting in standards, but these changes have not resulted in any material changes to the results reported on in this document. These interim results have been prepared under the historical cost convention except for investment properties which are measured at fair value and certain financial instruments which are measured at either fair value or amortised cost. The fair value of investment properties are determined with reference to annual external valuations while investment in associates, other investments, other financial assets and other financial liabilities are valued with reference to market-related information and valuations as appropriate.

The financial information has been reviewed by the Company's auditors, Deloitte & Touche, in terms of ISRE 2410: Review of Interim Financial Information Performed by the Independent Auditor of the Entity. ISRE 2410 requires the auditor to conclude whether anything has come to their attention that causes them to believe that the interim financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. The auditor's unmodified review conclusion is available for inspection at the Company's registered office. The auditor's report does not necessarily report on all of the information contained in this announcement/financial results. Shareholders are therefore 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 accompanying financial information from the issuer's registered office.

The preparation of these condensed consolidated interim financial statements was supervised by Melt Hamman CA (SA), Financial Director of Attacq.

On behalf of the board

P Tredoux
Chairman

MC Wilken
CEO

18 March 2014

COMPANY INFORMATION

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

Directors
P Tredoux†* *(Chairman)*
MC Wilken *(CEO)*
M Hamman *(FD)*
LLS van der Watt
LM Ndala*
JHP van der Merwe*
S Shaw-Taylor†*
HR El Haimer†*
BF van Niekerk*
PH Faure*
MM du Toit†*
WL Masekela†*
† *Independent*
* *Non-executive*

There were no changes to the board of directors during the period.

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