



ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

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Mall of Africa, Waterfall City

LEVEL OF ASSURANCE

These Annual Financial Statements have been audited in compliance with the applicable requirements of the Companies Act, 71 of 2008.

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The Audited Annual Financial Statements, set out on pages 1 to 167, were approved by the Board of Directors on 11 September 2017.

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Directors' responsibilities and approval

The Directors are required in terms of the Companies Act to maintain adequate accounting records and are responsible for the content and integrity of the Consolidated and Separate AFS. It is their responsibility to ensure that the Consolidated and Separate AFS fairly present the state of affairs of Attacq and the Group as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with IFRS.

The Consolidated and Separate AFS are prepared in accordance with IFRS (issued by the IASB), the JSE Listings Requirements and are based on appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Directors acknowledge that they are ultimately responsible for the system of internal control established by the Group and place considerable importance on maintaining a strong control environment. To enable the Directors to meet these responsibilities, the Board sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Group and all employees are required to maintain the highest ethical standards in ensuring the Group's business is conducted in a manner that in all reasonable circumstances is beyond reproach. The focus of risk management in the Company is on identifying, assessing, managing and monitoring all known forms of risk across the Group.

The Directors have reviewed the cash flow forecast of the Group and Company for the next 12 months and, in light of this review and the current financial position, taking into account the maturing of the facilities, they are satisfied that the Group and the Company have access to adequate resources to continue in operational existence for the next 12 months.

The Consolidated and Separate AFS, set out on pages 18 to 167 in this report, have been prepared on the going concern basis.

The external auditors are responsible for independently auditing and reporting on the Consolidated and Separate AFS. The AFS have been examined by the Group's external auditors and their unmodified report is presented on pages 12 to 17.

The Consolidated and Separate AFS, set out on pages 2 to 167, were approved by the Board on 11 September 2017 and were signed on its behalf by:



P Tredoux
Chairperson

11 September 2017



MC Wilken
Chief Executive Officer

11 September 2017

Certificate by Company Secretary

In terms of section 88(2)(e) of the Companies Act, I declare, to the best of my knowledge, that the Company has filed the necessary returns and notices as required of a public company in terms of the Companies Act, and that all such notices and returns are true, correct and up to date.

A handwritten signature in black ink, appearing to read 'JKodde'.

Tasja Kodde

Company Secretary

11 September 2017

Audit and Risk Committee report

TO THE SHAREHOLDERS

Attacq's ("the Company" or "the Group") Audit and Risk Committee ("ARC") is a statutory committee of Attacq Limited and its subsidiaries and is accountable to both the Board and Attacq's shareholders.

The activities of ARC are determined by its terms of reference as approved by the Board and its responsibilities as per the South African Companies Act, 71 of 2008 ("the Companies Act"), the Listings Requirements of the Johannesburg Stock Exchange ("JSE Listings Requirements") and the King III Report on Governance for South Africa 2009 ("King III").

The purpose of ARC is to provide the Board and shareholders with sufficient assurance that their interests are protected in respect of internal controls, adequate financial reporting procedures and risk identification and the management thereof. The ARC therefore has a responsibility to ensure that the Group has effective systems in place to ensure adherence with good governance principles as defined in King III; that effective mechanisms are in place to ensure that risks are being identified and managed; and that the Group is aware of and complies with its legal and regulatory obligations.

A key role of ARC is to ensure that systems and processes are in place to ensure that assets and liabilities are recorded accurately and fairly in accordance with International Financial Reporting Standards ("IFRS"). In compliance with this responsibility, the Group has implemented an internal control framework, an internal audit function, regular interaction with the external auditor and regular reporting against budgets, forecasts and prior year results.

The governance of risk remains a key priority for the Board and ARC. The Board is ultimately responsible for managing risk and has delegated oversight responsibility for risk management to ARC. Management in turn is responsible for the identification and management of risks, by designing and implementing the appropriate mitigants.

ARC has established a Combined Assurance Forum ("CAF") to strengthen oversight of the various assurance levels. The CAF is attended by all Executive members, senior management that represent Legal, Risk and Compliance as well as the external and internal auditors. The CAF meeting takes place on a quarterly basis and provides regular feedback to ARC.

ARC has agreed to extend the external and internal audit contracts with Deloitte & Touche ("Deloitte") and PricewaterhouseCoopers ("PwC"), respectively, for a further one-year period. ARC has reviewed and approved the risk-based internal audit plan for the 2018 financial year.

ARC is satisfied that the Chief Financial Officer of the Group, Melt Hamman, has the necessary expertise and experience to carry out his duties and to meet his responsibilities.

ARC is satisfied that it has complied with its charter as determined by the Board and its statutory and other responsibilities.

Following the appropriate review and having regard to all material risks and factors that may impact the integrity of the Integrated Report and the Annual Financial Statements ("AFS"), ARC has recommended for approval by the Board the Company and Group AFS and the Integrated Report for the year ended 30 June 2017.

Role of ARC

The roles and responsibilities of ARC include, but are not limited to:

- providing the Board with additional assurance regarding the efficacy and reliability of the financial information used by the Directors to assist them in discharging of their duties;
- reviewing the going concern of the Group, including its solvency and liquidity;
- reviewing legal and regulatory requirements and adherence thereto;
- the appointment of internal and external auditors;
- reviewing the interim results and AFS including the Integrated Report;
- overseeing the internal audit function;
- overseeing the relationship with the external auditor;
- overseeing the effective functioning of the Combined Assurance process;
- reviewing the expertise, qualifications and performance of the finance function;
- ensuring that significant business, financial and other risks have been identified and are being suitably managed;
- ensuring that good standards of governance, reporting and compliance are in operation, including the monitoring of adherence with applicable legislation;
- effective and timely implementation of corrective actions to address any risk management deficiencies; and
- overseeing management's implementation and adherence to accounting policies, reporting and record-keeping standards.

Audit and Risk Committee report continued

Membership of ARC

ARC comprises four Independent Non-Executive Directors, with the appropriate skills and experience, recommended by the Remuneration and Nominations Committee and approved at the Annual General Meeting.

Members and attendance of ARC are included in the table below:

Member	Status	Attendance
Stewart Shaw-Taylor (Chairperson)	Independent Non-Executive Director	4/4
Hellen El Haimer	Independent Non-Executive Director	4/4
Keneilwe Moloko	Independent Non-Executive Director	4/4
Brett Nagle	Independent Non-Executive Director	4/4

ARC's quarterly meetings were also attended by the Company's Chief Executive Officer, Chief Financial Officer, Company Secretary, senior management, and senior representatives of the external and internal auditors.

Activities of ARC during the year

ARC has an annual work plan, developed from its charter and statutory responsibilities. Various standing items derived from the work plan are considered at each Committee meeting together with additional relevant matters arising from time to time.

During the 2017 financial year, ARC focused on three principal areas which are summarised below:

Risk and internal controls considered by management	External and internal audit considerations	Accounting, tax and financial reporting reviews
Participated in the annual risk assessment process	Approved the extension of the appointment of the external auditors	Recommended the interim results and AFS for approval
Reports from internal auditors on their review and assessment of the internal control environment	Approved the audit approach and scope of audit work to be undertaken by the external auditors, including the related fees	Considered the solvency and liquidity of the Group
Reports from external auditors on their assessment of the internal control environment	Reviewed the independence of the external auditors and their effectiveness	
Were adequate processes, financial reporting procedures and accounting records maintained	Approved the extension of the contract with the outsourced internal auditors	Considered capital management and gearing ratios
Interrogated risk management reports from the Executives on risk management activities	Approved the annual risk-based internal audit scope and budget	Approved disclosures in the Integrated Report in relation to controls, and risk management
Assessed the effectiveness of the Group's internal control environment		
Comprehensive analysis of the Group's regulatory compliance requirements		
Monitored the effectiveness of the CAF		

Significant matters identified and considered by ARC

After discussions with management and the external auditor, ARC determined that the key risks of misstatements of the Group's Financial Statements related to:

- valuation of investment property;
- valuation and potential impairment of goodwill and intangible assets; and
- valuation of foreign investments;

The abovementioned matters were reviewed and discussed and treatments agreed with management and the external auditor.

Valuation of investment property

The Group's investment properties comprise various categories of properties, being completed properties, developments under construction, infrastructure and services, and development rights.

There is significant judgement in determining the fair value of investment properties. The judgement applied is supported by independent valuations by experienced valuers. To ensure that the methods used in valuing properties are in line with industry standards, ARC carefully considered the competence, qualifications, capabilities and objectivity of the independent valuers.

Special consideration was given to the valuation of all properties in the Waterfall development. The valuation in respect of Waterfall's development rights is based on an external valuation performed on a residual valuation method by an independent valuer. The valuation is then adjusted to take into account, inter alia, the contractual nature of the development rights and the estimated future rental obligations attached to the development rights.

ARC considered that the valuation of investment properties as at the reporting date was appropriate.

Impairment of goodwill and other intangible assets

Goodwill and other intangible assets arose as a result of acquisitions by the Group. This consists of Wi-Fi rights held in Attacq Waterfall Investment Company Proprietary Limited, as well as the consolidation accounting, for the business combination from the purchase of Attacq Management Services Proprietary Limited, and the evergreen asset management contracts acquired.

ARC considered the goodwill and other intangible assets in the Group in terms of IAS 36 *Impairment of Assets* and determined that the disclosure, assumptions and judgements are appropriate.

Valuation of foreign investments

The Group has significant investments in Europe, with the major investment being a shareholding in MAS Real Estate Inc, and Africa, with exposure to Ghana, Nigeria, Zambia and Namibia.

The foreign investment valuations are dependent on judgements applied which are influenced by, inter alia, the trading and economic environments in the individual jurisdictions.

ARC considered that the valuation of the individual assets as at reporting date was appropriate.

Liquidity and going concern

ARC has considered and assessed the Group's liquidity and going concern status in the preparation of the AFS. The assessment was carried out for the next 12 months. Following review and discussion of the cash flow forecast and the net assets of the Group, ARC confirmed the Group's going concern and its ability to meet its obligations for the next 12 months.

Audit and Risk Committee report continued

Summary

After reviewing the presentations and reports from management, and consulting where necessary with the external auditor, ARC was satisfied that the AFS appropriately addressed the critical judgements and key estimates pertaining to the above matters. ARC was satisfied that the significant assumptions used for determining the value of investment properties, other investments, taxation, goodwill and other assets and liabilities have been appropriately examined, questioned and challenged. No material errors in the Consolidated and Separate AFS were noted by ARC.

External audit

ARC appointed Deloitte as the external auditor for the Company and the Group for the financial year ended 30 June 2017 and its appointment complies with the Companies Act, JSE Listings Requirements and all other applicable legal and regulatory requirements. The current lead partner, Patrick Kleb, has been in place since the start of the 2016 financial year and will be rotating after the end of the 2020 financial year.

The external auditors have direct access to the ARC Chairperson should they wish to raise any concern outside of the formal committee meetings.

Taking into consideration the criteria specified for independence by the Independent Regulatory Board for Auditors, Deloitte confirmed in an annual statement that its independence has not been impaired.

During the year, Deloitte provided certain non-audit services which included a review on certain tax matters. ARC is satisfied that the non-audit services provided by Deloitte did not bring its independence into question.

The fees paid and payable to Deloitte in 2017 and 2016 are set out in the table below:

	2017	2016
Total fees paid	R5 025 000	R5 285 000
Non-audit fees	R441 000	R920 000
Ratio of non-audit fees	8.8%	17.4%

It was confirmed that no unresolved issues of concern exist between the Group and the external auditor.

Internal audit

Attacq maintains internal controls and systems designed to provide reasonable assurance regarding the reliability of the AFS and to adequately protect, verify and maintain accountability for its assets. These controls are implemented by trained individuals with segregated duties and responsibilities.

Attacq has outsourced its internal audit function to PwC Internal Audit ensuring that an independent strategically aligned function exists. The function is responsible for preparing and implementing the internal audit plan based on a three-year rolling period. ARC reviewed and approved the plan, incorporating the field work for the ensuing year. This internal audit function operates under the direction of ARC, which has approved the scope of the work to be performed. Critical and significant findings are reported to ARC on a regular basis. Corrective action is taken to address internal control deficiencies identified in the execution of work.

The internal audit partner, Paul Prinsloo, has direct access to the ARC Chairperson should he wish to raise any concerns outside of the formal committee meetings.

ARC meets with external audit and internal audit at least once per year without management being present. At these meetings the expertise, resources and experience of the Company's finance function are discussed.

Internal control and risk management

Effective risk management is an integral part of ensuring that the Group's strategic intent and growth targets are met.

The Board has overall responsibility for the Group's risk management framework and system of internal control and the ongoing review of their effectiveness; it also determines the risk appetite of the Group and regularly reviews risks and uncertainties. The Board has delegated oversight responsibility to ARC.

To meet the Group's responsibility to provide reliable financial information, the Group maintains financial, legal compliance and operational systems of internal control. These controls are designed to provide reasonable assurance that transactions are concluded in accordance with management's authority, are properly authorised and recorded, and that the assets are adequately protected against material losses, unauthorised acquisition, use or disposal.

Attacq has implemented an enterprise risk management policy and framework which is reviewed, assessed and amended, where applicable, by ARC on an annual basis. The risk management policy and framework outlines and prescribes the risk management process and is applicable across the Group and its subsidiaries. Attacq's risk management process is based on ISO 31000 risk management principles and guidelines. Attacq applies a formal risk assessment process on an annual basis and continuously identifies and quantifies emerging risks to the Group. Residual risk is reassessed on a quarterly basis by the CAF and is presented to both this Committee and the Board.

Attacq's risk management policy and framework aims to:

- set risk governance structures, roles and responsibilities using a combined assurance approach;
- provide an overview of all risk management processes;
- define common risk management terminology;
- clarify the risk management organisational structure, related roles and responsibilities;
- provide guidance relating to the key components of an effective risk management initiative;
- provide a bespoke, yet consistent, approach to the application of risk management across the Group; and
- ensure that the risk management function is integrated with the business planning processes.

ARC is satisfied that the Group's internal controls are operating effectively.

Regulatory compliance

ARC oversees compliance with accounting standards, financial reporting requirements and legal statutory compliance.

Statutory and regulatory compliance is a standing item on the agenda for ARC and the Transformation, Social and Ethics ("TSE") Committee.

The compliance risk management process is facilitated by the Head of Legal and her team and supported by the risk management function from a monitoring and reporting perspective.

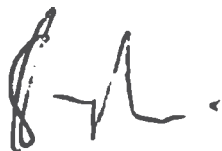
The legal and regulatory compliance process is defined in the risk management policy and framework. Attacq has established its compliance requirements (both prescribed and voluntary) through a formal compliance risk assessment process and applies the compliance risk management process as prescribed in the risk management policy and framework.

A formal process is in place ensuring a mandatory authorisation process for dealings in Attacq shares, formal procedure for both acceptance and granting of gifts and inducements, disclosure of conflicts of interest, as well as formal levels of authority and delegated signing authorities for business transactions.

Audit and Risk Committee report continued

As at reporting date, Attacq had no incidents of material non-compliance, penalties or fines issued relating to non-compliances with legal and regulatory requirements.

On behalf of ARC

A handwritten signature in black ink, appearing to read 'S. Shaw-Taylor'.

Stewart Shaw-Taylor

Chairperson of ARC

11 September 2017

Directors' report

The Directors have pleasure in submitting their report for the year ended 30 June 2017.

1. NATURE OF BUSINESS

Attacq is a South African property company listed on the JSE. Attacq's vision is to be the premier property company in South Africa and pursues this vision through its strategic pillars of Invest, Develop and Grow. Attacq previously focused on long-term sustainable capital growth. The Board of Directors of Attacq has resolved that it is now appropriate to reposition Attacq and adopt a strategy of both income distribution and capital growth with the objective, subject to the approval of the JSE, of receiving REIT status for the financial year commencing 1 July 2018.

Attacq's focus is on total return, comprising distributions and capital growth. In order to derive a fair value for the Attacq business "the sum-of-the-parts" valuation methodology would be used.

Attacq's value proposition is to deliver exceptional and sustainable growth through real estate investments and developments by having a focused approach. Attacq's value proposition has four key drivers, namely:

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

Attacq has a total asset value of R27.3 billion (2016: R27.6 billion), which includes landmark commercial and retail property assets and developments. Attacq's portfolio of properties and investments consists of geographically diverse assets across South Africa, as well as a representation of international investments in sub-Saharan Africa through AttAfrica and western, central and eastern Europe through MAS.

2. AUTHORISED AND ISSUED SHARE CAPITAL

During the financial year, there were no significant changes to the issued share capital of Attacq as only 1 420 000 new shares were issued relating to the exercise of share options by MC Wilken, M Hamman and HA Austen.

As at 30 June for the respective financial years, Attacq's issued share capital comprised:

	2017	2016
Total issued shares	749 242 777	747 822 777
Treasury shares	(46 427 553)	(46 427 553)
ARF	(29 726 516)	(29 726 516)
Razorbill	(16 701 037)	(16 701 037)
Net issued shares	702 815 224	701 395 224

3. GOING CONCERN

We draw attention to the fact that the Group's current liabilities exceed its current assets by R837.9 million (2016: Rnil). This is as a result of long-term facilities maturing within the next 12 months.

The first tranche of the ARF and LBOP facilities of R1.6 billion matures in May 2018. The process to refinance these facilities has commenced and to date various requests for proposal have been issued to financial institutions from the existing consortium of banks as well as a broader group of lenders. The Board has received an oversubscription by these institutions and is confident that funds will be secured and this will not have any impact on going concern.

The AFS have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

4. FINANCIAL PERFORMANCE

The Group generated total comprehensive income attributable to the owners of the holding company of R501.1 million (2016: R1.3 billion).

Directors' report continued

5. DIRECTORS' INTERESTS IN ATTACQ SHARES

Name	30 June 2017			30 June 2016		
	Direct	Indirect	Total	Direct	Indirect	Total
P Tredoux	-	27 733	27 733	-	27 733	27 733
MC Wilken	9 800	1 437 263	1 447 063	-	1 005 263	1 005 263
M Hamman	145 000	50 000	195 000	60 000	-	60 000
MM du Toit	-	-	-	-	-	-
HR El Haimer	6 500	-	6 500	5 000	-	5 000
KR Moloko	-	-	-	-	-	-
BT Nagle	-	-	-	-	-	-
S Shaw-Taylor	650 000	-	650 000	650 000	-	650 000
JHP van der Merwe	-	631 481	631 481	-	631 481	631 481
LLS van der Watt	2 284	3 279 259	3 281 543	2 284	10 440 468	10 442 752
Total	813 584	5 425 736	6 239 320	717 284	12 104 945	12 822 229

On 30 June 2016, MC Wilken exercised the final 400 000 of the 2 000 000 share options granted to him as detailed in Attacq's listing prospectus. The related shares were issued to MC Wilken on 4 July 2016.

On 30 June 2016, 720 000 share options granted to M Hamman as detailed in Attacq's listing prospectus vested. These share options were exercised on 3 October 2016 and 19 December 2016 in equal tranches of 360 000. On 4 October 2016 and 19 December 2016, 300 000 and 285 000 of these shares respectively were sold to cover the costs of the options granted to him.

On 30 June 2017, 240 000 share options granted to M Hamman as detailed in Attacq's listing prospectus vested. These share options were not exercised at the date of this report.

Other than the aforementioned changes, there were no other changes in Directors' shareholding since the reporting date and the date of this report.

6. SPECIAL RESOLUTIONS PASSED BY THE GROUP

Apart from the special resolutions passed at the AGM held on 23 November 2016, no other special resolutions were passed by Attacq or any of Attacq's direct subsidiaries.

7. INVESTMENT PROPERTY

Investment properties increased by 9.4% from the prior year largely due to the continued roll out of Waterfall. Additions to investment property totalled R1.1 billion, comprising R832.3 million spent on properties under development, R123.9 million on completed developments and R141.8 million on infrastructure. Fair value adjustments on investment property amounted to R664.5 million for this financial year.

Investment property classified as held for sale amounted to R603.0 million. Refer to note 18 for more details on the investment properties classified as held for sale. Investment properties disposed of during the current year amounted to R78.3 million.

8. DISPOSALS

The following assets were disposed of during the year as part of Attacq's repositioning strategy:

- disposal of eight industrial buildings to a joint venture with Equites, EAJV, of which Attacq, through wholly owned subsidiary AWIC, owns 20.0%;
- disposal of the 50.0% undivided share in the Altech building;
- disposal of 48.8% in the entire stated capital of Atterbury Cyprus;
- disposal of 25.0% in the entire stated capital of Atterbury Serbia;
- disposal of 33.0% shareholding in Atterbury Pemba;
- disposal of development rights in respect of LP 24 to a joint venture with Sanlam, JV 115, of which Attacq, through wholly owned subsidiary AWIC, owns 20.0%; and
- disposal of development rights in respect of LP 3 to a joint venture with Sanlam, JV 15, of which Attacq, through wholly owned subsidiary AWIC, owns 50.0%.

9. DIVIDENDS

No dividends were declared by Attacq during the current or prior financial year.

10. SUBSEQUENT EVENTS

The Group (through Attacq and wholly owned subsidiary Leipzig) classified the 19.9% investment in SESCOF as held for sale (refer to note 18). At 30 June 2017, the carrying value of the investment was R197.7 million, being the realisable value of the investment. Subsequent to year end, SESCOF distributed a return in capital to shareholders. During August 2017, R192.6 million was received and the remainder of the proceeds is expected by no later than 30 June 2018.

11. DIRECTORS AND BOARD CHANGES

P Tredoux	Independent Non-Executive Chairperson
MC Wilken	Chief Executive Officer
M Hamman	Chief Financial Officer
MM du Toit	Independent Non-Executive Director
HR El Haimer	Independent Non-Executive Director
KR Moloko	Independent Non-Executive Director
BT Nagle	Independent Non-Executive Director
S Shaw-Taylor	Independent Non-Executive Director
JHP van der Merwe	Independent Non-Executive Director
LLS van der Watt	Non-Executive Director

LLS van der Watt resigned with effect 1 July 2017.

Other than the aforementioned change there were no other changes in Directors since the reporting date and the date of this report.

12. COMPANY SECRETARY

Attacq's Company Secretary is Tasja Kodde.

Registered office: ATT House, 2nd Floor, Maxwell Office Park, 37 Magwa Crescent, Waterfall City, 2090

Postal address: Postnet Suite 016, Private Bag X81, Halfway House, 1685

13. AUDITORS

It will be proposed at the next Annual General Meeting, scheduled for 23 November 2017, that Deloitte & Touche continue in office in accordance with the Companies Act.

Independent auditor's report

TO THE SHAREHOLDERS OF ATTACQ LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Opinion

We have audited the Consolidated and Separate Financial Statements of Attacq Limited and its subsidiaries ("the Group") set out on pages 18 to 163, which comprise the statements of financial position as at 30 June 2017, and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, and the notes to the Financial Statements, including a summary of significant accounting policies.

In our opinion, the Consolidated and Separate Financial Statements present fairly, in all material respects, the consolidated and separate financial position of Attacq Limited as at 30 June 2017, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act of South Africa.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the Group in accordance with the Independent Regulatory Board for Auditors *Code of Professional Conduct for Registered Auditors* ("IRBA Code") and other independence requirements applicable to performing audits of Financial Statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to communicate in our report with regard to the audit of the Separate Financial Statements of the Company for the current period.

Key audit matter

How our audit addressed the key audit matter

VALUATION OF INVESTMENT PROPERTY

The carrying value of investment property amounted to R19.7 billion and the fair value adjustment recorded in net profit for the year in respect of investment property amounted to R0.7 billion. Significant judgement is required by the Directors in determining the fair value of investment property and for the purposes of our audit, we identified the valuation of investment property as representing a key audit matter due to the significance of the balance to the Financial Statements as a whole, combined with the judgement associated with determining the fair value.

The Group's investment property comprises various categories of properties, being completed developments, developments under construction, infrastructure and services, and development rights. The models used to determine the fair values for each of the categories (excluding infrastructure and services, which is carried at cost) differ due to the different nature of each of these categories and are performed by independent valuers on an annual basis.

Completed developments and developments under construction

The inputs with the most significant impact on these valuations are disclosed in note 5, and include future cash flows and market-related cash flows, discount rates and reversionary cap rates.

Development rights

The determination of the underlying development rights value within the Waterfall development requires special consideration as it is highly complex. The Waterfall land was acquired through a 99-year lease, and is therefore classified as development rights in the Separate and Consolidated Financial Statements. The development rights value is largely based on the valuation of the underlying lease of the land whereby the lease payments are contingent and determined at a rate of 6% of the net lease income, which in turn is calculated with reference to predetermined formulae.

We assessed the competence, capabilities and objectivity of the Directors' independent valuers and verified their qualifications. In addition, we discussed the scope of their work with management and reviewed their terms of engagement to determine that there were no matters that affected their independence and objectivity or imposed scope limitations upon them. We confirmed that the approaches they used are consistent with IFRS and industry norms.

Our external valuer compared the inputs used to market data and entity-specific historical information to confirm the appropriateness of these judgements on a sample basis. In particular, the following judgements were reviewed as part of our audit procedures:

- The models used by the Directors and their independent valuers; and
- The significant assumptions including growth rates, discount rates and reversionary cap rates.

Our independent external valuer compared these inputs to market data and entity-specific historical information to confirm the appropriateness of these judgements.

We held meetings with each of the assigned independent valuers in order to confirm that the approaches they used are consistent with IFRS and industry norms.

We further investigated any significant changes in assumptions from those applied in the prior year valuations.

We performed a sensitivity analysis on the significant assumptions to evaluate the extent of the impact on the fair values and assessed the appropriateness of the Group's disclosures relating to these sensitivities.

Furthermore, we tested the key data inputs underpinning the investment property valuation, including rental income, tenancy schedules, discount rates and capitalisation rates to that of the prior year. In addition, we compared the discount and capitalisation rates to that of the May 2017 South African Property Owners Association report.

We found that the models used for the various property categories were appropriate and the discount rates and reversionary cap rates were comparable to market rates. Both the reversionary cap rates and the timing of development plans appeared reasonable. The treatment of the underlying development rights and land was appropriate and the valuation of the land and development rights was accurate. The treatment of the finance lease for the Waterfall development rights was also found to be appropriate.

The disclosures pertaining to the investment property and related finance leases were found to be appropriate in the Consolidated Financial Statements.

Independent auditor's report continued

Key audit matter	How our audit addressed the key audit matter
IMPAIRMENT OF GOODWILL AND INTANGIBLE ASSETS Goodwill and other intangible assets arise as a result of acquisitions by the Group. This consists of Wi-Fi rights held in Attacq Waterfall Investment Company Proprietary Limited, as well as the consolidation accounting for the business combination from the purchase of Attacq Management Services Proprietary Limited and the evergreen asset management contracts acquired. The Directors conducted their annual impairment test to assess the recoverability of the goodwill and considers whether there are indicators of impairment with respect to other intangible assets. In order to establish whether an impairment exists, fair value less costs to sell or the value in use is determined and compared to the net book value of the goodwill and other intangible assets. As detailed in notes 6 and 7, this determination of an impairment is highly subjective as significant judgement is required by the Directors in determining the value in use as appropriate. The value in use is based on the cash flow forecast model for each cash-generating unit and requires the estimation of model assumptions, most importantly the discount rate and growth rate. Accordingly, due to the high estimation uncertainty, the impairment assessment of these assets is considered to be a key audit matter.	In evaluating the impairment of goodwill and other intangible assets, we focused our testing on the key assumptions made by the Directors. Our audit procedures included: ▪ evaluating whether the model used to calculate the fair value less costs to sell and value in use of the individual cash-generating units complies with the requirements of IAS 36 <i>Impairment of Assets</i>; ▪ validating the assumptions applied and inputs in the respective models by comparing it to historical information and approved budgets; ▪ subjecting the key assumptions to sensitivity analyses; and ▪ performance of retrospective review procedures relating to the prior year assumptions as well as sensitivity analyses on the key inputs. We found the models and assumptions applied in the impairment assessments to be appropriate. We considered the disclosure of the goodwill and other intangible assets to be appropriate for purposes of the Consolidated Financial Statements.
VALUATION OF FOREIGN ASSOCIATES The Group has significant operations and investments in Africa and exposure to European markets through its investment in MAS Real Estate Inc ("MAS"). The Group has further seen movement in their international investments in the current year through the sale of Serbia, Cyprus and Pemba investments. The carrying value of investment in associates amounted to R3.1 billion. Impairment recognised on the African asset portfolio amounted to R20.6 million against the investment in associates and R132.3 million against the loans to associates as disclosed in notes 8 and 15. The determination of the valuation of foreign associates is based on significant judgements applied which is influenced by the different trading environment and jurisdictions. The fair value is further influenced by the accounting policies applied and appropriate adjustments should be made on consolidation for differences in accounting policies.	To address the valuation of foreign associates, we engaged in continuous communication with the component auditors of the foreign investments throughout the audit and issued instructions to the significant foreign component auditors to satisfy our audit requirements in terms of ISA 600 <i>Special Considerations – Audit of Group Financial Statements</i> (including the work of component auditors). Where we had to rely on information from the component auditors, we obtained the audited financial information to verify the valuation of our investments and also considered the underlying assumptions applied. In addition, the Group Audit Partner visited Ghana to meet with the component auditors to discuss the audit strategy, met with management and conducted site tours of the operations. The engagement partner also visited the Isle of Man and engaged the component auditors and reviewed the audit working papers of the component auditors of MAS.

Key audit matter	How our audit addressed the key audit matter
VALUATION OF FOREIGN ASSOCIATES (CONTINUED)	
We rely on the work performed by the component auditors in order to support our opinion on the Consolidated Financial Statements.	We ensured that the Group accounting policies were consistently applied.
We identified the valuation of foreign associates as representing a key audit matter due to the significance of the balance to the Financial Statements as a whole, combined with the judgement associated with determining the fair value.	We performed an independent assessment of the valuation of foreign investments based on the audited financial information of the underlying companies.
	We assessed the recoverability of loans granted to the foreign investments, based on the net asset value of the foreign investments. We did not identify any material errors in the Consolidated Financial Statements.
	We consider the disclosure of the foreign investments to be appropriate for purposes of the Consolidated Financial Statements.

Other information

The Directors are responsible for the other information. The other information comprises the Directors' report, Audit and Risk Committee's report and certificate by Company Secretary, as required by the Companies Act of South Africa, which we obtained prior to the date of this auditor's report, and the Annual Report, which is expected to be made available to us after that date. Other information does not include the Consolidated and Separate Financial Statements and our auditor's report thereon.

Our opinion on the Consolidated and Separate Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated and Separate Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The Directors are responsible for the preparation and fair presentation of the Consolidated and Separate Financial Statements in accordance with IFRS and the requirements of the Companies Act of South Africa, and for such internal control as the Directors determine is necessary to enable the preparation of Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated and Separate Financial Statements, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

Independent auditor's report continued

Auditor's responsibilities for the audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated and Separate Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated and Separate Financial Statements

As part of an audit in accordance with ISA, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the Consolidated and Separate Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated and Separate Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the Consolidated and Separate Financial Statements, including the disclosures, and whether the Consolidated and Separate Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit and Risk Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Risk Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit and Risk Committee, we determine those matters that were of most significance in the audit of the Consolidated and Separate Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in *Government Gazette* Number 39475 dated 4 December 2015, we report that Deloitte & Touche has been the auditor of Attacq Limited for seven years.

**Deloitte & Touche***Registered Auditor**Per: Patrick Kleb**Partner*

11 September 2017

Statements of financial position

FOR THE YEAR ENDED 30 JUNE 2017

		GROUP		COMPANY	
	Note	30 June 2017 R'000	30 June 2016 R'000	30 June 2017 R'000	30 June 2016 R'000
ASSETS					
Non-current assets					
Property and equipment	4	52 272	33 925	-	-
Investment property	5	19 735 365	18 043 192	-	-
Per valuation		20 536 861	18 644 041	-	-
Straight-line lease debtor		(801 496)	(600 849)	-	-
Straight-line lease debtor		801 496	600 849	-	-
Deferred initial lease expenditure		7 666	6 539	-	-
Intangible assets	6	290 539	312 599	-	-
Goodwill	7	67 774	67 774	-	-
Investment in associates and joint ventures	8	3 153 392	3 126 328	3 457 313	3 139 670
Investment in subsidiaries	9	-	-	7 040 159	6 481 046
Other investments	10	11 941	408 339	488	307 408
Deferred tax assets	11	3 329	24 627	-	-
Loans to subsidiaries	16	-	-	178 001	1 905 750
Other financial assets	14	304 368	222 651	2 643	55 162
Total non-current assets		24 428 142	22 846 823	10 678 604	11 889 036
Current assets					
Taxation receivable		951	2 411	-	-
Trade and other receivables	12	174 623	290 579	2 237	8 668
Inventory	13	25 278	-	-	-
Other financial assets	14	193 590	100 266	59 054	10 072
Loans to associates and joint ventures	15	1 250 278	2 302 472	5 605	51 455
Loans to subsidiaries	16	-	-	4 572 652	3 253 364
Cash and cash equivalents	17	447 846	437 281	17 914	213 658
Total current assets		2 092 566	3 133 009	4 657 462	3 537 217
Non-current assets held for sale	18	801 483	1 649 845	159 948	55 106
Total assets		27 322 191	27 629 677	15 496 014	15 481 359
EQUITY AND LIABILITIES					
Equity					
Stated capital	19	6 456 633	6 442 805	6 829 719	6 815 891
A-F-S reserve		282 329	847 499	4 062 202	3 374 520
Distributable reserves		6 945 483	5 891 513	3 318 771	3 534 583
Share-based payment reserve	20	128 216	100 453	128 216	100 453
Foreign currency translation reserve		238 254	318 734	-	-
Acquisition of non-controlling interest reserve		(104 215)	(116 483)	-	-
Equity attributable to owners of the holding company		13 946 700	13 484 521	14 338 908	13 825 447
Non-controlling interests	9.1	(43 087)	(13 201)	-	-
Total equity		13 903 613	13 471 320	14 338 908	13 825 447
Non-current liabilities					
Long-term borrowings	21	7 976 110	10 445 221	-	495 078
Other financial liabilities	14	164 696	50 705	13 992	968
Cash-settled share-based payments	20	1 496	787	-	-
Finance lease obligation	22	83 150	77 745	-	-
Deferred tax liabilities	11	1 932 140	1 892 145	1 120 075	1 063 804
Total non-current liabilities		10 157 592	12 466 603	1 134 067	1 559 850

	Note	GROUP		COMPANY	
		30 June 2017 R'000	30 June 2016 R'000	30 June 2017 R'000	30 June 2016 R'000
Current liabilities					
Long-term borrowings	21	2 279 802	265 276	3 397	17 326
Other financial liabilities	14	137 145	109 400	-	-
Loans from associates	15	-	2 880	-	2 880
Loans from subsidiaries	16	-	-	8 076	58 059
Taxation payable		7 665	2 260	5 700	1 008
Cash-settled share-based payments	20	1 684	5 172	-	-
Trade and other payables	23	501 380	557 662	5 866	16 789
Provisions	24	2 777	2 081	-	-
Total current liabilities		2 930 453	944 731	23 039	96 062
Non-current liabilities associated with non-current assets held for sale	18	330 533	747 023	-	-
Total liabilities		13 418 578	14 158 357	1 157 106	1 655 912
Total equity and liabilities		27 322 191	27 629 677	15 496 014	15 481 359
The following information does not form part of the statement of financial position					
NAVPS (cents)		1 984	1 923	1 914	1 849
Adjusted NAVPS (cents)		2 259	2 189	2 063	1 991
Number of shares in issue		702 815 224	701 395 224	749 242 777	747 822 777

Statements of profit or loss and other comprehensive income

FOR THE YEAR ENDED 30 JUNE 2017

	Note	GROUP		COMPANY	
		30 June 2017 R'000	30 June 2016 R'000	30 June 2017 R'000	30 June 2016 R'000
Gross revenue		2 060 895	1 621 018	227 704	804 852
Rental income		1 861 093	1 472 656	2 328	38 764
Straight-line lease income adjustment		199 802	148 362	-	(4 738)
Investment income	26	-	-	225 376	770 826
Property expenses		(742 277)	(502 745)	(2 590)	(29 434)
Net rental income		1 318 618	1 118 273	225 114	775 418
Other income	25	60 463	448 579	12 770	332 780
Operating and other expenses	25	(585 730)	(347 315)	(427 901)	(180 133)
Operating profit (loss)		793 351	1 219 537	(190 017)	928 065
Amortisation of intangible asset		(22 060)	(19 964)	-	-
Fair value adjustments		527 581	1 041 553	(13 992)	10 301
Investment property	5	664 525	1 074 224	-	9 811
Other financial assets	14	(136 944)	(32 452)	(13 992)	610
Other investments – fair value adjustments	10	-	(219)	-	(120)
Gain on available-for-sale financial assets		-	507 524	-	684 901
Net income from associates and joint ventures	8	249 880	35 098	-	-
Investment income	26	189 536	235 785	-	-
Finance costs	27	(987 411)	(839 975)	(10 029)	(66 353)
Profit (loss) before taxation		750 877	2 179 558	(214 038)	1 556 914
Income tax expense	28	(150 599)	(794 559)	(1 774)	(222 658)
Current tax		(100 576)	(183 703)	(91 424)	(175 204)
Deferred tax		(50 023)	(610 856)	89 650	(47 454)
Profit (loss) for the year		600 278	1 384 999	(215 812)	1 334 256
Attributable to:					
Owners of the holding company		630 164	1 387 828	(215 812)	1 334 256
Non-controlling interests		(29 886)	(2 829)	-	-
Other comprehensive income					
Items that will be reclassified subsequently to profit or loss					
(Loss) gain on A-F-S financial assets		(117 827)	315 813	833 602	1 277 282
Taxation relating to components of other comprehensive income	28	(11 269)	93 720	(145 920)	(276 621)
Realisation of A-F-S financial assets		-	(507 524)	-	(684 901)
Other comprehensive (loss) income for the year net of taxation		(129 096)	(97 991)	687 682	315 760
Total comprehensive income for the year		471 182	1 287 008	471 870	1 650 016
Attributable to:					
Owners of the holding company		501 068	1 289 837	-	-
Non-controlling interests		(29 886)	(2 829)	-	-
		471 182	1 287 008	-	-
Earnings per share					
Basic (cents)	29	89.7	197.9	-	-
Diluted (cents)	29	89.0	196.7	-	-

Statements of cash flows

FOR THE YEAR ENDED 30 JUNE 2017

		GROUP		COMPANY	
		30 June 2017 R'000	30 June 2016 R'000	30 June 2017 R'000	30 June 2016 R'000
Note					
Cash flow from operating activities					
Cash generated from (utilised in) operations	30	1 033 295	837 693	(142 108)	(90 850)
Interest income	26	60 303	182 944	22 855	69 597
Dividend income	26	59 065	154 005	58 323	509 421
Finance costs	27	(934 930)	(839 975)	(10 029)	(66 353)
Taxation paid		(93 711)	(194 116)	(86 732)	(183 607)
Net cash generated from (utilised in) operating activities		124 022	140 551	(157 691)	238 208
Cash flows from investing activities					
Expenditure to maintain operating capacity					
Property and equipment acquired	4	(27 319)	(28 499)	-	-
Property and equipment disposed	4	-	180	-	180
Expenditure to expand operating capacity					
Investment properties acquired	5	(1 098 009)	(2 586 047)	-	-
Investment properties disposed	5	50 017	282 572	-	282 572
Associates and joint ventures acquired		(36 227)	(152 488)	-	-
Associates and joint ventures disposed		744 845	263 299	-	219 973
Other investments acquired	10	-	(27 681)	-	-
Other investments disposed	10	-	90 000	-	90 000
Other financial assets (raised) repaid	14	(175 041)	327 997	3 537	28 809
Additions to deferred initial lease adjustments		(4 845)	(6 401)	-	-
Cash flow relating to non-current assets held for sale		857 006	670 706	54 965	16 248
Net cash generated from (utilised in) investing activities		310 427	(1 166 362)	58 502	637 782
Cash flows from financing activities					
Capital raised	19	13 828	3 386	13 828	3 386
Acquisition of additional interest in subsidiary		-	(13 000)	-	-
Long-term borrowings raised	21	2 355 304	4 944 286	-	274 000
Long-term borrowings repaid	21	(3 254 770)	(2 672 714)	(509 007)	(101 197)
Loans to associates and joint ventures repaid (advanced)	15	468 643	(1 477 314)	(8 788)	11 893
Loans from associates (repaid) raised	15	-	(68 109)	-	2 880
Payment of cash-settled share-based payments		(2 097)	-	-	-
Loans repaid (advanced) to Group companies	16	-	-	406 444	(1 089 612)
Other financial liabilities (raised) repaid	14	(4 792)	18 761	968	(3 430)
Net cash (utilised in) generated from financing activities		(423 884)	735 296	(96 555)	(902 080)
Total cash movement for the year		10 565	(290 515)	(195 744)	(26 090)
Cash at the beginning of the year		437 281	727 796	213 658	239 748
Cash and cash equivalents at the end of the year		447 846	437 281	17 914	213 658

Statements of changes in equity

FOR THE YEAR ENDED 30 JUNE 2017

	Stated capital R'000	A-F-S reserve R'000	Distributable reserves R'000
GROUP			
Balance at 1 July 2015	6 439 419	682 579	4 815 584
Issue of shares	3 386	-	-
	6 442 805	682 579	4 815 584
Total comprehensive income	-	(97 991)	1 387 828
Profit (loss) for the year	-	-	1 387 828
Other comprehensive loss	-	(97 991)	-
Recognition of non-controlling interest reserve	-	-	-
Derecognition reserves and non-controlling interests due to sale of subsidiaries	-	262 911	(311 899)
Foreign currency translation reserve	-	-	-
Modification of equity-settled share-based payments	-	-	-
Recognition of share-based payment reserve	-	-	-
Balance at 30 June 2016	6 442 805	847 499	5 891 513
Issue of shares	13 828	-	-
	6 456 633	847 499	5 891 513
Total comprehensive income	-	(129 096)	630 164
Profit (loss) for the year	-	-	630 164
Other comprehensive loss	-	(129 096)	-
Foreign currency translation reserve	-	-	-
Derecognition reserves and non-controlling interests due to sale of subsidiaries	-	(436 074)	423 806
Recognition of share-based payment reserve	-	-	-
Balance at 30 June 2017	6 456 633	282 329	6 945 483
COMPANY			
Balance at 1 July 2015	6 812 505	3 058 760	2 200 327
Issue of shares	3 386	-	-
	6 815 891	3 058 760	2 200 327
Total comprehensive income	-	315 760	1 334 256
Profit (loss) for the year	-	-	1 334 256
Other comprehensive income	-	315 760	-
Recognition of share-based payment reserve	-	-	-
Balance at 30 June 2016	6 815 891	3 374 520	3 534 583
Issue of shares	13 828	-	-
Total comprehensive income	-	687 682	(215 812)
Loss for the year	-	-	(215 812)
Other comprehensive income	-	687 682	-
Recognition of share-based payment reserve	-	-	-
Balance at 30 June 2017	6 829 719	4 062 202	3 318 771

Note

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Share-based payment reserve R'000	Foreign currency translation reserve R'000	Acquisition of non-controlling interest reserve R'000	Equity attributable to owners of the holding company R'000	Non-controlling interests R'000	Total equity R'000
90 359	45 740	(116 483)	11 957 198	7 252	11 964 450
-	-	-	3 386	-	3 386
90 359	45 740	(116 483)	11 960 584	7 252	11 967 836
-	-	-	1 289 837	(2 829)	1 287 008
-	-	-	1 387 828	(2 829)	1 384 999
-	-	-	(97 991)	-	(97 991)
-	-	(13 000)	(13 000)	-	(13 000)
-	(158 312)	13 000	(194 300)	(17 624)	(211 924)
-	431 306	-	431 306	-	431 306
(9 035)	-	-	(9 035)	-	(9 035)
19 129	-	-	19 129	-	19 129
100 453	318 734	(116 483)	13 484 521	(13 201)	13 471 320
-	-	-	13 828	-	13 828
100 453	318 734	(116 483)	13 498 349	(13 201)	13 485 148
-	-	-	501 068	(29 886)	471 182
-	-	-	630 164	(29 886)	600 278
-	-	-	(129 096)	-	(129 096)
-	(80 480)	-	(80 480)	-	(80 480)
-	-	12 268	-	-	-
27 763	-	-	27 763	-	27 763
128 216	238 254	(104 215)	13 946 700	(43 087)	13 903 613
90 359	-	-	-	-	12 161 951
-	-	-	-	-	3 386
90 359	-	-	-	-	12 165 337
-	-	-	-	-	1 650 016
-	-	-	-	-	1 334 256
-	-	-	-	-	315 760
10 094	-	-	-	-	10 094
100 453	-	-	-	-	13 825 447
-	-	-	-	-	13 828
-	-	-	-	-	471 870
-	-	-	-	-	(215 812)
-	-	-	-	-	687 682
27 763	-	-	-	-	27 763
128 216	-	-	-	-	14 338 908

Accounting policies

FOR THE YEAR ENDED 30 JUNE 2017

1.1 Statement of compliance

The accounting policies of the Group as well as the disclosures made in the AFS comply with IFRS as issued by the IASB and IFRIC interpretations effective for the Group's financial year as well as the SAICA Financial Reporting Guidelines as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the Companies Act, applicable to companies reporting under IFRS and the JSE Listings Requirements.

1.2 Basis of measurement

The AFS have been prepared on the historical cost basis, except for the revaluation to fair value of investment properties and financial instruments. The AFS are prepared on the going concern basis. The AFS are presented in South African Rand, which is the functional and presentation currency of Attacq.

The preparation of AFS in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Separate and Consolidated AFS, are disclosed in note 2.

1.3 Basis of consolidation

The Consolidated AFS incorporate the AFS of the Group up to 30 June 2017.

The accounting policies applied for 2017 are consistent with those applied in 2016 by the Attacq group of companies. The Group AFS present the consolidated financial position and changes therein, operating results and cash flow information of the Group.

Where necessary, adjustments are made to the Financial Statements of subsidiaries, associates, joint ventures and joint arrangements to bring the accounting policies used in line with those used by the Group.

1.4 Business combinations

The Group uses the acquisition method of accounting for business combinations when control is transferred to the Group. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interest issued by the Group. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair value at the acquisition date. The Group recognises any non-controlling interest in the acquired subsidiary on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Acquisition-related costs are expensed as incurred.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interest in the acquired entity; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess of the fair value over the consideration paid is negative, a bargain purchase gain is recognised immediately in profit or loss.

In the case of common control transactions, no goodwill or gain on bargain purchase is recognised.

1.5 Non-controlling interests

Attacq has elected to measure non-controlling interests at their proportionate share in the recognised amounts of the acquiree's identifiable net assets and assumed liabilities.

Profit or loss and each component of other comprehensive income are attributable to the owners of the Group and to non-controlling interests. Total comprehensive income of subsidiaries is attributable to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

1.6 Goodwill

Goodwill that arises on the acquisition of subsidiaries is presented separately on the face of the statement of financial position. Refer to note 1.4 for the policy on the measurement of goodwill at initial recognition.

Goodwill is subsequently measured at cost less accumulated impairment losses. For the purposes of impairment testing, goodwill acquired in a business combination is allocated to each CGU that is expected to benefit from the synergies of the combination. The unit to which the goodwill is allocated represents the lowest level within the entity at which goodwill is monitored for internal management purposes.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the value in use. Any impairment is recognised immediately as an expense and is not subsequently reversed.

1.7 Subsidiaries

The results of subsidiaries are included for the duration of the period in which the Group exercises control over the subsidiary. All inter-company transactions and resultant profits and losses between Group companies are eliminated on consolidation. Where necessary, accounting policies for subsidiaries are changed to ensure consistency with the policies adopted by the Group. If it is not practical to change the policies, the appropriate adjustments are made on consolidation to ensure consistency within the Group.

The Company carries its investments in subsidiaries at fair value. Subsequent increases in fair value remeasurements of the investment in subsidiaries are recognised in other comprehensive income. Subsequent decreases in fair value remeasurement of the investment in subsidiary are recognised in other comprehensive income, limited to the previously recognised fair value gains. Subsequent impairment losses are recognised in profit and loss.

Business combinations are accounted for using the acquisition method as at the acquisition date, ie when control is transferred to Attacq. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Attacq considers all relevant facts and circumstances in assessing whether it has the power over an investee and reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to the elements of control.

1.8 Investments in associates and joint ventures

Associates and joint ventures are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting rights of another entity.

The Company carries its investments in associates and joint ventures at fair value. Subsequent increases in fair value remeasurements of the investment in associates and joint ventures are recognised in other comprehensive income. Subsequent decreases in fair value remeasurement of the investment in associates and joint ventures are recognised in other comprehensive income, limited to the previously recognised fair value gains. Subsequent impairment losses are recognised in profit and loss.

Investments in associates and joint ventures are accounted for using the equity method and are recognised initially at cost. The cost of the investments includes transaction costs. Equity-accounted income represents the Group's share of profits of those entities and the share of tax thereon. Investments in associates and joint ventures classified as held for sale are accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

The Consolidated AFS include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, including any long-term interest that forms part thereof, is reduced to zero and recognition of further losses is discontinued, except to the extent that the Group has an obligation or has made payments on behalf of the investee.

The cumulative post-acquisition movements in profit or loss and other comprehensive income are adjusted against the carrying amount of the investment in the Consolidated Group AFS.

The requirements of IAS 39 *Financial Instruments: Recognition and Measurement* are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate and joint ventures. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with IAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (the higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 *Impairment of Assets* to the extent that the recoverable amount of the investment subsequently increases.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets and liabilities.

The difference between the carrying amount of the associate at the date on which the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of an interest in the associate is included in the determination of the gain or loss on disposal of the associate.

Accounting policies continued

FOR THE YEAR ENDED 30 JUNE 2017

1.8 Investments in associates and joint ventures (continued)

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment is classified as held for sale. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at the fair value at the date. The fair value is regarded as its fair value on the initial recognition in accordance with IAS 39 *Financial Instruments: Recognition and Measurement*.

In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

When a Group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's Consolidated AFS only to the extent of interests in the associate that are not related to the Group.

1.9 Interest in joint operations

Joint arrangements are arrangements in which the Group has joint control, established by contracts requiring unanimous consent for decisions on the activities that significantly affect the arrangements' returns. They are classified and accounted for as follows:

- joint operation: when the Group has rights to the assets and obligations for the liabilities relating to an arrangement, each of its assets and liabilities, including its share of those held or incurred jointly, are accounted for in relation to the joint operation; or
- joint venture: when the Group has rights only to the net assets of the arrangements, its interest is accounted for using the equity method, similar to the accounting treatment for associates.

The Group has various undivided shares in investment properties which are being treated as joint operations, hence only the Group's percentage share in the property is included in the consolidated results. Refer to the segmental reporting in note 39 for the Group's undivided shares in investment properties.

When a Group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue, including its share of revenue arising from the sale of the output arising from the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The Group accounts for assets, liabilities, revenue and expenses relating to its interest in a joint operation in accordance with the IFRS applicable to the particular assets, liabilities, revenues and expenses.

When a Group entity transacts with a joint operation in which a Group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group's Consolidated AFS only to the extent to other parties' interests in the joint operation.

When a Group entity transacts with a joint operation in which a Group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

1.10 Fair value measurement

The Group measures financial instruments, such as derivatives, investments and investment properties at fair value, at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

1.10 Fair value measurement (continued)

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Fair value for measurement and/or disclosure purposes in these AFS is determined on the above basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are within the scope of IAS 17 *Leases*, and the measurements that have some similarities to fair value but are not fair value, such as value in use in IAS 36 *Impairment of Assets*.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the AFS are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities; or
- level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; or
- level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Refer to fair value measurement in note 38 for the categorisation of the Group's financial assets and liabilities within the fair value hierarchy.

For assets and liabilities that are recognised in the AFS at fair value on a recurring basis, the Group determines whether transfers have occurred between the levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

1.11 Investment property

Investment properties are properties held to earn rentals and for capital appreciation, including development rights, infrastructure and services and developments under construction.

Where a property is under construction with the purpose of holding the completed property for long-term rental yields and for capital appreciation, such property is classified as developments under construction.

Tenant installations are costs paid by the lessor on behalf of the lessee to ensure the building is in the condition suitable for the lease.

Investment property is recognised as an asset when, and only when, it is probable that the future economic benefits that are associated with the investment property will flow to the enterprise and the cost of the investment property can be measured reliably.

All of the Group's completed investment property interests held under operating leases to earn rentals or for capital appreciation purposes are accounted for as investment properties and are measured using the fair value model.

All of the Group's developments under construction held for capital appreciation purposes are accounted for as investment properties and are measured using the fair value model.

All of the Group's development rights are held for development purposes and are accounted for as investment properties and are measured using the fair value model.

All of the Group's infrastructure and services are accounted for as investment properties and are measured using the cost model.

Accounting policies continued

FOR THE YEAR ENDED 30 JUNE 2017

1.11 Investment property (continued)

Initial measurement

Investment property is initially recognised at cost, including transaction costs. Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. Maintenance and repairs, which neither materially add to the value of the properties nor prolong their useful lives, are charged against profit or loss.

The cost, of tenant installations on the first lease are capitalised against the development, while the cost of tenant installations on subsequent leases signed, is capitalised and expensed through the statements of comprehensive income over the initial lease period, where such tenant installations will not be recovered through a lump sum or through rental over the initial lease period.

Subsequent measurement

Subsequent to initial measurement, investment properties are measured and recognised at fair value, with the exception of infrastructure and services that are measured at cost.

Investment properties are valued bi-annually and adjusted to fair value at the respective reporting dates as follows:

- at the interim reporting date with reference to the Directors' valuation; and
- at the financial year end with reference to the independent valuations.

Where an investment property is under construction, fair value is measured and recognised as the present value of the anticipated fair value of the investment property on completion and determined with reference to the stage of completion of the investment property.

If the fair value of an investment property under construction is not determinable, it is measured at cost until the earlier of the date it becomes determinable or construction is complete.

Tenant installations relating to subsequent leases and lease commissions are carried at cost less accumulated amortisation. Amortisation is provided to write down the cost, less residual value, by equal instalments over the period of the lease.

A gain or loss arising from a change in fair value is included in net profit or loss for the period in which it arises.

Derecognition

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in which the investment property is derecognised.

1.12 Property and equipment

Property and equipment is carried at cost less accumulated depreciation and any impairment losses. Depreciation is provided on all property and equipment to write down the cost, less residual value, using the straight-line method of depreciation, over the items' estimated useful lives.

It is the policy of the Group to write down items of property and equipment with a cost less than R7 000 in full during the year the asset qualifies for recognition in terms of IAS 16 *Property, Plant and Equipment*, in order to align with the relevant tax authorities.

The assets' residual values and useful lives are reviewed and adjusted annually if appropriate. An asset's carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount.

1.13 Intangible assets

Intangible assets with finite useful lives are stated at cost, less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised in profit or loss as "Amortisation of intangible assets" on an appropriate basis over the estimated useful life. Amortisation commences when the intangible asset is available for use and ceases at the earlier of the date the asset is classified as held for sale or the date it is derecognised.

Useful lives and amortisation methods are reviewed on an annual basis, with the effect of any changes in estimate accounted for on a prospective basis.

1.13 Intangible assets (continued)

The Group has asset management contracts and Wi-Fi rights intangible assets that are classified as intangible assets with finite useful lives.

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over the estimated useful lives.

1.14 Financial instruments

Recognition

A financial instrument is recognised when the Group becomes party to a contract which entitles it to receive contractually agreed cash flows on the instrument. All acquisitions of financial assets that require delivery within the timeframe established by regulation or market convention (regular-way purchases) are recognised at trade date, which is the date on which the Group commits to acquire the asset.

Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred. Any interest in financial assets transferred that is created or retained by the Group is recognised as a separate asset or liability.

The Group may enter into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all risks and rewards of the transferred assets or a portion of them. If all, or substantially all, risks and rewards are retained, then the transferred assets are not derecognised from the statement of financial position.

The rights and obligations retained in the transfer of financial instruments are recognised separately as assets and liabilities as appropriate. In transfers where control over the asset is retained, the Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

The Group derecognises a financial liability when it is extinguished, that is, when the obligation specified in the contract is either discharged or cancelled or expires.

The Group may enter into transactions where there has been an exchange between an existing borrower and lender of debt instruments with substantially different terms, or there has been a substantial modification of the terms of an existing financial liability, this transaction is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. A gain or loss from extinguishment of the original financial liability is recognised in profit or loss.

Measurement

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt instruments, trade and other payables, cash and cash equivalents, loans and borrowings and trade and other receivables.

Non-derivative financial instruments are recognised initially at fair value plus, in the case where financial instruments are not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

Cash and cash equivalents comprise cash on hand, deposits held on call and investments in money market instruments, net of bank overdrafts, all of which are available for use by the Group unless otherwise stated. Bank overdrafts that are repayable on demand form an integral part of the Group's cash management system and are included as a component of cash and cash equivalents for purposes of the statements of cash flows. Cash and cash equivalents are measured at amortised cost.

Financial instruments at fair value through profit or loss

The Group designates financial assets and financial liabilities at fair value through profit or loss when the assets or liabilities are managed, evaluated and reported internally on a fair value basis.

Subsequent to initial recognition, financial instruments designated or classified as at fair value through profit or loss are measured at fair value with changes in fair value recognised in profit or loss.

Accounting policies continued

FOR THE YEAR ENDED 30 JUNE 2017

1.14 Financial instruments (continued)

Measurement (continued)

A-F-S financial assets

The Group has designated certain assets as A-F-S financial assets. In other circumstances A-F-S financial assets are classified as such because they do not fall within the classification of loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss. Gains or losses on A-F-S financial assets are recognised directly in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary items, which are taken to profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in equity is recycled to profit or loss.

Trade and other receivables

Trade and other receivables are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest rate method. The effective interest rate method is a method of calculating the amortised cost of a financial asset or liability (or group of financial assets or financial liabilities) and allocating the interest income or interest expense over the relevant period. Amortised cost is the amount at which the trade and other receivables are measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest rate method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment or uncollectibility.

Loans and interest-bearing borrowings

Interest-bearing borrowings are financial liabilities with fixed or determinable payments.

Loans and interest-bearing borrowings are recognised initially at fair value, net of transaction costs incurred and subsequently carried at amortised cost using the effective interest rate method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs (this accounting treatment is applied to the term loan and bond). To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates (this accounting treatment is applied to the revolving facility).

Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost, namely original debt less principal repayments and any amortisation, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents are recognised initially at fair value plus any directly attributable transaction costs. Cash and cash equivalents are subsequently measured at amortised cost.

Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate fluctuations, including interest rate swaps.

Derivative instruments are recognised initially at fair value at the date the derivative contracts are entered into, attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivative instruments are remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Impairment of financial assets

A financial asset is assessed at each reporting date to determine whether there is any evidence that the asset should be impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. An impairment allowance is raised when there is an indication of impairment and a write-off is only effected when the receivable is deemed to be fully impaired and not recoverable.

An A-F-S equity investment is impaired when:

- its fair value has declined to below cost (adverse developments affecting the investee or operating environment have occurred since acquisition that, individually or collectively, amount to objective evidence of impairment; or the decline in fair value is significant or prolonged); and
- there is objective evidence of impairment (sometimes referred to as a possible impairment indicator).

1.14 Financial instruments (continued)

Impairment of financial assets (continued)

If any such evidence exists for A-F-S financial assets, the cumulative loss which is measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, is removed from equity and recognised in profit or loss.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and A-F-S financial assets that are debt securities, the reversal is recognised in profit or loss. For A-F-S financial assets that are equity securities, the reversal is recognised directly in equity.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal enforceable right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Determining fair values

The determination of fair values of financial assets and financial liabilities is detailed in note 1.10.

Sureties

Sureties are contracts that require the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. These are measured and disclosed at their fair value.

1.15 Inventory

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs to make the sale.

The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

1.16 Taxation

Income taxation expense

Income taxation expense comprises the sum of current and deferred taxation.

The current taxation payable or receivable is based on taxable profit for the year. Taxable profit or loss differs from profit or loss as reported in the statement of comprehensive income as it excludes items of income or expense that are taxable or deductible in other years in the determination of taxable profit or loss (temporary differences), it excludes items that are never taxable or deductible (permanent differences) and business combinations. The Group's liability for taxation is calculated using tax rates that have been enacted or substantially enacted at the reporting date.

Current taxation and deferred taxation are charged or credited to other comprehensive income if the taxation relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current taxation and deferred taxation are charged or credited directly to equity if the taxation relates to items that are credited or charged, in the same or a different period, directly in equity.

Current taxation

Current taxation for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Accounting policies continued

FOR THE YEAR ENDED 30 JUNE 2017

1.16 Taxation (continued)

Income taxation expense (continued)

Deferred taxation

Deferred taxation is provided using the balance sheet method on all temporary differences between the carrying amounts for financial reporting purposes and the amounts used for tax purposes.

A deferred taxation asset is recognised to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses and deductible temporary differences can be utilised. The carrying amount of deferred taxation assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Unrecognised deferred taxation assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred taxation asset to be recovered.

Deferred taxation liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates, joint ventures and interests in joint arrangements, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred taxation assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Deferred taxation is calculated using tax rates (and taxation laws) that have been enacted or substantially enacted at the reporting date. The effect on deferred taxation of any changes in taxation rates is charged to the statement of comprehensive income, except to the extent that it relates to items previously charged directly to equity.

For the purposes of measuring deferred taxation liabilities for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

1.17 Leases

Where the Group is the lessee

The Group leases land under finance leases and printers, copiers and servers under operating leases from non-related parties.

Lessee – finance leases

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the balance sheet as investment property and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Investment property held under a lease accounted for as a finance lease is recognised initially at the present value of the minimum lease payments under the lease and thereafter in terms of the fair value methodology applicable to investment property as per note 1.11.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

Lessee – operating leases

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

Contingent rentals are recognised as an expense in profit or loss when incurred.

The leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

1.17 Leases (continued)

Where the Group is the lessor

The Group leases investment properties under operating leases to non-related parties.

Lessor – operating leases

Leases of investment properties where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

1.18 Non-current assets held for sale

A non-current asset or a disposal group comprising assets and liabilities is classified as held for sale if it is expected that its carrying amount will be recovered principally through sale rather than through continuing use, it is available for immediate sale and the sale is highly probable to occur within one year. For the sale to be highly probable, the appropriate level of management must be committed to a plan to sell the asset or disposal group.

Where the Group is committed to a sale plan involving the loss of control of a subsidiary, it classifies all the assets and liabilities of that subsidiary as held for sale when the criteria set out above and detailed in IFRS 5 *Non-current Assets Held for Sale* and discontinued operations are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment in an associate, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate that has not been classified as held for sale continues to be accounted for using the equity method. The Group discontinues the use of the equity method at the time of disposal when the disposal results in the Group losing significant influence over the associate.

After the disposal takes place, the Group accounts for any retained interest in the associate in accordance with IAS 39 *Financial Instruments Recognition and Measurement* unless the retained interest continues to be an associate, in which case the Group uses the equity method (refer to note 1.8 for the accounting policy regarding investments in associates).

On initial classification as held for sale, generally, non-current assets and disposal groups are measured at the lower of the carrying amount and fair value less costs to sell, with any adjustments taken to profit or loss (or other comprehensive income in the case of a revalued asset). The same applies to gains and losses on subsequent remeasurement. However, certain items, such as financial assets within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* and investment property within the scope of IAS 40 *Investment Properties*, continue to be measured in accordance with those standards.

Impairment losses subsequent to classification of assets as held for sale are recognised in profit or loss. Increases in fair value less costs to sell assets that have been classified as held for sale are recognised in profit or loss to the extent that the increase is not in excess of any cumulative impairment loss previously recognised in respect of the asset. Assets classified as held for sale are not depreciated.

Gains and losses on remeasurement and impairment losses subsequent to classification as disposal groups and non-current assets held for sale are shown within continuing operations in profit or loss, unless they qualify as discontinued operations.

Disposal groups and non-current assets held for sale are presented separately from other assets and liabilities on the statement of financial position. Prior periods are not reclassified.

Accounting policies continued

FOR THE YEAR ENDED 30 JUNE 2017

1.19 Share capital and equity

Ordinary shares are classified as equity.

Where any company within the Attacq Group of companies purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental costs and the related income tax effects, is included in equity attributable to the Company's equity holders. The shares are listed on the JSE, with one vote per share.

The transaction costs of an equity transaction are accounted for as a deduction from equity to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

1.20 Provisions

Provisions are recognised when there is a present obligation, whether legal or constructive, as a result of a past event for which it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The provisions of the Group are in respect of leave pay provision.

1.21 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for services provided in the normal course of business, net of value added tax.

Rental income

Rental income comprises gross rental income and fixed operating cost recoveries from the letting of investment properties, excluding value added tax. Rental income excludes tenant security deposits which represent financial advances made by tenants as guarantees during the lease and are repayable by the Group upon termination of the lease contracts.

Rental income receivable is recognised on a straight-line basis over the term of the lease. Directly attributable lease incentives are recognised within rental income on the same basis.

Contingent rents, being those lease payments that are not fixed at the inception of a lease, for example increases arising on rent reviews or rentals linked to tenant revenues, are recorded as income in the periods in which they are earned. Rent reviews are recognised as income from the date of the rent review, based on management's estimates. Estimates are derived from knowledge of market rents for comparable properties determined on an individual property basis and updated for progress of negotiations.

Service charge income is recognised on an accruals basis in line with the service being provided.

As specified in the lease agreements, the Group has the primary responsibility for providing services to tenants (electricity, water and gas utilities, interior and exterior cleaning, security, maintenance and repairs). The Group negotiates directly with the suppliers all contracts for services provided to tenants. These contracts are concluded between the Group subsidiaries which own the properties and the direct supplier.

Interest income

Interest for the Company is recognised, in profit or loss, using the effective interest rate method.

Dividend income

Dividend income for the Company, from investments, is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

1.22 Investment income

Interest income

Interest for the Group is recognised in profit or loss using the effective interest rate method.

Dividend income

Dividend income for the Group, from investments, is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

1.23 Borrowing costs

Borrowing costs that are directly attributable to the acquisition and construction of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings; and
- weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised cannot exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred;
- borrowing costs have been incurred; and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.24 Foreign currencies

The Group AFS are presented in South African Rand, which is the Company's functional and presentation currency. However, the Group measures the transactions of each of its material operations using the functional currency determined for that specific entity, which, in most instances, is the currency of the primary economic environment in which the operation conducts its business.

Transactions denominated in foreign currencies are translated at the rate of exchange ruling at the transaction date. Monetary items denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Gains or losses arising on translation are credited to or charged in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

1.25 Foreign operations

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities at rates of exchange ruling at the reporting date;
- equity items are translated at historical rates; and
- income, expenditure and cash flow items at weighted average rates.

Exchange differences on translation are accounted for in other comprehensive income. These differences will be recognised in earnings upon realisation of the underlying operation.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations (ie the reporting entity's interest in the net assets of that operation) are taken to other comprehensive income.

The average US Dollar to South African Rand conversion rate, where applicable, of US\$1:R13.61 (2016: US\$1:R14.49) has been used to translate the statement of comprehensive income and statement of cash flows, while the statement of financial position has been translated at the closing rate at the last day of the reporting period US\$1:R13.08 (2016: US\$1:R14.76).

The average Euro to South African Rand conversion rate, where applicable, of Euro1:R14.85 (2016: Euro1:R16.08) has been used to translate the statement of comprehensive income and statement of cash flows, while the statement of financial position has been translated at the closing rate at the last day of the reporting period Euro1:R14.93 (2016: Euro1:R16.41).

Accounting policies continued

FOR THE YEAR ENDED 30 JUNE 2017

1.26 Employee benefits

Short-term benefits

The cost of short-term employee benefits is recognised during the period in which the employees render the related service. Short-term employee benefits are measured on an undiscounted basis. The accrual for employee entitlements to salaries, bonuses and annual leave represents the amount which the Group has a present legal or constructive obligation to pay as a result of the employees' services provided up to the reporting date.

Defined contribution plan

As from 1 November 2015, the Group contributes to defined contribution funds for the benefit of employees and these contributions are expensed as they fall due. The Group is not liable for contributions to the medical aid of current and retired employees.

1.27 Share-based payment arrangements

Equity-settled share-based payments

Equity-settled share-based payments are measured at the grant date fair value of the equity instruments granted, and are expensed on a straight-line basis over the vesting period, with a corresponding increase in equity. The annual expense is based on the Group's estimate of the shares that will eventually vest, adjusted for the effect of non-market vesting conditions.

Cash-settled share-based payments

Cash-settled share-based payment liabilities are initially measured at fair value and subsequently remeasured to fair value at each reporting date as well as at the date of settlement, with any changes in fair value recognised in profit or loss. The expense is recognised on a straight-line basis over the vesting period, with a corresponding increase in the liability.

1.28 Determination and presentation of operating segments

Operating segments are reported on in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the reportable operating segments, has been identified as the Group Executive Committee. Operating segments reported are based on the Group's different investment portfolios.

The Group has eight reportable operating segments which are managed separately based on geographical areas and use of portfolio. The Group Executive Committee reviews internal management reports on these strategic divisions at least quarterly. The Group's reportable operating segments are as follows:

Direct-owned real estate

- Office and mixed-use properties;
- Retail properties;
- Light industrial properties;
- Hotels;
- Vacant land and infrastructure; and
- Developments under construction.

Indirect-owned real estate

- International investments; and
- Head office/other.

Segment results that are reported to the chief operating decision maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The chief operating decision maker, however, assesses each investment property on an individual basis in making decisions about its performance.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period which the estimates is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions and judgements concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Critical accounting judgements

Control over certain investment in associates

The Group has certain investments in associates in which it effectively owns in excess of 20% of the issued share capital of the associates. In more cases than one, the Group is the single largest shareholder in these investments. The Group has deemed these investments to be associates as it does not have control. The assessment of control over these investments took into account the following:

- the number of Directors that the Group has on the boards of the investments;
- the involvement in decision making over significant transactions and/or events of the investments; and
- the pattern of shareholder voting at shareholder meetings.

Note 8 refers to MAS as an associate of the Group. The Group has a 31.41% ownership in MAS. The Directors of the Group assessed whether or not the Group has control over MAS based on whether the Group has the practical ability to direct the relevant activities of MAS unilaterally. In making their judgement, the Directors considered the Group's absolute size of holding in MAS and the relative size of, and dispersion of, the shareholding owned by the other shareholders. After assessment, the Directors concluded that the Group does not have a sufficiently dominant voting interest to direct the relevant activities of MAS and therefore the Group does not have control over MAS.

It must be noted that Attacq has no right, in terms of MAS's constitutional documents, to appoint a director. Attacq does not have any agreements in place governing the actions of MAS or the MAS Board.

Furthermore, in terms of the MAS MOI, a shareholder resolution to remove a Director must be passed by shareholders holding at least 75% of the voting rights in relation thereto. Any steps by Attacq on its own to remove members of the MAS Board of Directors could easily be blocked by the remaining shareholder groupings.

Determination of fair value of investment property

The Group measures and recognises all investment property initially at cost and subsequently at fair value as noted in 1.11. The fair value estimate is determined using independent external valuations on an annual basis, adjusted as follows:

- an adjustment for the estimated future rental obligations to the lessors of the Waterfall development, Newtown and Majestic;
- completed developments – completed developments valued using the discounted cash flow of future rental income are adjusted with the value of the straight-lining lease debtor; and
- developments under construction – an adjustment to the present value of the difference between the estimated fair value of the investment property at completion and the total estimated development cost using the stage of completion method. The stage of completion is determined with reference to the cost incurred to date versus the total anticipated cost of the development, excluding the cost allocated to the land.

The above adjustments are made to reflect the fair value at which the asset could be exchanged between market participants at the reporting date under current market conditions.

Accounting policies continued

FOR THE YEAR ENDED 30 JUNE 2017

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Critical accounting judgements (continued)

Trade receivables and loans and receivables

The Group assesses its trade receivables and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the Group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Determination of valuation of foreign investments

The determination of the valuation of foreign investments is based on significant judgements applied which is influenced by the different trading environments and jurisdictions, specifically with regard to MAS and the rest of Africa. The fair value is further influenced by the accounting policies applied, appropriate adjustments are made on consolidation for differences in accounting policies.

Key sources of estimation uncertainty

Share-based payments

For share-based payments, estimates are made in determining the fair value of equity instruments granted. Assumptions are used in the valuation models and include assumptions regarding future dividend yield, risk-free rate, expected employee attrition rate, expected share volatility and expected option life. Refer to note 20.

Effective date of property transactions

In the event of an investment property being disposed of or acquired, the effective date of the transaction is generally treated as the date when all suspensive conditions have been met, and the buyer becomes contractually entitled to the income and expenses associated with the property, and not necessarily when the property is transferred.

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and A-F-S securities) are based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine the fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows.

The carrying value less impairment provision of trade receivables and payables is assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

Impairment of investment in the African asset portfolio

Management has assessed the fair value of the investment in the African asset portfolio, and has determined that risk of volatility in the property values exists due to the current difficult economic climate in those countries in which the Group has a presence.

Based on the abovementioned factors, management assessed these investments for additional impairment.

Impairment testing of management contracts relating to AMS

The recoverable amount of a CGU is determined based on value-in-use calculation. This calculation requires the use of estimates and assumptions. Refer to note 6 for the key estimates and assumptions used.

The Group reviews and tests the carrying value of the intangible asset when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are compared at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairments may have occurred, estimates are prepared for expected future cash flows for the intangible asset. Expected future cash flows used to determine the value in use of intangible asset are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including industry-specific and macroeconomic variances.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty (continued)

Impairment of goodwill relating to AMS

Goodwill is tested for impairment on an annual basis. Determining whether goodwill is impaired requires an estimation of the value in use of the CGU to which goodwill has been allocated. The value-in-use calculation requires the Directors to estimate the future cash flows expected to arise from the CGU and an appropriate discount rate in order to calculate present value.

Value in use is calculated as the net present value of future cash flows derived from assets using cash flow projections which have been discounted at appropriate discount rates. In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of highly uncertain matters including management's expectations of:

- a CGU to which goodwill has been allocated is tested for impairment annually or when there is an indication that goodwill is impaired;
- the discounted cash flow method is used to determine the fair value of the CGU;
- the future cash flows of the CGU to which goodwill is allocated is used as input in the discounted cash flow valuation;
- the appropriate long-term growth rate is applied to the future cash flow of the CGU; and
- the selection of appropriate discount rates to reflect the risks involved, usually the WACC.

Fair value measurements and valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. The Board, through the CEO, CFO and HAM, determines the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or a liability, the Group uses market observable data to the extent it is available. Where level 1 inputs are not available, the Group engages third-party qualified valuers to perform the valuation. The above officers work closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

The above officers report the decisions to the Board every quarter to explain the cause of fluctuations in the fair value of the assets and liabilities.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities is disclosed in notes 5, 20 and 38.

Amortisation of intangible asset arising from the asset management contract of AMS

Management has determined the useful life of the intangible asset to be 15 years. The residual value relating to the intangible asset has been determined as Rnil. In making this estimate, management has considered the following:

- the general initial lease period related to the underlying investment properties which is generally seven to 10 years for offices and industrial tenants;
- the initial renewal period of the above leases;
- the general and initial renewal period of all other leases; and
- the likelihood of renewal by the tenants following the initial lease period.

Amortisation of Wi-Fi rights

Management has determined the useful life of the Wi-Fi rights to be in accordance with the roll-out period of the Waterfall development pipeline. The residual value relating to the Wi-Fi rights has been determined as Rnil. In making this estimate, management has considered the following:

- the initial acquisition of the Wi-Fi rights, directly attributable to the development rights of LP 10 and LP 10A; and
- expected utilisation of undeveloped bulk and land.

Accounting policies continued

FOR THE YEAR ENDED 30 JUNE 2017

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty (continued)

Estimation of the future rental payments to WDC

In 2009 AWIC, a subsidiary of the Group, entered into a sale of development rights and lease agreements with WDC in terms of which it obtained the right to develop the relevant land parcels and to call for the registration of long-term lease agreements against the title deeds of these land parcels.

In terms of the agreements AWIC is obliged to pay, to the land owner, an amount equal to 6% of the net rentals it generates from the leasehold improvements. This obligation is deemed inseparable from the leased land and should therefore impact the fair value of the relevant investment property.

The 6% net rental obligation is calculated based on:

- staggered rental income streams based on the anticipated completion dates of the various leasehold improvements, or disposal of leasehold rights; and
- discounting of anticipated cash flow streams to determine the present value of the obligation at rates between 16% and 18% (2016: 16% and 18%).

Development rights

The valuation in respect of Waterfall's development rights is based on an external valuation performed on a residual valuation method. The valuation is then adjusted downward to take into account, inter alia, the nature of the contractual rights and the estimated future rental obligations attached to the development rights (as detailed above). The deteriorating economic environment and lower tenant activity have caused the Directors to take a more conservative view of the roll out of the development activity resulting in a further reduction in value.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

3.1 New accounting standards, amendments to published standards and interpretations

The following new standards, amendments to published standards and interpretations which became effective for the year commencing 1 July 2016 were adopted by the Group:

Standards, amendments or interpretations	Impact on the Financial Statements
▪ Amendments to IAS 1 <i>Presentation of Financial Statements</i> , disclosure initiatives	In line with the spirit of the amendments, the Group has focused on reducing some of the accounting policy disclosure in the AFS
▪ Amendments to IAS 16 <i>Property, Plant and Equipment</i> and IAS 38 <i>Intangible Assets</i> , clarification of acceptable methods of depreciation and amortisation	No impact on the AFS
▪ Amendments to IAS 27 <i>Separate Financial Statements</i> , equity method in Separate AFS	No impact on the AFS
▪ Amendments to IFRS 10 <i>Consolidated Financial Statements</i> , IFRS 12 <i>Disclosure of Interests in Other Entities</i> and IAS 28 <i>Investments in Associates and Joint Ventures</i> , applying the consolidation exception	No impact on the AFS
▪ Amendments to IFRS 11 <i>Joint Arrangements</i> , accounting for acquisitions of interests in joint operations	No impact on the AFS
▪ Improvements to IFRS 2012 to 2014 Cycle	No impact on the AFS
▪ Amendments to IFRS 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i>	No impact on the AFS
▪ Amendments to IFRS 7 <i>Financial Instruments: Disclosure</i> – application of the disclosure requirements to a servicing contract	No impact on the AFS
▪ Amendments to IAS 19 <i>Employee Benefits</i> – discount rates	No impact on the AFS

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

3.2 New accounting standards, amendments to published standards and interpretations not yet effective and not early adopted

A number of new standards and amendments to standards and interpretations are in issue but are not effective for annual periods beginning on 1 July 2017 and have not been applied in preparing these Separate and Consolidated AFS. The Group is in the process of assessing the potential impact.

Amendments to IAS 7 *Statement of Cash Flows* on disclosure initiatives

These amendments to IAS 7 introduce an additional disclosure that will enable users of the AFS to evaluate changes in liabilities arising from financing activities. The amendment is part of the IASB's disclosure initiative, which continues to explore how AFS disclosure can be improved. The amendment is effective for periods beginning on or after 1 January 2017.

The Group will likely include a new disclosure explaining the movement in the cash flows from financing activities between the current reporting period and the comparative period.

Amendments to IAS 12 *Income Taxes* – recognition of deferred tax assets for unrealised losses

These amendments on the recognition of deferred tax assets for unrealised losses clarify how to account for deferred tax assets related to debt instruments measured at fair value. This amendment is effective for periods beginning on or after 1 January 2017.

It is not expected that this amendment will have any material impact on the AFS.

Amendments to IFRS 2 *Share-based Payments* – clarification on how to account for certain types of share-based payment transactions

This amendment clarifies the measurement basis for cash-settled share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obligated to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority. The amendments is effective for periods beginning on or after 1 January 2018.

It is not expected that this amendment will have any impact on the AFS.

Amendments to IAS 40 *Investment Property* – transfer of investment property

The amendments clarify that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition. This change must be supported by evidence. This amendment is effective for periods beginning on or after 1 January 2018.

It is not expected that this amendment will have a material impact on the AFS.

Annual improvements to IFRS 2014 – 2016

Amendments to IFRS 1 *First-time Adoption of IFRS*

This amendment entails the deletion of short-term exemptions for first-time adopters regarding IFRS 7, IAS 19 and IFRS 10 effective 1 January 2018. This amendment is effective for periods beginning on or after 1 January 2018.

It is not expected that this amendment will have any impact on the AFS.

Amendments to IFRS 12 *Disclosure of Interest in Other Entities*

The amendment clarifies the scope of the standard. The amendment is effective for periods beginning on or after 1 January 2017.

It is not expected that this amendment will have any impact on the AFS.

Amendments to IAS 28 *Investments in Associates and Joint Ventures*

The amendments provide guidance on measuring an associate or joint venture at fair value. This amendment is effective for periods beginning on or after 1 January 2018.

It is not expected that this amendment will have any impact on the AFS.

IFRS 9 *Financial Instruments* 2009

IFRS 9 (2010) supersedes IFRS 9 issued in 2009. However, for annual periods beginning before 1 January 2015, an entity may elect to apply IFRS 9 issued in 2009 instead of applying IFRS 9 (2010).

Accounting policies continued

FOR THE YEAR ENDED 30 JUNE 2017

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

3.2 New accounting standards, amendments to published standards and interpretations not yet effective and not early adopted (continued)

Annual improvements to IFRS 2014 – 2016 (continued)

IFRS 9 Financial Instruments 2014 (complete)

This standard supersedes IFRS 9 (2009), IFRS 9 (2010) and IFRS 9 (2013). However, for annual periods beginning before 1 January 2018, an entity may elect to apply those earlier versions of IFRS 9 instead of applying this standard if, and only if, the entity's relevant date of initial application is before 1 February 2015.

The Group is assessing the impact of IFRS 9 on the AFS. Based on the preliminary assessments of the new requirements, the impact of the adoption of IFRS 9 will not have a significant impact on the Group.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 specifies how and when an entity will recognise revenue as well as requiring such entities to provide users of AFS with more informative, relevant disclosures. The standard provides a single, principles-based five-step model to be applied to all contracts with customers. An entity shall apply this standard for annual reporting periods beginning on or after 1 January 2018. Earlier application is permitted.

The Group is assessing the impact of IFRS 15 on the AFS. Based on the preliminary assessments of the new requirements, the impact of the adoption of IFRS 15 will not have a significant impact on the Group.

Amendments to IFRS 15 Clarification on IFRS 15

These amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). New and amended illustrative examples have been added for each of those areas of guidance. The IASB has also included additional practical expedients related to transition to the new revenue standard. This amendment is effective for periods beginning on or after 1 January 2018.

The Group is assessing the impact of IFRS 15 on the AFS. Based on the preliminary assessments of the new requirements, the impact of the adoption of IFRS 15 will not have a significant impact on the Group.

IFRS 16 Leases

This standard replaces the current guidance in IAS 17 and is a far-reaching change in accounting by lessees in particular.

Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a "right-of-use asset" for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees.

For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. This standard is effective for periods beginning on or after 1 January 2019 with earlier application permitted if IFRS 15 *Revenue from Contracts with Customers* is also applied.

The Group is assessing the impact of IFRS 16 on the AFS. Based on the preliminary assessments of the new requirements, the impact of the adoption of IFRS 16 will not have a significant impact on the Group.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

4. PROPERTY AND EQUIPMENT

	GROUP					
	Equipment R'000	Computer equipment R'000	Furniture and fittings R'000	Solar photo- voltaic panels R'000	Other fixed assets R'000	Total R'000
2017						
Cost						
Balance at 1 July 2016	13 198	6 604	5 691	15 700	7 622	48 815
Additions	14 062	772	432	11 467	586	27 319
Balance at 30 June 2017	27 260	7 376	6 123	27 167	8 208	76 134
Accumulated depreciation						
Balance at 1 July 2016	2 806	4 589	2 124	-	5 371	14 890
Depreciation	4 320	1 332	944	751	1 625	8 972
Balance at 30 June 2017	7 126	5 921	3 068	751	6 996	23 862
Carrying amount at 30 June 2016	10 392	2 015	3 567	15 700	2 251	33 925
Carrying amount at 30 June 2017	20 134	1 455	3 055	26 416	1 212	52 272
2016						
Cost						
Balance at 1 July 2015	2 492	5 521	4 932	-	7 551	20 496
Additions	10 706	1 083	939	15 700	71	28 499
Disposals	-	-	(180)	-	-	(180)
Balance at 30 June 2016	13 198	6 604	5 691	15 700	7 622	48 815
Accumulated depreciation						
Balance at 1 July 2015	1 038	3 650	1 284	-	3 883	9 855
Depreciation	1 768	939	857	-	1 488	5 052
Disposals	-	-	(17)	-	-	(17)
Balance at 30 June 2016	2 806	4 589	2 124	-	5 371	14 890
Carrying amount at 30 June 2015	1 454	1 871	3 648	-	3 668	10 641
Carrying amount at 30 June 2016	10 392	2 015	3 567	15 700	2 251	33 925

Useful lives of property and equipment

The Group reviews the estimated useful lives of property and equipment annually. The useful lives in the current and prior years are:

Item	Useful life
▪ Equipment	3 years
▪ Computer equipment	3 years
▪ Furniture and fittings	3 years
▪ Solar photovoltaic panels	20 years
▪ Other fixed assets	5 to 10 years

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2017

5. INVESTMENT PROPERTY

	GROUP					
	Develop- ment rights R'000	Infra- structure and services R'000	Land R'000	Develop- ments under construc- tion R'000	Completed develop- ments R'000	Total R'000
2017						
Cost						
Balance at 1 July 2016	428 417	1 111 772	37 508	948 703	10 728 147	13 254 547
Additions	-	141 761	-	832 307	123 941	1 098 009
Disposals	(2 783)	(7 468)	-	-	(25 502)	(35 753)
Transfer between components	135 735	(489 264)	-	(426 007)	779 536	-
Transfer to inventory	(5 566)	(19 634)	-	-	-	(25 200)
Transfer to non-current assets held for sale	(9 811)	(26 294)	-	-	-	(36 105)
Balance at 30 June 2017	545 992	710 873	37 508	1 355 003	11 606 122	14 255 498
Fair value adjustment						
Balance at 1 July 2016	630 881	-	(32 508)	236 381	3 953 891	4 788 645
Additions	(65 544)	-	-	194 848	535 221	664 525
Disposals	(18 020)	-	-	-	(24 515)	(42 535)
Transfer between components	(19 421)	-	-	(187 266)	206 687	-
Transfer to non-current assets held for sale	(13 921)	-	-	-	83 153	69 232
Balance at 30 June 2017	513 975	-	(32 508)	243 963	4 754 437	5 479 867
Carrying amount at 30 June 2016	1 059 298	1 111 772	5 000	1 185 084	14 682 038	18 043 192
Carrying amount at 30 June 2017	1 059 967	710 873	5 000	1 598 966	16 360 559	19 735 365
2016						
Cost						
Balance at 1 July 2015	526 844	615 997	37 508	1 783 856	8 808 308	11 772 513
Additions	-	562 533	-	1 724 314	299 200	2 586 047
Disposals	(362)	(1 579)	-	-	(195 304)	(197 245)
Transfer between components	(60 784)	(61 202)	-	(2 531 890)	2 653 876	-
Transfer to non-current assets held for sale	(37 281)	(3 977)	-	(27 577)	(837 933)	(906 768)
Balance at 30 June 2016	428 417	1 111 772	37 508	948 703	10 728 147	13 254 547
Fair value adjustment						
Balance at 1 July 2015	940 578	-	(20 508)	840 161	2 655 129	4 415 360
Additions	(230 039)	-	(12 000)	758 314	557 949	1 074 224
Disposals	(1 715)	-	-	-	(87 268)	(88 983)
Transfer between components	(502)	-	-	(1 362 094)	1 362 596	-
Transfer to non-current assets held for sale	(77 441)	-	-	-	(534 515)	(611 956)
Balance at 30 June 2016	630 881	-	(32 508)	236 381	3 953 891	4 788 645
Carrying amount at 30 June 2015	1 467 422	615 997	17 000	2 624 017	11 463 437	16 187 873
Carrying amount at 30 June 2016	1 059 298	1 111 772	5 000	1 185 084	14 682 038	18 043 192

The investment properties are encumbered as per note 21.

5. INVESTMENT PROPERTY (CONTINUED)

A register of investment properties, together with the title deeds relating to the owned investment properties, is available for inspection at the registered office of the Company:

ATT House, 2nd Floor
Maxwell Office Park
37 Magwa Crescent
Waterfall City
Midrand

	GROUP	
	2017 R'000	2016 R'000
Development rights (AWIC)		
Independent valuers' valuation	1 462 000	1 539 000
Adjusted for		
Adjustment relating to the future rental obligation	(402 033)	(479 702)
Adjusted valuation	1 059 967	1 059 298

The independent valuers' valuation was performed as at 30 June 2017 by applying the residual land valuation model, taking into account obligations pursuant to the leasehold nature of the development rights.

The leasehold obligations are contingent on future net rentals and are calculated in line with the contractual terms of the leasehold development rights as discussed in note 2.

The following unobservable inputs were used by the independent valuer in estimating the fair value of the development rights:

- serviced land prices between R1 500 and R3 350 (2016: R2 250 and R3 350) per bulk square metre, depending on services installed and intended usage;
- estimated capital outlays and professional fees as per independent quantity surveyor;
- provision for any additional costs, for example agents commission and marketing;
- an estimated development plan spanning one to 12 years (2016: one to 12 years); and
- discount rates for present value calculations between 16% and 18% (2016: 16% and 18%).

The estimated impact of a change in the following significant unobservable inputs would result in a change in the fair value estimate as follows:

	GROUP	
	2017 R'000	2016 R'000
An extension by one year of the estimated development plan	(151 050)	(150 654)
An increase of 100 basis points in the discount rate	(31 421)	8 244
Value of development rights	(46 000)	(50 000)
Future rental obligation	14 579	58 244

The effective date of the revaluations on the development rights was 30 June 2017. All independent valuers were registered in terms of section 19 of the Property Valuers Professional Act, 47 of 2000. The valuers were as follows:

Sterling Valuation Specialists Proprietary Limited

- B Eastman – Nat Dip Prop Val, MIV (SA), Registered Professional Valuer; and
- AS Smith – BSc (Hons) Property Studies, MIV (SA), Registered Professional Valuer.

AS Smith, B Eastman and Sterling Valuation Specialists are not connected to the Group.

There was no change to the valuation technique from the prior year. The fair value of development rights is deemed to be level 3 as defined by IFRS 13 *Fair Value Measurements*.

In 2009 AWIC entered into a purchase of development rights and lease agreements with WDC in terms of which it obtained the right to develop certain land parcels and to call for the registration of long-term lease agreements against the title deeds of the land parcels (it is anticipated that all the lease agreements will be registered within the foreseeable future).

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2017

5. INVESTMENT PROPERTY (CONTINUED)

For both years presented, Waterfall comprises remaining undeveloped development rights obtained relating to:

- remainder of LP 8 of portion 1/RE on the Farm Waterfall No 5;
- remainder of LP 9 of portion 1/RE on the Farm Waterfall No 5;
- remainder of LP 10 of portion 1/RE on the Farm Waterfall No 5;
- LP 10A of portion 1/RE on the Farm Waterfall No 5;
- remainder of LP 10B of portion 1/RE on the Farm Waterfall No 5;
- LP 12 of portion 1/RE on the Farm Waterfall No 5;
- remainder of LP 15 of portion 62 on the Farm Waterfall No 5; and
- remainder of LP 22 of portion 78 of the Farm Waterfall No 5.

The following development right was classified as held for sale in the current year as per note 18:

- a portion of LP 10 of portion 1/RE on the Farm Waterfall No 5.

The following development rights were classified as held for sale in the prior year as per note 18:

- LP 3 of portion 1/RE on the Farm Waterfall No 5; and
- LP 24 of portion 1/RE on the Farm Waterfall No 5.

	GROUP	
	2017 R'000	2016 R'000
Land (Le Chateau)		
Directors' valuation (2016: independent valuers' valuation)	5 000	5 000

The effective date of the last valuation performed was 30 June 2016. The valuation was performed by an independent valuer, A de Wet (member of the South African Institute of Valuers and registered as a Professional Associated Valuer with the SA Council for the Property Valuers Profession). A de Wet is not connected to the Group and has recent experience in location and category of investment property being valued.

The valuation was based on:

- bulk rates for areas being unserviced and for which no building work has been identified/tenanted; and
- valuation of tenanted developments under construction.

The bulk areas were discounted to a net present value based on expected timelines for zoning.

The Directors chose to value the property on a more conservative basis. Provision was made for the property market which has not turned around and the state of the residential market for second homes. This judgement is based on their experience in the industry and the property movements within the Hartbeespoort area.

5. INVESTMENT PROPERTY (CONTINUED)

	GROUP	
	2017 R'000	2016 R'000
Developments under construction		
The carrying amounts of developments under construction are reconciled as follows:		
Balance at the beginning of the year	1 185 084	2 624 017
Transfer of cost from development rights	(135 735)	60 784
Transfer from infrastructure and services	489 264	61 202
Transfer of fair value from development rights	19 421	502
Additions	832 307	1 724 314
Net gain from fair value adjustment	644 171	1 493 234
Transfer to assets held for sale	-	(27 577)
Transfer to completed developments	(986 223)	(4 016 472)
Independent valuers' valuation	2 048 289	1 920 004
Adjusted for - against fair value		
Cost to complete and percentage of completion	(449 323)	(734 920)
Independent valuers' valuation - adjusted	1 598 966	1 185 084
Reconciled as follows:		
Cost	1 355 003	948 703
Fair value adjustments	243 963	236 381
Adjusted valuation	1 598 966	1 185 084

The following unobservable inputs were used by the independent valuers in estimating the fair value of the investment property:

	GROUP	
	2017 %	2016 %
Unobservable inputs		
Discount rate	13.25 - 14.00	13.25 - 13.75
Reversionary discount rate	13.25 - 14.00	13.25 - 13.75
Market capitalisation rate	7.25 - 8.00	7.25 - 7.75
Reversionary capitalisation rate	7.25 - 8.00	7.25 - 7.75
Expense growth	7.00	7.00
Income growth	6.00	6.00
Long-term vacancy rate	0.25 - 0.50	0.00

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2017

5. INVESTMENT PROPERTY (CONTINUED)

The estimated impact of a change in the following significant unobservable inputs would result in a change in the independent valuers' valuation as follows:

	GROUP	
	2017 R'000	2016 R'000
A decrease of 50 basis points in the discount rate	75 585	65 648
An increase of 50 basis points in the discount rate	(71 973)	(62 862)
A decrease of 50 basis points in the reversionary capitalisation rate	65 299	70 639
An increase of 50 basis points in the reversionary capitalisation rate	(57 126)	(61 775)

The independent valuers' valuation of the following developments under construction represents the Group's shareholding as they are being developed through a joint venture and/or undivided share:

- PwC Tower – 75%. The balance is held by PwC Waterfall Property Partnership;
- Mall of Africa – 80%. The balance is held by APF (which has been completed in the prior year); and
- Corporate Campus – 50%. The balance is held by Zenprop.

Refer to note 39 for a detailed breakdown of all the investment properties under construction.

The value of developments under construction is determined with reference to the cost incurred to date plus a portion of the present value of the final anticipated fair value gain upon completion of the building. The final anticipated fair value gain upon completion of the buildings is the difference between the total costs of development and the fair value of the building at completion based on the independent valuers' valuation.

The portion of the present value of the anticipated fair value gain is determined with reference to the stage of completion of the building. The stage of completion of the building is determined with reference to the cost to date of the top structure and the total anticipated costs excluding the development rights (land) and the related funding costs.

The fair value of developments under construction is deemed to be level 3 as defined by IFRS 13 *Fair Value Measurements*.

Developments under construction are transferred to "completed developments" on the date of practical completion as certified by the principal agent on the development.

Developments under construction were valued as at 30 June 2017 using the discounted cash flow of future income streams method by independent valuers. This is in line with the prior year.

All independent valuers were registered in terms of section 19 of the Property Valuers Professional Act, 47 of 2000. For both years, the valuers were as follows:

Mills Fitchet Magnus Penny & Wolfs (previously Mills Fitchet KZN)

- T Bate – MSc, BSc Land Econ (UK), MRICS, MIVSA, Professional Valuer;
- MRB Gibbons – Nat Dip Prop Val, MIVSA, MRICS; and
- S Wolffs – Nat Dip Prop Val, MIV.

5. INVESTMENT PROPERTY (CONTINUED)

	GROUP	
	2017 R'000	2016 R'000
Completed developments		
The carrying amount of completed developments are reconciled as follows:		
Balance at the beginning of the year	14 682 038	11 463 437
Transfer from developments under construction	986 223	4 016 472
Additions	123 941	299 200
Disposals	(50 017)	(282 572)
Net gain from fair value adjustment	735 023	706 311
Straight-line lease income adjustment against fair value	(199 802)	(148 362)
Independent valuers' valuation	16 277 406	16 054 486
Adjusted for		
Transfer to non-current assets held for sale	83 153	(1 372 448)
Independent valuers' valuation - adjusted	16 360 559	14 682 038
Reconciled as follows:		
Cost	11 606 122	10 728 147
Fair value adjustments	4 754 437	3 953 891
Adjusted valuation	16 360 559	14 682 038

The following unobservable inputs were used by the independent valuers in estimating the fair value of the investment property:

	GROUP	
	2017 %	2016 %
Unobservable inputs		
Discount rate	12.25 - 15.75	12.25 - 15.50
Reversionary discount rate	12.25 - 15.75	12.25 - 15.50
Market capitalisation rate	6.25 - 9.75	6.25 - 9.50
Reversionary capitalisation rate	6.25 - 9.75	6.25 - 9.50
Expense growth	7.00 - 7.50	7.00 - 7.50
Income growth	6.00	6.00
Long-term vacancy rate	0.00 - 5.00	0.00 - 4.00

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2017

5. INVESTMENT PROPERTY (CONTINUED)

The estimated impact of a change in the following significant unobservable inputs would result in a change in the independent valuers' valuation as follows:

	GROUP	
	2017 R'000	2016 R'000
A decrease of 50 basis points in the discount rate	516 551	415 282
An increase of 50 basis points in the discount rate	(485 762)	(399 970)
A decrease of 50 basis points in the reversionary capitalisation rate	680 877	619 950
An increase of 50 basis points in the reversionary capitalisation rate	(583 390)	(541 589)

The independent valuers' valuation of the following completed developments represents the Group's shareholding as they are being developed through a joint venture and/or undivided share:

- Maxwell Office Park – 50%. The balance is held by The Moolman Group;
- Cummins – 50%. The balance is held by Zenprop (which was classified as non-current assets held for sale in the prior year – refer to note 18);
- Mall of Africa – 80%. The balance is held by APF (which was completed in the prior year); and
- Altech building – 50%. The balance is held by The Moolman Group (which was disposed of in the current year).

Refer to note 39 for a detailed breakdown of all the investment properties per segment.

The fair value of completed developments is deemed to be a level 3 as defined by IFRS 13 *Fair Value Measurements*.

Completed developments were valued as at 30 June 2017 using discounted cash flow of the future income streams method by independent valuers. This is in line with the prior year.

All independent valuers were registered in terms of section 19 of the Property Valuers Professional Act, 47 of 2000. For both years, the valuers were as follows:

Old Mutual Investments: South Africa

- M Prins – BSc Hons (Property Studies), Property Associate Valuer.

Mills Fitchet Magnus Penny & Wolfs (previously Mills Fitchet KZN)

- T Bate – MSc, BSc Land Econ (UK), MRICS, MIV (SA), Professional Valuer (2015);
- MRB Gibbons – Nat Dip Prop Val, MIV (SA), Registered Professional Valuer; and
- S Wolffs – Nat Dip Prop Val, MIV (SA), Registered Professional Valuer.

Jones Lang LaSalle Proprietary Limited

- K Pfaff – BSc MRICS, Chartered Valuation Surveyor, Professional Valuer; and
- J Karg – Head of Valuations and Associate Director.

Sterling Valuation Specialists Proprietary Limited

- B Eastman – Nat Dip Prop Val, MIV (SA), Registered Professional Valuer;
- M Smit – ND Property Valuation, Registered Professional Valuer;
- C Houba – BSc (Hons) Property Studies, Registered Professional Valuer; and
- AS Smith – BSc (Hons) Property Studies, Registered Professional Valuer.

6. INTANGIBLE ASSETS

	GROUP	
	2017 R'000	2016 R'000
Cost		
Balance at the beginning of the year	379 460	379 460
Balance at the end of the year	379 460	379 460
Accumulated amortisation		
Balance at the beginning of the year	(66 861)	(34 937)
Amortisation expense	(22 060)	(19 964)
Impairment of Wi-Fi rights	–	(11 960)
Balance at the end of the year	(88 921)	(66 861)
Net carrying amount at the beginning of the year	312 599	344 523
Net carrying amount at the end of the year	290 539	312 599

Value in use of the asset management contract (including goodwill) is calculated as the net present value of future cash flows derived from assets using cash flow projections which have been discounted at appropriate discount rates. In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of highly uncertain matters including management's expectations of:

- CGU to which an intangible asset (including goodwill) has been allocated is tested for impairment annually;
- the discounted cash flow method is used to determine the value in use of the CGU;
- the future cash flows are escalated at 7% per annum;
- the future cash flows of the CGU to which an intangible asset (including goodwill) is allocated are used as input in the discounted cash flow valuation;
- the appropriate long-term growth rate is applied to the future cash flow of the CGU;
- the Group has used a WACC of 12.3%; and
- the selection of appropriate capitalisation rates to reflect the risks involved, ie the weighted average capitalisation rate of 7.47%.

During the 2015 financial year, the Group (through wholly owned subsidiary AWIC), acquired the Wi-Fi rights in relation to its developments over the Waterfall Farm from WIC. The rights allow AWIC to exploit any multimedia and broadband-based services in respect of its developments. AWIC currently has a contract with a third party and has commenced revenue generation from these rights in the 2017 financial year.

The Directors tested the Wi-Fi rights for impairment during the year ended 30 June 2016 through the determination of the present value of the future contractual discounted cash flows. This review resulted in an impairment of R12.0 million which was allocated to the statement of profit or loss and other comprehensive income under "other expenses".

During the current year, the Wi-Fi rights are amortised based on the roll out of the Waterfall development pipeline.

During the current year the Directors changed their estimate relating to the useful life of the Wi-Fi rights to be based on the roll-out period of the Waterfall development rights pipeline. This has been applied prospectively from 1 July 2016. This change in estimate resulted in a decrease in current year profit and loss and net assets of R2.1 million and will result in a future cumulative decrease of R65.9 million in equity.

For the impairment testing of the asset management contract (including goodwill) the appropriate discount rate was determined as the WACC of 12.3% (2016: 15.3%). The WACC at 30 June 2017 was determined with reference to the post-tax cost of debt (7.50%) and the cost of equity (17.10%), based on market values is 50% debt to 50% equity.

The intangible assets (other than the Wi-Fi rights) are amortised over 15 years and are tested for impairment on an annual basis or when there are indications that the intangible assets may be impaired.

The Wi-Fi rights intangible asset's carrying value net of impairments and accumulated amortisation of R65.9 million is included in the retail segment. Refer to note 39.

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2017

7. GOODWILL

	GROUP	
	2017 R'000	2016 R'000
Cost		
Balance at the beginning of the year	177 444	177 444
Balance at the end of the year	177 444	177 444
Accumulated impairment losses		
Balance at the beginning of the year	(109 670)	(109 670)
Balance at the end of the year	(109 670)	(109 670)
Net carrying amount at the beginning of the year	67 774	67 774
Net carrying amount at the end of the year	67 774	67 774
The goodwill relates to the following CGUs:		
AMS	67 774	43 497
ARS	-	24 277
Total	67 774	67 774

During the current year, the operations of AMS and ARS were consolidated. The goodwill in ARS was allocated to AMS.

The goodwill is not amortised but tested for impairment on an annual basis or when there are indications that the goodwill may be impaired.

Refer to note 6 for the assumptions used in testing goodwill for impairment.

The Directors of the Group have tested goodwill that is allocated to AMS, for impairment as at 30 June 2017 and concluded that the goodwill is not impaired based on the following:

- no impairment of the investment by the Group in the underlying CGU; and
- the present value of the future discounted cash flows generated by the CGU exceeds the carrying value of the CGU (refer to note 6).

The accumulated impairment loss of R106.7 million relates to the goodwill allocated to Micawber (wholly owned subsidiary of AWIC) that was fully impaired in the prior year.

8. INVESTMENT IN ASSOCIATES AND JOINT VENTURES

Set out below is the associated company of the Group as at 30 June 2017, which, in the opinion of the Directors, is material to the Group. The associated company as set out below has ordinary shares, which are held directly by the Group. The country of incorporation is also the principal place of business.

Name of associate	MAS
Principal activity	Real Estate Investment Company
Place of incorporation	British Virgin Island
Principal place of business	Isle of Man

	GROUP		COMPANY	
	2017 %	2016 %	2017 %	2016 %
Proportion of ownership/voting rights held by the Group	31.41	41.38	31.41	41.38

The above associate is accounted for using the equity method in these Consolidated AFS.

The investment in MAS in the Company was valued at the 30-day quoted VWAP of R23.17 (2016: R21.36).

Refer to note 38 for the fair value measurements.

Summarised financial information in respect of the Group's material associate is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with IFRS (adjusted by the Group for equity accounting purposes).

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
MAS				
Current assets	718 390	1 877 345	-	-
Non-current assets	10 611 714	5 796 790	-	-
Current liabilities	(411 711)	(277 223)	-	-
Non-current liabilities	(2 215 442)	(818 406)	-	-
Revenue	469 005	261 339	-	-
Profit (loss) from continuing operations	581 312	(183 972)	-	-
Profit (loss) for the year	581 312	(183 972)	-	-
Other comprehensive (loss) income for the year	(147 622)	8 858	-	-
Total comprehensive income (loss) for the year	433 690	(175 115)	-	-
Dividends received from MAS Real Estate Inc during the year	105 303	101 164	-	-

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2017

8. INVESTMENT IN ASSOCIATES AND JOINT VENTURES (CONTINUED)

The reconciliation of the summarised financial information to the carrying amount of the interest in MAS recognised in the Consolidated AFS is as follows:

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
MAS				
Balance at the beginning of the year	2 722 460	2 178 350	3 082 078	2 112 786
Vesting of MAS agterskot	-	479 804	-	479 804
Additions	50 362	-	50 362	-
Disposals	-	(184 364)	-	(154 844)
Fair value adjustment through other comprehensive income	-	-	269 338	644 332
Share of retained profits and other comprehensive (loss) income for the year	(43 514)	248 670	-	-
Share of retained profits (losses)	190 009	(81 590)	-	-
Share of other comprehensive (loss) income	(53 393)	197	-	-
FCTR	(74 827)	431 227	-	-
Dividends	(105 303)	(101 164)	-	-
Balance at the end of the year	2 729 308	2 722 460	3 401 778	3 082 078
Reconciled as follows:				
Cost	2 336 703	2 286 341	2 374 614	2 324 252
Net gain from fair value adjustment	-	-	1 027 164	757 826
Share of retained profits (losses)	119 746	(70 262)	-	-
Other comprehensive income since acquisition	279 442	332 835	-	-
Foreign currency translation effect	242 422	317 249	-	-
Dividends paid	(249 005)	(143 703)	-	-
Balance at the end of the year	2 729 308	2 722 460	3 401 778	3 082 078

The addition to the MAS shareholding in the prior year relates to the vesting of the MAS agterskot in the prior year which related to the realised performance of Karoo which the Group sold to MAS in the 2014 financial year. The agterskot was settled on 11 March 2016 by the issue of 21 317 449 new MAS shares, priced in terms of the Euro equivalent of the 30-day VWAP of MAS shares on the JSE at each of the underlying Karoo redemption dates. On 11 March 2016, the fair value of the agterskot was Euro28 157 532 (2015: Euro26 378 517).

During the prior year, the Group disposed of 9.1 million shares in MAS.

Included in the share of retained profits for the year ended 30 June 2016 is a deemed loss of R14.5 million of the Group's shareholding in MAS due to the vesting of the Karoo agterskot shares on 11 March 2016.

MAS's closing balance was converted on 30 June 2017 at the spot Euro rate of R14.93.

The shareholding in MAS of 31.41% is based on the MAS issued shares after adjusting for treasury shares. Attacq's shareholding based on MAS's total issued share as at 30 June 2017 is 30.57%. MAS had no treasury shares in issue in prior years.

8. INVESTMENT IN ASSOCIATES AND JOINT VENTURES (CONTINUED)

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Carrying amount of the Group's interest in associates and joint ventures				
MAS	2 729 308	2 722 460	3 401 778	3 082 078
Aggregate amount of other associates and joint ventures that are not individually material	424 084	403 868	55 535	57 592
Gruppo	72 259	123 412	-	-
Mall of Namibia	151 275	130 239	-	-
Artisan Development	53 424	-	-	-
Wingspan	54 617	53 333	54 617	53 333
EAJV	88 284	-	-	-
Atterbury Cyprus	-	88 028	-	-
Other associates and joint ventures	4 225	8 856	918	4 259
Balance at the end of the year	3 153 392	3 126 328	3 457 313	3 139 670
Net income from associates and joint ventures				
MAS	190 009	(70 262)	-	-
Aggregate amount of other associates and joint ventures that are not individually material	59 871	105 360	-	-
Gruppo	(17 877)	(47 043)	-	-
Mall of Namibia	21 036	47 063	-	-
Artisan Development	1 942	-	-	-
Wingspan	1 283	-	-	-
EAJV	19 078	(10 981)	-	-
Atterbury Cyprus	20 654	126 128	-	-
Atterbury Serbia	10 908	3 422	-	-
Other associates and joint ventures	2 847	(13 229)	-	-
Total	249 880	35 098	-	-

The Directors have assessed the investments in associates relating to the African asset portfolio to be impaired by R20.6 million which has been recognised in the statement of profit or loss and other comprehensive income under "Other expenses".

The investment in Grove Mall was transferred through an asset for share transaction during the prior financial year from Attacq to Attacq Namco, a newly incorporated wholly owned subsidiary of the Group.

Refer to note 40 for the interest in direct associates.

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2017

9. INVESTMENT IN SUBSIDIARIES

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Balance at the beginning of the year	-	-	6 481 046	5 782 971
Additions	-	-	28 005	130 658
Disposal	-	-	-	(256)
Deregistration	-	-	-	(18 943)
Impairment	-	-	(88 332)	-
Fair value adjustment through other comprehensive income	-	-	619 440	586 616
Balance at the end of the year	-	-	7 040 159	6 481 046
Reconciled as follows:				
Cost	-	-	3 011 505	2 983 499
Impairment	-	-	(88 332)	-
Net gain from fair value adjustment	-	-	4 116 986	3 497 547
Balance at the end of the year	-	-	7 040 159	6 481 046
Net investment in subsidiaries	-	-	7 040 159	6 481 046
Investment in subsidiaries comprise the following:				
AIH International				
Balance at the beginning of the year	-	-	62 043	12 645
Fair value adjustment through other comprehensive income	-	-	(43 271)	49 398
Balance at the end of the year	-	-	18 772	62 043
Reconciled as follows:				
Cost*	-	-	-	-
Net gain from fair value adjustment	-	-	18 772	62 043
Balance at the end of the year	-	-	18 772	62 043
AMS				
Balance at the beginning of the year	-	-	293 458	283 363
Additions	-	-	27 763	10 095
Net impairment	-	-	(88 332)	-
Balance at the end of the year	-	-	232 889	293 458
Reconciled as follows:				
Cost	-	-	321 221	293 458
Impairment [#]	-	-	(88 332)	-
Balance at the end of the year	-	-	232 889	293 458

[#] The impairment of the investment in AMS related to the negative NAV of AMS as a result of losses incurred by AMS.

* The cost of this investment is less than R1 000.

9. INVESTMENT IN SUBSIDIARIES (CONTINUED)

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Attacq Energy				
Balance at the beginning of the year	-	-	-	-
Fair value adjustment through other comprehensive income	-	-	357	-
Balance at the end of the year	-	-	357	-
Reconciled as follows:				
Cost*	-	-	-	-
Net gain from fair value adjustment	-	-	357	-
Balance at the end of the year	-	-	357	-
ARF				
Balance at the beginning of the year	-	-	1 666 194	1 590 270
Fair value adjustment through other comprehensive income	-	-	34 650	75 924
Balance at the end of the year	-	-	1 700 844	1 666 194
Reconciled as follows:				
Cost	-	-	1 017 644	1 017 644
Net gain from fair value adjustment	-	-	683 200	648 550
Balance at the end of the year	-	-	1 700 844	1 666 194
AWIC				
Balance at the beginning of the year	-	-	2 983 104	2 508 506
Fair value adjustment through other comprehensive income	-	-	594 065	474 598
Balance at the end of the year	-	-	3 577 169	2 983 104
Reconciled as follows:				
Cost	-	-	1 106 556	1 106 556
Net gain from fair value adjustment	-	-	2 470 613	1 876 548
Balance at the end of the year	-	-	3 577 169	2 983 104
Brooklyn Bridge				
Balance at the beginning of the year	-	-	210 618	206 144
Fair value adjustment through other comprehensive income	-	-	(53 542)	4 474
Balance at the end of the year	-	-	157 076	210 618
Reconciled as follows:				
Cost	-	-	126 541	126 541
Net gain from fair value adjustment	-	-	30 535	84 077
Balance at the end of the year	-	-	157 076	210 618
Harlequin Duck				
Balance at the beginning of the year	-	-	1 542	2 157
Fair value adjustment through other comprehensive income	-	-	(70)	(615)
Balance at the end of the year	-	-	1 472	1 542
Reconciled as follows:				
Cost*	-	-	-	-
Net gain from fair value adjustment	-	-	1 472	1 542
Balance at the end of the year	-	-	1 472	1 542

* The cost of this investment is less than R1 000.

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2017

9. INVESTMENT IN SUBSIDIARIES (CONTINUED)

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Highgrove				
Balance at the beginning of the year	-	-	-	75 843
Deregistration	-	-	-	(18 943)
Fair value adjustment through other comprehensive income	-	-	-	(56 900)
Balance at the end of the year	-	-	-	-
Reconciled as follows:				
Cost	-	-	-	-
Net gain from fair value adjustment	-	-	-	-
Balance at the end of the year	-	-	-	-
Le Chateau				
Balance at the beginning of the year	-	-	-	-
Movement in provision for liabilities relating to subsidiaries	-	-	-	-
Balance at the end of the year	-	-	-	-
Reconciled as follows:				
Cost	-	-	1	1
Net gain from fair value adjustment	-	-	(1)	(1)
Balance at the end of the year	-	-	-	-
Lynnaur				
Balance at the beginning of the year	-	-	203 229	176 560
Fair value adjustment through other comprehensive income	-	-	30 838	26 669
Balance at the end of the year	-	-	234 067	203 229
Reconciled as follows:				
Cost	-	-	50 060	50 060
Net gain from fair value adjustment	-	-	184 007	153 169
Balance at the end of the year	-	-	234 067	203 229
Lynnwood Bridge				
Balance at the beginning of the year	-	-	725 107	652 478
Additions	-	-	-	-
Fair value adjustment through other comprehensive income	-	-	97 210	72 629
Balance at the end of the year	-	-	822 317	725 107
Reconciled as follows:				
Cost	-	-	268 677	268 677
Net gain from fair value adjustment	-	-	553 640	456 430
Balance at the end of the year	-	-	822 317	725 107
Majestic				
Balance at the beginning of the year	-	-	12 321	13 959
Fair value adjustment through other comprehensive income	-	-	83	(1 638)
Balance at the end of the year	-	-	12 404	12 321
Reconciled as follows:				
Cost*	-	-	-	-
Net gain from fair value adjustment	-	-	12 404	12 321
Balance at the end of the year	-	-	12 404	12 321

* The cost of this investment is less than R1 000.

9. INVESTMENT IN SUBSIDIARIES (CONTINUED)

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Nieuwtown				
Balance at the beginning of the year	-	-	-	9 946
Fair value adjustment through other comprehensive income	-	-	-	(9 946)
Balance at the end of the year	-	-	-	-
Reconciled as follows:				
Cost*	-	-	-	-
Net gain from fair value adjustment	-	-	-	-
Balance at the end of the year	-	-	-	-
Razorbill				
Balance at the beginning of the year	-	-	193 191	250 845
Fair value adjustment through other comprehensive income	-	-	(27 790)	(57 654)
Balance at the end of the year	-	-	165 401	193 191
Reconciled as follows:				
Cost*	-	-	-	-
Net gain from fair value adjustment	-	-	165 401	193 191
Balance at the end of the year	-	-	165 401	193 191
Attacq Namco				
Balance at the beginning of the year	-	-	130 239	-
Additions	-	-	242	120 563
Fair value adjustment through other comprehensive income	-	-	(13 090)	9 676
Balance at the end of the year	-	-	117 391	130 239
Reconciled as follows:				
Cost	-	-	120 805	120 563
Net gain from fair value adjustment	-	-	(3 414)	9 676
Balance at the end of the year	-	-	117 391	130 239

* The cost of this investment is less than R1 000.

Refer to note 38 for the fair value disclosure of the above investments in subsidiaries.

9.1 Non-controlling interests

	GROUP	
	2017 R'000	2016 R'000
Proportion of ownership interests and voting rights held by non-controlling interest:		
Nieuwtown	50.0%	50.0%
Majestic	50.0%	50.0%
AMC	0.0%	15.0%
Profit (loss) allocated to non-controlling interests:		
Nieuwtown	(29 969)	(34 476)
Majestic	83	(241)
AMC	-	31 888
Total	(29 886)	(2 829)
The accumulated non-controlling interest comprises the following components:		
Nieuwtown	(55 493)	(25 524)
Majestic	12 406	12 323
Total	(43 087)	(13 201)

The non-controlling interest balances recognised are deemed not to be material by the Directors.

The principal place of incorporation of the above companies is South Africa.

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2017

9. INVESTMENT IN SUBSIDIARIES (CONTINUED)

The assets, liabilities, revenue and total comprehensive income (loss) of the Company's subsidiaries are as follows:

COMPANY

Adamax
AIH International
Attacq Energy
Attacq Namco
AMS
ARS
ARF
AWIC
AMC
Brooklyn Bridge
Design Square
Harlequin Duck
Highgrove
Le Chateau
Leipzig
Lynnaur
Lynnwood Bridge
Majestic
Micawber
Nieuwtown
Razorbill

Refer to note 40 for the interest in direct subsidiaries.

	2017				2016			
	Assets R'000	Liabilities R'000	Revenue R'000	Total compre- hensive income (loss) for the year R'000	Assets R'000	Liabilities R'000	Revenue R'000	Total compre- hensive income (loss) for the year R'000
	1 170	1 166	237	-	932	932	216	-
	1 297 626	1 278 169	-	(36 948)	2 677 053	2 615 010	-	45 485
	27 144	26 788	1 347	356	17 244	17 244	-	-
	184 085	66 695	-	(10 682)	130 239	2 168	-	7 508
	26 648	86 135	106 873	(90 563)	63 687	60 370	73 606	(28 342)
	581	566	23 626	6 966	14 403	893	34 427	5 688
	4 693 626	2 992 780	466 335	34 651	4 676 829	3 010 642	443 738	75 916
	13 375 544	9 817 539	930 795	574 910	11 925 624	8 942 506	523 602	474 616
	-	-	-	-	-	-	-	346 479
	563 196	406 118	79 533	(53 539)	648 573	437 958	80 683	4 472
	-	-	-	-	-	-	-	20
	1 472	-	-	(70)	1 542	-	-	(615)
	-	-	-	-	-	-	-	15 567
	5 000	44 108	-	(4)	5 001	44 104	-	(12 004)
	38 584	38 585	-	(1)	74 262	74 262	-	-
	796 374	562 310	99 187	30 836	776 737	573 508	98 556	26 705
	2 013 168	1 190 855	244 428	97 205	1 955 049	1 229 947	223 375	72 625
	146 922	122 111	19 460	168	141 043	116 397	21 136	(3 272)
	295 302	381 134	45 861	(56 121)	365 170	394 881	45 533	4 214
	1 573 608	1 684 590	176 675	(59 926)	1 581 540	1 632 588	157 705	(70 942)
	287 688	122 286	-	(27 789)	323 499	130 308	-	(57 654)

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2017

10. OTHER INVESTMENTS

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Balance at the beginning of the year	408 339	402 414	307 408	334 109
Additions	488	26 745	488	-
Fair value adjustment [#]	(183 151)	37 118	(147 459)	30 003
Transfer to non-current assets held for sale	(198 460)	-	(159 949)	-
Disposal	-	(56 618)	-	(56 704)
Cross shareholding adjustment	-	(1 320)	-	-
Transfer to investment in associates	(15 275)	-	-	-
Balance at the end of the year	11 941	408 339	488	307 408
Reconciled as follows:				
Cost	11 958	357 986	488	254 612
Net gain from fair value adjustment	(17)	50 353	-	52 796
Balance at the end of the year	11 941	408 339	488	307 408
Other investments comprise the following:				
Rainprop				
Balance at the beginning of the year	791	800	791	800
Fair value adjustment	(10)	(9)	(10)	(9)
Transfer to assets held for sale	(781)	-	(781)	-
Balance at the end of the year	-	791	-	791
Reconciled as follows:				
Cost	-	2	-	2
Net gain from fair value adjustment	-	789	-	789
Balance at the end of the year	-	791	-	791
NESA Capital				
Balance at the beginning of the year	-	-	-	-
Additions	488	-	488	-
Balance at the end of the year	488	-	488	-
Reconciled as follows:				
Cost	488	-	488	-
Net gain from fair value adjustment	-	-	-	-
Balance at the end of the year	488	-	488	-
APH				
Balance at the beginning of the year	-	57 357	-	56 123
Fair value adjustment	-	581	-	581
Cross shareholding adjustment	-	(1 320)	-	-
Disposal	-	(56 618)	-	(56 704)
Balance at the end of the year	-	-	-	-
Reconciled as follows:				
Cost	-	-	-	-
Net gain from fair value adjustment	-	-	-	-
Balance at the end of the year	-	-	-	-

[#] Includes an impairment of R116.6 million which was allocated to the statement of profit or loss and other comprehensive income under "other expenses".

10. OTHER INVESTMENTS (CONTINUED)

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Investec Securities*				
Balance at the beginning of the year	161 791	146 275	87 606	79 205
Fair value adjustment	(77 803)	15 516	(42 129)	8 401
Transfer to non-current assets held for sale	(83 988)	-	(45 477)	-
Balance at the end of the year	-	161 791	-	87 606
Reconciled as follows:				
Cost	-	167 330	-	90 701
Net gain from fair value adjustment	-	(5 539)	-	(3 095)
Balance at the end of the year	-	161 791	-	87 606
Sasfin*				
Balance at the beginning of the year	219 012	197 982	219 012	197 982
Fair value adjustment	(105 321)	21 030	(105 321)	21 030
Transfer to non-current assets held for sale	(113 691)	-	(113 691)	-
Balance at the end of the year	-	219 012	-	219 012
Reconciled as follows:				
Cost	-	163 909	-	163 909
Net gain from fair value adjustment	-	55 103	-	55 103
Balance at the end of the year	-	219 012	-	219 012
Artisan Development				
Balance at the beginning of the year	15 275	-	-	-
Additions	-	15 275	-	-
Transfer to investment in associates	(15 275)	-	-	-
Balance at the end of the year	-	15 275	-	-
Reconciled as follows:				
Cost	-	15 275	-	-
Net gain from fair value adjustment	-	-	-	-
Balance at the end of the year	-	15 275	-	-
Artisan Southport				
Balance at the beginning of the year	11 470	-	-	-
Additions	-	11 470	-	-
Fair value adjustment	(17)	-	-	-
Balance at the end of the year	11 453	11 470	-	-
Reconciled as follows:				
Cost	11 470	11 470	-	-
Net gain from fair value adjustment	(17)	-	-	-
Balance at the end of the year	11 453	11 470	-	-
The effective and proportionate shareholding in the investments is as follows:				
SESCF	19.91%	19.91%	16.03%	16.03%
Artisan Development	25.00%	25.00%	0.00%	0.00%
Artisan Southport (non-controlling share)	0.00%	0.00%	0.00%	0.00%
Rainprop	1.5%	1.5%	1.5%	1.5%

* SESCOF is held through foreign investment allowances.

Refer to note 38 for the fair value disclosure of the above investments.

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2017

11. DEFERRED TAX ASSETS AND LIABILITIES

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
The balances comprise:				
Deferred tax assets				
Tax losses available for set off against future taxable income	5 396	19 418	-	-
Investment property	-	6 756	-	-
Straight-line lease debtor	(612)	(1 033)	-	-
Other	(1 455)	(514)	-	-
Balance at the end of the year	3 329	24 627	-	-
Reconciliation of deferred tax assets				
Balance at the beginning of the year	24 627	19 829	-	-
▪ (Reversing) originating temporary differences on tax losses available for set off against future taxable income	(16 082)	2 878	-	-
▪ (Reversing) originating temporary difference on investment property	(6 756)	2 271	-	-
▪ Originating (reversing) temporary difference on straight-line lease debtor	421	(608)	-	-
▪ Originating temporary difference on other movements	1 119	257	-	-
Balance at the end of the year	3 329	24 627	-	-
The Group recognised the deferred tax asset as the future taxable profits were deemed sufficient to offset tax losses.				
The recognition is based on the future taxable profits derived from approved budgets and cash flow forecasts.				
The balances comprise:				
Deferred tax liabilities				
Investment property	(1 994 535)	(1 832 518)	-	-
Straight-line lease debtor	(205 075)	(155 264)	-	-
Tax losses available for set-off against future taxable income	351 490	338 896	-	-
Fair value on investments	(10 526)	5 154	(1 109 613)	(981 522)
MAS equity accounting deferred taxation	(36 786)	(97 691)	-	-
Asset management agreements (refer to note 6)	(62 890)	(68 477)	-	-
Unrealised foreign exchange gains	(10 462)	(82 282)	(10 462)	(82 282)
Other temporary differences*	36 644	37	-	-
Balance at the end of the year	(1 932 140)	(1 892 145)	(1 120 075)	(1 063 804)

* Relates mainly to unrealised gains and losses on swaps.

11. DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Reconciliation of deferred tax liability				
Balance at the beginning of the year	(1 892 145)	(1 365 868)	(1 063 804)	(739 730)
▪ (Originating) reversing temporary difference on investment property	(162 417)	(537 747)	-	20 234
▪ (Originating) reversing temporary difference on straight-line lease debtor	(49 411)	(37 287)	-	1 327
▪ Reversing temporary difference on tax losses available for set-off against future taxable income	12 594	84 771	-	-
▪ (Originating) reversing temporary difference on revaluation of investments	(15 680)	20 447	(128 091)	(343 879)
▪ Reversing temporary difference on MAS agterskot receivable	-	56 329	-	56 329
▪ (Reversing) originating temporary difference on MAS equity accounting deferred	60 905	(62 736)	-	-
▪ Reversing temporary difference on asset management agreements	5 587	7 658	-	-
▪ Originating (reversing) temporary difference on unrealised foreign exchange gains	71 820	(58 529)	71 820	(58 529)
▪ Reversing other temporary differences	36 607	817	-	444
Balance at the end of the year	(1 932 140)	(1 892 145)	(1 120 075)	(1 063 804)

Use and sales tax rate

The deferred tax rate applied to the fair value adjustments of investment properties and financial assets are determined by the expected manner of recovery. Where the expected recovery of the investment property or financial assets is through sale, the CGT rate of 22.4% (2016: 22.4%) is used. If the expected manner of recovery is through definite use, the normal tax rate of 28% (2016: 28%) is applied. If the manner of recovery is partly through use and partly through sale, a combination of CGT and normal tax rate is used.

The applicable tax rates on timing differences are based on the Directors' best estimate of the manner in which these timing differences will realise.

Gains in the fair value of investment properties gives rise to taxable timing differences between the original cost price and the fair value as determined annually by external valuers. Refer to note 5 for valuation details.

A deferred tax asset of R18 467 643 (2016: Rnil) was not recognised for R82 444 835 (2016: Rnil), the amount relating to the fair value adjustment of investment property in Micawber.

A deferred tax asset of R52 752 209 (2016: R37 017 156) was not recognised for R188 400 746 (2016: R132 204 129), a portion of the estimated assessed loss in Nieuwtown.

A deferred tax asset of R2 618 277 (2016: R2 618 277) was not recognised for R9 350 991 (2016: R9 350 911), a portion of the estimated assessed loss in Le Chateau.

A deferred tax asset of R17 219 070 (2016: Rnil) was not recognised for R61 496 679 (2016: Rnil), a portion of the estimated assessed loss in AMS.

Deferred tax assets are not recognised if there is not a probability of future taxable profits.

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2017

12. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Trade receivables	52 376	51 110	20	3 773
Municipal receivables	58 295	64 608	-	1 921
Deposits	10 320	10 346	38	89
Other receivables	15 115	71 540	1 753	2 093
Prepayments	46 161	5 764	426	529
Value added tax	8 377	95 397	-	263
Provision for doubtful debts	(16 021)	(8 186)	-	-
Balance at the end of the year	174 623	290 579	2 237	8 668

The fair value of deposits, other receivables and trade receivables are deemed to be the same as the carrying value.

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Trade and receivables that are past due but not impaired	11 985	5 446	-	1 445
Trade and other receivables age analysis excluding amounts impaired and provided for:				
Current	24 370	37 478	20	2 328
30 days	13 148	2 156	-	29
60 days	1 879	2 234	-	1 362
90 days	1 575	835	-	16
120 days and more	11 404	8 407	-	38
	52 376	51 110	20	3 773
Trade receivables that are past due, considered to be impaired and provided for	(16 021)	(8 186)	-	-
Total	36 355	42 924	20	3 773
Movement in the provision for doubtful debt				
Opening balance	7 992	7 350	-	-
Impairment losses raised	12 934	2 187	-	-
Impairment losses reversed	(4 905)	(1 351)	-	-
Balance at the end of the year	16 021	8 186	-	-

The creation and release of provision for doubtful debts have been included in operating expenses in the statement of comprehensive income. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

In considering any impairments on debtor accounts, the Group takes into account deposits held, bank guarantees issued by the debtor, additional sureties provided by the principals of the debtors and running credit checks on debtors and their principals.

No material concentration of credit risk exists.

13. INVENTORIES

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Waterfall Point	25 278	-	-	-
Balance at the end of the year	25 278	-	-	-

The amount was transferred from investment properties per note 5, being the deal cost of the Waterfall development rights and capital expenditure incurred.

14. OTHER FINANCIAL ASSETS AND LIABILITIES

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Non-current assets	304 368	222 651	2 643	55 162
Loans and receivables	288 484	184 223	2 643	54 194
Derivative financial instruments	15 884	38 428	-	968
Current assets	193 590	100 266	59 054	10 072
Loans and receivables	193 590	100 121	59 054	10 072
Derivative financial instruments	-	145	-	-
Other financial assets	497 958	322 917	61 697	65 234
Non-current liabilities	(164 696)	(50 705)	(13 992)	(968)
Derivative financial instruments	(164 696)	(50 705)	(13 992)	(968)
Current liabilities	(137 145)	(109 400)	-	-
Loans and payables	(136 557)	(108 973)	-	-
Derivative financial instruments	(588)	(427)	-	-
Other financial liabilities	(301 841)	(160 105)	(13 992)	(968)

Refer to note 37 for the IFRS 13 information and to note 38 for the fair value information.

The Group recognised fair value adjustments on derivative financial instruments measured at fair value through profit and loss of R136.9 million (2016: R32.5 million).

The Company recognised fair value adjustments on derivative financial instruments measured at fair value through profit and loss of R14.0 million (2016: R0.6 million).

Interest rates applicable to the Group are fixed at a rate that ranges from 7.05% to 10.64%. These derivative financial instruments expire on dates ranging from April 2018 to June 2030.

The interest rate applicable to the Company is fixed at a rate of 8.80%. This derivative financial instrument expires in July 2022.

Refer to note 36 for the information relating to risk management.

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2017

14. OTHER FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

GROUP

Loans and receivables (payables)

APD
 Brand Group
 ATT MOA 20
 ATT MOA 20
 APH
 Key Capital
 Employee loans AMS
 Ghana
 PwC Waterfall Property Partnership
 Truzen Trust
 Truzen Trust
 APD
 APH
 Windfall
 ESD
 In Coatings
 Ndzilo
 Twin Cities
 Thatego

Total

Loans and receivables

Non-current
 Current

Loans and payables

Current

Total

COMPANY

Loans and receivables (payables)

APD
 APH
 Windfall
 ESD
 In Coatings
 Ndzilo
 Twin Cities
 Thatego

Total

Loans and receivables

Non-current
 Current

Total

No impairments were recognised on loans receivable in the current and prior financial years.

Repayment date	Interest rate	2017			2016		
		Loan amount R'000	Impairment R'000	Total R'000	Loan amount R'000	Impairment R'000	Total R'000
None	None	(2 248)	-	(2 248)	(2 247)	-	(2 247)
April 2021	Prime	6 400	-	6 400	-	-	-
June 2018	Prime + 0.50%	57 598	-	57 598	43 978	-	43 978
August 2017	None	65 538	-	65 538	62 620	-	62 620
None	Prime	(134 309)	-	(134 309)	(106 726)	-	(106 726)
March 2020	Prime	12 002	-	12 002	-	-	-
October 2016	7.25%	-	-	-	39	-	39
None	None	1 570	-	1 570	27 390	-	27 390
June 2030	Prime - 0.60%	243 069	-	243 069	86 051	-	86 051
February 2020	None	22 800	-	22 800	-	-	-
February 2018	None	11 400	-	11 400	-	-	-
November 2017	Prime	4 951	-	4 951	4 459	-	4 459
January 2018	Prime	54 103	-	54 103	54 194	-	54 194
February 2017	Prime	-	-	-	5 613	-	5 613
June 2020	None	943	-	943	-	-	-
June 2020	None	500	-	500	-	-	-
June 2020	None	550	-	550	-	-	-
June 2020	None	150	-	150	-	-	-
June 2020	None	500	-	500	-	-	-
		345 517	-	345 517	175 371	-	175 371
		482 074	-	482 074	284 344	-	284 344
		288 484	-	288 484	184 223	-	184 223
		193 590	-	193 590	100 121	-	100 121
		(136 557)	-	(136 557)	(108 973)	-	(108 973)
		(136 557)	-	(136 557)	(108 973)	-	(108 973)
		345 517	-	345 517	175 371	-	175 371
November 2017	Prime	4 951	-	4 951	4 459	-	4 459
January 2018	Prime	54 103	-	54 103	54 194	-	54 194
February 2017	Prime	-	-	-	5 613	-	5 613
June 2020	None	943	-	943	-	-	-
June 2020	None	500	-	500	-	-	-
June 2020	None	550	-	550	-	-	-
June 2020	None	150	-	150	-	-	-
June 2020	None	500	-	500	-	-	-
		61 697	-	61 697	64 266	-	64 266
		61 697	-	61 697	64 266	-	64 266
		2 643	-	2 643	54 194	-	54 194
		59 054	-	59 054	10 072	-	10 072
		61 697	-	61 697	64 266	-	64 266

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2017

15. LOANS TO (FROM) ASSOCIATES AND JOINT VENTURES

GROUP

Loans to associates

AttAfrica*
 Artisan Development
 Atterbury Cyprus
 Atterbury Serbia
 EAJV
 Gruppo
 fatti 365
 fatti Attacq
 Fountains Regional Mall
 AttAfrica SA
 Kompasbaai
 Grove Mall
 JV 15
 JV 115

Balance at the end of the year

Loans from associates

Travenna Development

Balance at the end of the year

Total

* Escalates annually with 4% with the anniversary of each tranche.

The impairment loss of R132.3 million was recognised for the loan to AttAfrica due to the negative net asset value of the entity. The recoverable amount of the loan has been based on the net asset value of the underlying entity. This forms part of the international segment (refer to note 39).

The impairment loss of R3.4 million was recognised for the loan to Fountains Regional Mall due to the negative net asset value of the entity. The recoverable amount of the loan has been based on the underlying net asset value of the entity. This forms part of the head office/other segment (refer to note 39).

The impairment loss of R7.2 million was recognised for the loan to Kompasbaai due to the negative net asset value of the entity. The recoverable amount of the loan has been based on the net asset value of the underlying entity. This forms part of the head office/other segment (refer to note 39).

The impairment loss of R13.7 million was recognised for the loan to fatti 365 due to the negative net asset value of the entity. The recoverable amount of the loan has been based on the net asset value of the underlying entity. This forms part of the head office/other segment (refer to note 39).

The impairment loss of R10.4 million was recognised for the loan to fatti Attacq due to the negative net asset value of the entity. The recoverable amount of the loan has been based on the net asset value of the underlying entity. This forms part of the head office/other segment (refer to note 39).

No impairments were reversed in the current year (2016: R30.1 million of the impairments) (refer to note 29).

The net asset values of the Group's interests in the underlying investments are deemed to approach the fair value less cost to sell.

Repayment date	Interest rate	2017			2016		
		Loan amount R'000	Impairment R'000	Total R'000	Loan amount R'000	Impairment R'000	Total R'000
None	8.00%	908 537	(132 291)	776 246	936 785	(59 411)	877 374
None	None	80 580	-	80 580	-	-	-
None	4.69%	-	-	-	803 951	-	803 951
None	4.68%	-	-	-	366 450	-	366 450
None	None	3 100	-	3 100	-	-	-
None	17.25%	214 245	-	214 245	203 242	-	203 242
None	Prime	13 693	(13 693)	-	5 874	-	5 874
None	Prime	15 041	(10 442)	4 599	10 480	-	10 480
None	None	3 431	(3 431)	-	5 251	(3 431)	1 820
None	None	414	-	414	-	-	-
None	None	7 774	(7 182)	592	7 342	(6 871)	471
None	None	32 810	-	32 810	32 810	-	32 810
None	None	33 952	-	33 952	-	-	-
None	None	103 740	-	103 740	-	-	-
		1 417 317	(167 039)	1 250 278	2 372 185	(69 713)	2 302 472
None	None	-	-	-	(2 880)	-	(2 880)
		-	-	-	(2 880)	-	(2 880)
		1 417 317	(167 039)	1 250 278	2 369 305	(69 713)	2 299 592

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2017

15. LOANS TO (FROM) ASSOCIATES AND JOINT VENTURES (CONTINUED)

COMPANY

Loans to associates

fatti 365
fatti Attacq
Fountains Regional Mall
AttAfrica SA
Kompasbaai
Grove Mall

Balance at the end of the year

Loans from associates

Travenna Development

Balance at the end of the year

Total

The impairment loss of R3.4 million was recognised for the loan to Fountains Regional Mall due to the negative net asset value of the entity. The recoverable amount of the loan has been based on the underlying net asset value of the entity. This forms part of the head office/other segment (refer to note 39).

The impairment loss of R7.2 million was recognised for the loan to Kompasbaai due to the negative net asset value of the entity. The recoverable amount of the loan has been based on the net asset value of the underlying entity. This forms part of the head office/other segment (refer to note 39).

The impairment loss of R13.7 million was recognised for the loan to fatti 365 due to the negative net asset value of the entity. The recoverable amount of the loan has been based on the net asset value of the underlying entity. This forms part of the head office/other segment (refer to note 39).

The impairment loss of R10.4 million was recognised for the loan to fatti Attacq due to the negative net asset value of the entity. The recoverable amount of the loan has been based on the net asset value of the underlying entity. This forms part of the head office/other segment (refer to note 39).

The net asset values of the Group's interests in the underlying investments are deemed to approach the fair value less cost to sell.

Repayment date	Interest rate	2017			2016		
		Loan amount R'000	Impairment R'000	Total R'000	Loan amount R'000	Impairment R'000	Total R'000
None	Prime	13 693	(13 693)	-	5 874	-	5 874
None	Prime	15 041	(10 442)	4 599	10 480	-	10 480
None	None	3 431	(3 431)	-	5 251	(3 431)	1 820
None	None	414	-	414	-	-	-
None	None	7 774	(7 182)	592	7 342	(6 871)	471
None	None	-	-	-	32 810	-	32 810
		40 353	(34 748)	5 605	61 757	(10 302)	51 455
None	None	-	-	-	(2 880)	-	(2 880)
		-	-	-	(2 880)	-	(2 880)
		40 353	(34 748)	5 605	58 877	(10 302)	48 575

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2017

16. LOANS TO (FROM) SUBSIDIARIES

	Repayment date	Interest rate
COMPANY		
Aldabri	None	None
AMS	None	None
ARF	None	None
AWIC	None	None
AWIC	December 2023	3-month JIBAR + 3.10%
AIH International (US Dollar)	None	6-month USD LIBOR + 4.60%
AIH International (Euro)	None	6-month EURIBOR + 4.40%
Attacq Energy	None	None
Attacq Namco	None	None
Brooklyn Bridge	None	None
Harlequin Duck	None	None
Le Chateau	None	None
Leipzig	None	None
Lynnaur	None	None
Lynnwood Bridge	None	None
Lynnwood Bridge	None	None
Nieuwtown	None	Prime
Razorbill	None	None
Total		
Loans to subsidiaries		
Non-current		
Current		
Loans from subsidiaries		
Current		
Total		

The impairment loss of R36.9 million was recognised for the loan to Le Chateau due to the negative net asset value of the entity. The recoverable amount of the loan has been based on the underlying net asset value of the entity.

The impairment loss of R43.4 million was recognised for the loan to Leipzig due to the negative net asset value of the entity. The recoverable amount of the loan has been based on the underlying net asset value of the entity.

The impairment loss of R55.5 million was recognised for the loan to Nieuwtown due to the negative net asset value of the entity. The recoverable amount of the loan has been based on the underlying net asset value of the entity.

The net asset values of the Group's interests in the underlying investments are deemed to approach the fair value less cost to sell.

	2017			2016		
	Loan amount R'000	Impairment R'000	Total R'000	Loan amount R'000	Impairment R'000	Total R'000
	-	-	-	-	-	-
	69 325	-	69 325	37 735	-	37 735
	336 701	-	336 701	290 045	-	290 045
	3 601 721	-	3 601 721	2 246 492	-	2 246 492
	-	-	-	506 805	-	506 805
	178 001	-	178 001	828 633	-	828 633
	-	-	-	587 638	-	587 638
	25 538	-	25 538	12 557	-	12 557
	32 810	-	32 810	-	-	-
	444	-	444	16 361	-	16 361
	(1 466)	-	(1 466)	(1 541)	-	(1 541)
	41 860	(36 859)	5 001	41 856	(40 227)	1 629
	82 031	(43 446)	38 585	82 030	(7 767)	74 263
	(6 610)	-	(6 610)	(7 425)	-	(7 425)
	56 822	-	56 822	150 035	-	150 035
	-	-	-	(49 093)	-	(49 093)
	375 780	(55 491)	320 289	347 033	(25 528)	321 505
	85 416	-	85 416	85 416	-	85 416
	4 878 373	(135 796)	4 742 577	5 174 577	(73 522)	5 101 055
			4 750 653			5 159 114
			178 001			1 905 750
			4 572 652			3 253 364
			(8 076)			(58 059)
			(8 076)			(58 059)
			4 742 577			5 101 055

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2017

17. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Cash and cash equivalents	447 846	437 281	17 914	213 658
Balance at the end of the year	447 846	437 281	17 914	213 658

The Group, through Attacq and AWIC, has overdraft facilities to the amount of R90 million (2016: R90 million) and R150 million (2016: R150 million) respectively with Nedbank. The overdraft facilities bear interest at prime (2016: prime).

The Group, through Attacq, has an overdraft facility to the amount of R50 million (2016: R50 million) with Standard Bank. Standard Bank had a mortgage bond over Waterfall LP 10A as security which has been released in the current financial year. The overdraft facility bears interest at prime less 1.0% (2016: prime less 1.0%).

Unutilised facilities as detailed above as at 30 June 2017 amounted to R290.0 million (2016: R290.0 million).

18. NON-CURRENT ASSETS HELD FOR SALE AND ASSOCIATED LIABILITIES

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
ASSETS				
The following investment properties, subsidiaries, associates and loans to associates are presented as held for sale:				
Other investments				
Rainprop	781	-	781	-
Investec Securities Limited ⁺	45 477	-	45 477	-
Sasfin Limited ⁺	152 200	-	113 690	-
Investment in associates and related loans				
Pemba (33.0%) ⁺	-	46 267	-	-
The Club (31.1%) [#]	-	55 106	-	55 106
Investment properties				
Brooklyn Bridge (100%) [^]	525 735	608 887	-	-
The Atria (Barrow JV) ^{&}	50 025	-	-	-
Carr Street [@]	-	27 577	-	-
Andringa Walk (20%)*	-	35 400	-	-
Angel Shack (100%) [~]	-	36 692	-	-
Cummins (50%) [~]	-	94 740	-	-
Dräger (100%) [~]	-	75 294	-	-
Hilti (100%) [~]	-	59 276	-	-
Medtronic (100%) [~]	-	137 800	-	-
Servest (100%) [~]	-	157 013	-	-
Stryker (100%) [~]	-	61 314	-	-
Westcon (100%) [~]	-	106 068	-	-
Straight-line lease debtors relating to assets held for sale	27 265	29 712	-	-
LP 3 ^{&}	-	28 324	-	-
LP 24 ^{&}	-	86 399	-	-
Infrastructure and services ^{&}	-	3 976	-	-
Balance at the end of the year	801 483	1 649 845	159 948	55 106
LIABILITIES				
Brooklyn Bridge Office Park (100%) [^]	(330 533)	(330 533)	-	-
Angel Shack (100%) [~]	-	(9 020)	-	-
Cummins (50%) [~]	-	(61 063)	-	-
Dräger (100%) [~]	-	(43 911)	-	-
Hilti (100%) [~]	-	(30 000)	-	-
Medtronic (100%) [~]	-	(82 911)	-	-
Servest (100%) [~]	-	(87 587)	-	-
Stryker (100%) [~]	-	(35 504)	-	-
Westcon (100%) [~]	-	(66 494)	-	-
Balance at the end of the year	(330 533)	(747 023)	-	-

[#] The investments held for sale as detailed above form part of the head office/other segment detailed in note 39.

[@] The investments property held for sale as detailed above form part of the developments segment detailed in note 39.

^{*} The investments property held for sale as detailed above form part of the retail segment detailed in note 39.

[^] The investments property held for sale as detailed above form part of the office and mixed-use segment detailed in note 39.

[~] The investments property held for sale as detailed above form part of the industrial segment detailed in note 39.

[&] The investments property held for sale as detailed above form part of the land segment detailed in note 39.

⁺ The investments and related loans held for sale as detailed above form part of the international segment detailed in note 39.

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2017

18. NON-CURRENT ASSETS HELD FOR SALE AND ASSOCIATED LIABILITIES (CONTINUED)

Investment in Rainprop

The investment in Rainprop has been classified as held for sale. Directors have entered into a sale of shares agreement with Prop 5 Corporation. Directors consider the investment in Rainprop to no longer be a core asset. The sale is expected to be concluded during the 2018 financial year.

Investment in SESCOF (Investec Securities and Sasfin)

The Group (through Attacq and wholly owned subsidiary Leipzig) classified the 19.9% investment in SESCOF as held for sale. SESCOF is held through foreign investment allowances. SESCOF disposed of the underlying property company. Subsequent to year end, SESCOF distributed a return in capital to shareholders. During August 2017, R192.6 million was received. Directors consider the investment in SESCOF to no longer be a core asset.

Brooklyn Bridge

Brooklyn Bridge has been classified as held for sale. Directors are in discussions with various interested parties. Directors consider Brooklyn Bridge to no longer be a core asset. The sale is expected during the 2018 financial year.

The Atria (Barrow JV)

The Group (through wholly owned subsidiary AWIC) classified 50% of the development rights (17 250 m²) as well as the infrastructure and services related to the mixed-use Atria development, together with AWIC's 50% portion (4 250 m²) relating to the hotel as held for sale. The transaction is expected to be concluded during the 2018 financial year.

Waterfall industrial properties

In the prior year, Equites and the Group (through wholly owned subsidiary AWIC) agreed to establish a JV in respect of a portfolio of industrial properties at Waterfall with effect from 1 July 2016.

An SPV was established to give effect to this JV. Equites subscribed for an 80% shareholding in the SPV and the Group holds the remaining 20%.

At 30 June 2016, the eight industrial properties that form part of this transaction, together with long-term borrowings relating to the buildings, were classified as held for sale.

The properties were transferred during August 2016.

Sale of 20% undivided share in Andringa Walk

In the prior year, the Group (through wholly owned subsidiary ARF) entered into a sale agreement with Key Capital in which it sold a 20% undivided share in Andringa Walk for an amount of R37.0 million. The purchase price was adjusted with interest at prime until transfer date. The effective date of the sale transaction was 1 July 2016. The sale transaction was entered into to create alignment on the whole Eikestad Precinct in which ARF held 80.0% in Eikestad Mall and Mill Square and 100.0% in Andringa Walk.

The transfer of the undivided share was effective 1 July 2016.

Waterfall LP 24 and LP 3 (joint venture with Sanlam)

As announced on SENS on 2 August 2016, the Group (through wholly owned subsidiary AWIC) disposed of the development rights in respect of Waterfall LP 24 measuring 154 250 m², to JV 115 for an aggregate consideration of R86.4 million. The amount remains outstanding on loan account. The transaction forms part of a JV with Sanlam Life. Sanlam Life holds 80.0% and the Group 20.0% of the equity in JV 115 with the Group having the right to increase its shareholding to 50.0%. JV 115 also acquired the remaining development rights on LP 3 for R371.6 million with the Group funding R16.9 million of the acquisition of the additional rights.

As part of the said JV, the Group (through wholly owned subsidiary AWIC) disposed of its retail development rights on Waterfall LP 3 (Attacq's retail rights measuring 15 000 m²) to JV 15 for an aggregate consideration of R28.3 million. The amount remains outstanding on loan account. Sanlam Life holds 50% and the Group 50% of the shareholding in JV 15.

The JVs will enhance the pipeline of additional light industrial commercial and retail developments at Waterfall. The development will include warehousing for storing goods for online retailers and imported goods. In terms of the JV agreement, Sanlam Life funded R400.0 million available for further developments to be undertaken in the joint venture.

The effective date of this transaction was 1 July 2016.

The Club

The assets classified as held for sale of The Club related to loans outstanding at 30 June 2016, which were settled during July 2016.

Refer to note 39 for the investments held for sale as detailed above per segment.



MooiRivier Mall, Potchefstroom



MooiRivier Mall, Potchefstroom

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2017

19. STATED CAPITAL

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Authorised				
2 billion ordinary no par value shares (2016: 2 billion ordinary no par value shares).				
Issued				
Ordinary no par value shares	6 456 633	6 442 805	6 829 719	6 815 891
Reconciliation of shares issued in Rand value:				
Stated capital				
Balance at the beginning of the year	6 442 805	6 439 419	6 815 891	6 812 505
Issue of no par value shares	13 828	3 386	13 828	3 386
	6 456 633	6 442 805	6 829 719	6 815 891
Balance at the end of the year	6 456 633	6 442 805	6 829 719	6 815 891
	GROUP		COMPANY	
	2017 Number of shares	2016 Number of shares	2017 Number of shares	2016 Number of shares
Reconciliation of number of shares issued:				
Reported at the beginning of the year	747 822 777	747 422 777	747 822 777	747 422 777
Issue of share capital during the year	1 420 000	400 000	1 420 000	400 000
	749 242 777	747 822 777	749 242 777	747 822 777
Adjusted for treasury shares held:				
ARF	(29 726 516)	(29 726 516)	-	-
Razorbill	(16 701 037)	(16 701 037)	-	-
Total	702 815 224	701 395 224	749 242 777	747 822 777

In terms of a general authority to issue shares for cash passed by shareholders at the last AGM, a maximum of 70 218 522 (2016: 70 139 522) shares were placed under the control of the Board at its discretion. This is subject to compliance with the Company's MOI, the Companies Act and the JSE Listings Requirements. This authority is valid for the shorter of 15 months or until the next AGM. As at year end, no shares have been issued in terms of this authority.

In total, 74 924 277 ordinary shares (2016: 74 782 277) were placed under the control of the Directors in terms of a resolution passed at the last AGM, provided that any allotment or issue is subject to a maximum discount of 5% of the weighted average traded price on the JSE of those securities over the then agreed number of business days prior to the allotment, issue or disposal or the date that the price is agreed, as the case may be. This authority is valid until the next AGM. As at year end, no shares have been issued in terms of this authority.

In terms of an ordinary resolution at the last AGM, the Board may, subject to the Companies Act and JSE Listings Requirements, allot and issue shares pursuant to the Attacq LTIP as approved at the meeting.

In terms of a special resolution at the last AGM, the Board may, subject to the Company's MOI and the Companies Act, authorise the Company to allot and issue shares to the Company's Directors (present and future) and Prescribed Officers (present and future) pursuant to the Attacq LTIP as approved at the meeting.

20. SHARE-BASED PAYMENT RESERVE

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Equity-settled share-based payment reserve				
Opening balance	100 453	90 359	100 453	90 359
Recognition of share options expense	906	2 392	-	-
Recognition of incremental fair value on modification	-	3 931	-	-
Recognition of LTIPs, SARs and retentions expenses	26 857	12 806	-	-
Modification of equity-settled share-based payments	-	(9 035)	-	(9 035)
Contribution to subsidiary	-	-	27 763	19 129
Balance at the end of the year	128 216	100 453	128 216	100 453
Reconciled as follows:				
Share-based payments	70 745	70 745	70 745	70 745
Share options	26 525	25 619	12 572	12 572
LTIPs, SARs and retentions	39 981	13 124	-	-
Modification of equity-settled share-based payments	(9 035)	(9 035)	(9 035)	(9 035)
Contribution to subsidiary	-	-	53 934	26 171
Balance at the end of the year	128 216	100 453	128 216	100 453
Cash-settled share-based payment reserve				
Opening balance	5 959	-	-	-
Modification of equity-settled share-based payments	-	9 035	-	-
Cash-settled share-based payments settled during the current year	(2 097)	-	-	-
Recognition of fair value adjustment at the end of the year	(682)	(3 076)	-	-
Balance at the end of the year	3 180	5 959	-	-
Reconciled as follows:				
Current liability	1 684	5 172	-	-
Non-current liability	1 496	787	-	-
Balance at the end of the year	3 180	5 959	-	-

Share options

Key employees expected to have an impact on the Company's future performance were offered 2 425 000 share options as part of the share incentive scheme.

On 20 July 2015, the 2 425 000 share options granted to key employees were reclassified from equity-settled grants to cash-settled grants due to a change in the contractual terms of the employees.

Share-based payments

The acquisition of 18.05% of the issued share capital of ARF from Nedbank, resulted in an IFRS 2 charge of R59.2 million due to the increase in the share price of Attacq subsequent to the agreement of commercial terms with Nedbank prior to listing on 14 October 2013. Subsequent to listing, the share price at which the agreed number of shares were issued upon implementation of the acquisition on 25 November 2013 was R16.50 as opposed to the contractually agreed issue price of R11.63.

An amount represents the fair value of the agterskot payment to be paid to Trinsam Trust in respect of the acquisition of a 1.225% stake in AWIC from the Trinsam Trust, determined with reference to the estimated future development profits to be earned by AWIC up to and including 30 June 2020, present valued at a rate of 28%. This resulted in an IFRS 2 charge of R11.6 million.

The future development profits will be determined with reference to valuations of the completed developments as determined by an external valuer, less the related costs of development escalated at prime from the date of completion to 30 June 2020. In respect of any developments completed and sold prior to 2020, the development profit will be determined with reference to the actual disposal proceeds, less the related costs of development escalated from the date of completion of the development to the date of sale, and the profit so determined will be escalated at the prime interest rate from the date of sale to 30 June 2020.

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2017

20. SHARE-BASED PAYMENT RESERVE (CONTINUED)

	GROUP		COMPANY	
	2017 Number of options	2016 Number of options	2017 Number of options	2016 Number of options
Share options				
Movement in number of share options during the year is as follows:				
Balance at the beginning of the year	4 525 000	4 925 000	4 525 000	4 925 000
Exercised during the year	(2 335 000)	(400 000)	(2 335 000)	(400 000)
Balance at the end of the year	2 190 000	4 525 000	2 190 000	4 525 000

The outstanding share options at 30 June 2017 include 1 510 000 share options that will be settled in cash.

For all grants made after 31 December 2012, 60% of the share options will vest in the third year after grant date, 20% of the options will vest in the fourth year and the final 20% will vest in year five. The employee has six months after vesting date to exercise his or her options.

The first grant made on 31 December 2012 differs from the subsequent grants since it vests in equal portions over the five years following the grant date. There is no maturity date by which the options need to be exercised.

	GROUP		COMPANY	
	2017 Number of options	2016 Number of options	2017 Number of options	2016 Number of options
Retention allocations				
Movement in number of retention allocations during the year is as follows:				
Balance at the beginning of the year	1 346 869	130 000	1 346 869	130 000
Granted during the year	340 881	1 216 869	340 881	1 216 869
Balance at the end of the year	1 687 750	1 346 869	1 687 750	1 346 869

Retentions were granted between 11 March 2015 and 15 June 2017. For each grant issued a fair value was calculated at each grant date.

The retentions were granted as part of an employment package and are deemed to have been granted on the first day of employment. These will vest only if the employee has remained in the employment of Attacq for a period of three years ("vesting period").

20. SHARE-BASED PAYMENT RESERVE (CONTINUED)

	GROUP		COMPANY	
	2017 Number of options	2016 Number of options	2017 Number of options	2016 Number of options
LTIPs				
Movement in number of LTIPs during the year is as follows:				
Balance at the beginning of the year	1 404 128	295 000	1 382 928	295 000
Granted during the year	2 125 022	1 109 128	2 125 022	1 087 928
Balance at the end of the year	3 529 150	1 404 128	3 507 950	1 382 928

LTIPs were granted between 29 June 2015 and 14 October 2016. For each grant issued a fair value was calculated at each grant date.

For the LTIPs, no performance conditions are applicable to participants receiving less than 10 000 grants. Financial and non-financial performance conditions are applicable to participants who received 10 000 units or more. Both conditions are treated as non-market conditions under IFRS 2.

Financial performance conditions apply to 70% of the benefits with non-financial performance conditions applicable to 30% of the benefits. The percentage of benefits that vests (as quoted below) is that percentage of 10% for transformation and 20% for development roll-out conditions.

For all LTIPs granted on 14 October 2016, 60% of the share options will vest in the third year after grant date, 20% of the options will vest in the fourth year and the final 20% will vest in year five.

	GROUP		COMPANY	
	2017 Number of options	2016 Number of options	2017 Number of options	2016 Number of options
SARs				
Movement in number of SARs during the year is as follows:				
Balance at the beginning of the year	2 826 710	–	2 826 710	–
Granted during the year	502 841	2 826 710	502 841	2 826 710
Balance at the end of the year	3 329 551	2 826 710	3 329 551	2 826 710

SARs were granted between 8 October 2015 and 1 April 2017. For each grant issued a fair value was calculated at each grant date.

Financial performance conditions are applicable to all participants. Conditions are treated as non-market conditions under IFRS 2.

Notes to the Financial Statements continued

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20. SHARE-BASED PAYMENT RESERVE (CONTINUED)

Share options – equity-settled share options

The following share-based payment arrangements were in existence during the current and prior years:

Granted on 31 December 2012

Granted on 1 July 2013

Granted on 1 September 2013

Fair value of options

The weighted average fair value of share options outstanding at the end of the financial year is R4.30 (2016: R4.00).

Options were priced using the Black-Scholes option pricing model. As most of the grant options expire six months after vesting date, the maximum exercise period has been allowed considering the closed periods for Attacq.

Share options – cash-settled share options

The following share-based payment arrangements were in existence during the current and prior years:

Granted on 1 November 2013

Granted on 1 December 2013

Granted on 1 April 2014

Granted on 1 June 2014

Granted on 1 July 2014

	GROUP 2017				COMPANY 2017			
	Number	Expiry date	Exercise price R	Fair value R	Number	Expiry date	Exercise price R	Fair value R
	2 000 000	31 Dec 2016	8.50	2.72	2 000 000	31 Dec 2016	8.50	2.72
	1 200 000	31 Dec 2018	9.50	4.43	1 200 000	31 Dec 2018	9.50	4.43
	500 000	31 Dec 2018	11.96	3.98	500 000	31 Dec 2018	11.96	3.98

	GROUP 2017				COMPANY 2017			
	Number	Expiry date	Exercise price R	Fair value R	Number	Expiry date	Exercise price R	Fair value R
	225 000	31 Dec 2018	14.50	3.31	-	-	-	-
	1 025 000	31 Dec 2018	14.50	3.31	-	-	-	-
	275 000	30 Jun 2019	15.25	3.54	-	-	-	-
	400 000	31 Dec 2019	15.25	2.67	-	-	-	-
	500 000	31 Dec 2020	15.25	2.67	-	-	-	-

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2017

20. SHARE-BASED PAYMENT RESERVE (CONTINUED)

Fair value of options

On 20 July 2015, 2 425 000 share options were reclassified from equity-settled to cash-settled options. The share options were revalued on the date of modification as well as bi-annually at each reporting period. The options will be settled in cash by AMS.

The weighted average fair value of share options outstanding at the respective dates were as follow:

- at grant date – R6.47 (2016: R6.47);
- date of modification – R10.23; and
- at 30 June – R3.10 (2016: R5.44).

Options were priced using the Black-Scholes option pricing model. As most of the grant options expire six months after vesting date, the maximum exercise period has been allowed considering the closed periods for Attacq.

The following inputs, including the exercise price as detailed above, were taken into account in valuating the share options:

Granted on 31 December 2012

Granted on 1 July 2013

Granted on 1 September 2013

Granted on 1 November 2013

Granted on 1 December 2013

Granted on 1 April 2014

Granted on 1 June 2014

Granted on 1 July 2014

* Over-the-counter share trading history for dates prior to listing during October 2013, and for all dates after the listing were used. The data was used to obtain independent volatilities over periods of one, three and five years. Based on our analysis, a volatility of 20.00% was applied in our calculations.

** The risk-free interest rates for discounting of future cash flows were determined from the bootstrapped zero coupon perfect fit swap curves. The swap curves as at the various grant dates were sourced from the Bond Exchange of South Africa, a subsidiary of the JSE.

	GROUP 2017					COMPANY 2017			
	Grant date share price R	Expected volatility* %	Dividend yield %	Risk-free curve** %		Grant date share price R	Expected volatility* %	Dividend yield %	Risk-free curve** %
	10.11	25.00	–	5.13		10.11	25.00	–	5.13
	11.11	25.00	–	7.04		11.11	25.00	–	7.04
	12.18	25.00	–	7.36		12.18	25.00	–	7.36
	16.69	25.00	–	7.46		16.69	25.00	–	7.46
	16.64	25.00	–	7.46		16.64	25.00	–	7.46
	18.00	25.00	–	7.51		18.00	25.00	–	7.51
	18.20	25.00	–	7.55		18.20	25.00	–	7.55
	18.00	25.00	–	7.56		18.00	25.00	–	7.56

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2017

20. SHARE-BASED PAYMENT RESERVE (CONTINUED) LTIPs, retentions and SARs

The following LTIPs, retentions and SARs were in existence in the current year:

Retentions granted on 11 March 2015
 Retentions granted on 1 April 2015
 LTIPs granted on 29 June 2015
 Retentions granted on 1 July 2015
 Retentions granted on 1 July 2015
 Retentions granted on 7 September 2015
 LTIPs granted on 8 October 2015
 SARs granted on 8 October 2015
 LTIPs granted on 8 December 2015
 SARs granted on 8 December 2015*
 SARs granted on 8 December 2015*
 SARs granted on 8 December 2015*
 Retentions granted on 1 January 2016
 SARs granted on 1 January 2016
 Retentions granted on 1 April 2016
 Retentions granted on 18 May 2016
 Retentions granted on 6 June 2016
 LTIP's granted on 14 October 2016
 Retentions granted on 1 August 2016
 Retentions granted on 1 October 2016
 SARs granted on 1 April 2017
 Retentions granted on 1 April 2017
 Retentions granted on 22 May 2017
 Retentions granted on 1 June 2017

** These awards were retrospectively rewarded for different financial years hence the different strike prices indicated.*

The fair value (excluding forfeitures and performance conditions) per share granted under the three schemes mentioned above is the share price of Attacq at grant date less expected dividends over the vesting period. Allowance is then made for expected forfeitures and the likelihood of performance criteria to be satisfied where these are applicable.

GROUP 2017					COMPANY 2017				
Number	Expiry date	Exercise price R	Fair value R		Number	Expiry date	Exercise price R	Fair value R	
120 000	30 Mar 2018	-	24.00		120 000	30 Mar 2018	-	24.00	
10 000	30 Apr 2018	-	25.79		10 000	30 Apr 2018	-	25.79	
554 504	14 Oct 2017	-	22.60		564 504	14 Oct 2017	-	22.60	
200 000	30 Jul 2018	-	21.91		200 000	30 Jul 2018	-	21.91	
50 000	14 Oct 2018	-	21.91		50 000	14 Oct 2018	-	21.91	
30 000	14 Oct 2018	-	21.82		30 000	14 Oct 2018	-	21.82	
562 722	14 Oct 2018	-	21.98		573 922	14 Oct 2018	-	21.98	
235 367	14 Oct 2018	22.30	5.21		235 367	14 Oct 2018	22.30	5.21	
265 702	14 Oct 2018	-	19.88		265 702	14 Oct 2018	-	19.88	
1 250 714	14 Oct 2018	11.91	10.28		1 250 714	14 Oct 2018	11.91	10.28	
424 387	14 Oct 2018	17.55	6.23		424 387	14 Oct 2018	17.55	6.23	
96 242	14 Oct 2018	22.30	3.65		96 242	14 Oct 2018	22.30	3.65	
272 728	14 Oct 2020	-	18.24		272 728	14 Oct 2020	-	18.24	
820 000	14 Oct 2020	18.14	7.38		820 000	14 Oct 2020	18.14	7.38	
80 695	14 Oct 2021	-	19.77		80 695	14 Oct 2021	-	19.77	
48 004	14 Oct 2021	-	19.48		48 004	14 Oct 2021	-	19.48	
535 442	14 Oct 2021	-	20.00		535 442	14 Oct 2021	-	20.00	
2 125 022	14 Oct 2021	-	17.06		2 125 022	14 Oct 2021	-	17.06	
42 233	14 Oct 2021	-	19.19		42 233	14 Oct 2021	-	19.19	
25 259	14 Oct 2021	-	17.24		25 259	14 Oct 2021	-	17.24	
502 841	14 Oct 2020	17.90	5.06		502 841	14 Oct 2020	17.90	5.06	
167 614	14 Oct 2020	-	17.04		167 614	14 Oct 2020	-	17.04	
10 000	14 Oct 2020	-	16.80		10 000	14 Oct 2020	-	16.80	
95 775	14 Oct 2020	-	16.93		39 569	14 Oct 2020	-	16.93	

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2017

21. LONG-TERM BORROWINGS

Absa

ARF

ARF

Lynnwood Bridge

Lynnwood Bridge

BOC

Torre

Torre

Investec

Grove Mall

PwC Sunninghill

Brooklyn Bridge*

Brooklyn Bridge*

Nedbank

ARF

ARF

Mall of Africa

Mall of Africa

Mall of Africa

Mall of Africa PV

Subtotal carried forward

* These long-term borrowings were classified as liabilities directly associated with non-current assets held for sale (refer to note 18).

		GROUP 2017				
Interest rate	Maturity	Mortgage bond R'000	Surety A R'000	Surety B R'000	Non-current R'000	Current R'000
					542 000	542 266
3-month JIBAR + 1.50%	12 May 2018	714 290	393 850	-	-	394 043
3-month JIBAR + 1.75%	12 May 2020	714 290	393 850	-	393 850	-
3-month JIBAR + 1.50%	12 May 2018	315 239	148 150	-	-	148 223
3-month JIBAR + 1.75%	12 May 2020	315 239	148 150	-	148 150	-
					69 829	3 820
1-month JIBAR + 1.95%	4 Nov 2021	81 000	15 000	-	53 960	13
1-month JIBAR + 1.95%	4 Nov 2021			-	15 869	3 807
					-	712 828
Prime - 0.50%	31 Jan 2020	-	25 000	25 000	-	3 397
9.13%	31 Jan 2018	400 000	200 000	-	-	378 898
10.95%	31 Jan 2019	350 000	140 000	-	-	106 693
Prime - 0.85%	31 Jan 2019	20 000		-	-	223 840
					1 831 780	404 462
3-month JIBAR + 1.61%	14 May 2018	714 290	393 850	-	-	394 018
3-month JIBAR + 1.80%	12 May 2020	714 290	393 850	-	285 450	-
Prime - 1.50%	6 Apr 2021			-	687 142	4 280
10.16%	8 Apr 2019	4 750 000	336 800	-	300 000	2 088
10.75%	6 Apr 2021			-	500 000	3 682
Prime - 0.73%	6 May 2021	90 000	15 390	-	59 188	394
					2 443 609	1 663 376

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2017

21. LONG-TERM BORROWINGS (CONTINUED)

Subtotal brought forward

Nedbank (continued)

Lynnwood Bridge
 Lynnwood Bridge
 Newtown Junction and Majestic
 Newtown City Lodge
 Newtown City Lodge
 PwC Tower
 PwC Tower VAT
 PwC Annex[#]
 PwC Annex VAT

RMB

LP 9
 Novartis
 Aurecon
 Aurecon
 Amrod

Sanlam Capital

K101 Warehouse[#]
 Massbuild Distribution Centre
 Massbuild Distribution Centre
 Massbuild Distribution Centre
 Waterfall Lifestyle
 Dimension Data

Subtotal carried forward

[#] These long-term borrowings are development loans that will convert into term loans during the 2018 financial year upon completion of the development.

		GROUP 2017				
Interest rate	Maturity	Mortgage bond R'000	Surety A R'000	Surety B R'000	Non-current R'000	Current R'000
					2 443 609	1 663 376
					2 139 814	185 851
3-month JIBAR + 1.61%	12 May 2018	315 239	148 150	-	-	148 223
3-month JIBAR + 1.80%	12 May 2020	315 239	148 150	-	148 150	-
10.85%	3 Oct 2024	1 200 000	250 000	-	955 511	32 291
3-month JIBAR + 3.16%	3 Nov 2025	100 000	36 000	-	65 321	1 523
Prime - 0.85%	3 Nov 2025			-	16 682	199
Prime - 0.60%	1 Jul 2030		1 075 698	-	881 298	-
Prime - 0.60%	31 Jan 2018	1 432 000		-	-	3 275
Prime - 0.60%	31 Jan 2018		121 545	-	72 852	-
Prime - 0.60%	31 Jan 2018			-	-	340
					801 627	40 703
Prime - 0.25%	1 Jul 2017	40 000	16 200	-	-	-
10.64%	2 Mar 2020	200 000	126 360	-	121 903	3 402
10.48%	3 Apr 2023	575 000	155 000	-	370 038	33 299
1-month JIBAR + 2.25%	4 Mar 2019			-	50 000	333
Prime - 0.50%	4 Jan 2021	264 000	264 000	-	259 686	3 669
					352 455	8 496
1-month JIBAR + 2.50%	1 Nov 2017	80 000	60 000	-	17 668	484
10.58%	3 Apr 2028				130 296	3 028
11.05%	2 May 2028	250 000	40 000	-	27 791	252
Prime - 0.50%	2 May 2028				39 652	369
11.31%	29 Oct 2019	150 000	48 000	-	77 378	3 922
3-month JIBAR + 2.75%	7 Sep 2026	60 000	59 070	-	59 670	441
					5 737 505	1 898 426

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2017

21. LONG-TERM BORROWINGS (CONTINUED)

Subtotal brought forward

Standard Bank

ARF

ARF

Lynnwood Bridge

Lynnwood Bridge

City Lodge - Waterfall City

Group Five

Maxwell Office Park (Golder)

Maxwell Office Park (Att House)

Maxwell Office Park (Premier)

Maxwell Office Park (Honda)

Maxwell Office Park (Colgate)

Maxwell Office Park (Mac Mac House)

Maxwell Office Park (Magwa House)

Allandale building

AIH International

AIH International

AIH International

AIH International

AIH International

Total

		GROUP 2017				
Interest rate	Maturity	Mortgage bond R'000	Surety A R'000	Surety B R'000	Non-current R'000	Current R'000
					5 737 505	1 898 426
					2 238 605	711 909
3-month JIBAR + 1.50%	14 May 2018	714 290	393 850	-	-	394 016
3-month JIBAR + 1.75%	12 May 2020	714 290	393 850	-	285 450	-
3-month JIBAR + 1.50%	11 May 2018	315 239	148 150	-	-	148 223
3-month JIBAR + 1.75%	12 May 2020	315 239	148 150	-	148 150	-
3-month JIBAR + 2.70%	31 Oct 2019	140 000	39 148	-	48 487	2 101
10.07%	15 Jan 2019	470 000	110 000	-	343 375	17 875
3-month JIBAR + 2.25%	31 May 2019	300 000	32 000	87 250	27 023	2 535
3-month JIBAR + 2.25%	31 May 2019				24 279	2 125
3-month JIBAR + 2.44%	31 Jul 2020		14 500	60 000	22 112	1 379
3-month JIBAR + 2.44%	31 Jul 2020				21 920	1 376
3-month JIBAR + 2.60%	30 Apr 2021		20 100	80 500	41 500	1 578
3-month JIBAR + 2.30%	30 Apr 2021				24 900	1 407
3-month JIBAR + 2.40%	4 Aug 2026		74 000	74 000	61 700	1 749
3-month JIBAR + 2.00%	6 Aug 2021	330 000	255 000	-	226 600	3 711
6-month EURIBOR + 2.27%	28 Feb 2019	-	1 230 210	-	304 018	2 484
6-month EURIBOR + 2.25%	30 Apr 2019	-		-	196 960	11
6-month EURIBOR + 2.25%	30 Apr 2019	-		-	459 574	25
6-month EURIBOR + 2.25%	30 Apr 2019	-		-	2 557	-
6-month EURIBOR + 1.95%	30 Apr 2018	-		-	-	131 314
					7 976 110	2 610 335

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2017

21. LONG-TERM BORROWINGS (CONTINUED)

Absa

ARF

ARF

Lynnwood Bridge

Lynnwood Bridge

BOC

Torre

Investec

Grove Mall

PwC Sunninghill

Brooklyn Bridge*

Brooklyn Bridge*

Nedbank

ARF

ARF

Cell C Campus

LP 22

Waterfall Corner

Waterfall Corner

Mall of Africa

Mall of Africa

Mall of Africa

Medtronic*

Medtronic*

Servest*

Hilti*

Stryker*

Subtotal carried forward

* These long-term borrowings were classified as liabilities directly associated with non-current assets held for sale (refer to note 18).

		GROUP 2016				
Interest rate	Maturity	Mortgage bond R'000	Surety A R'000	Surety B R'000	Non-current R'000	Current R'000
					1 084 000	-
3-month JIBAR + 1.50%	12 May 2018	714 290	393 850	-	393 850	-
3-month JIBAR + 1.75%	12 May 2020	714 290	393 850	-	393 850	-
3-month JIBAR + 1.50%	12 May 2018	315 239	148 150	-	148 150	-
3-month JIBAR + 1.75%	12 May 2020	315 239	148 150	-	148 150	-
					34 236	-
3-month JIBAR + 1.95%	26 Mar 2022	81 000	15 000	-	34 236	-
					377 196	343 906
Prime - 0.50%	31 Jan 2020	-	25 000	25 000	-	-
9.13%	31 Jan 2018	400 000	200 000		377 196	13 373
10.95%	31 Jan 2019	350 000	140 000	-	-	106 693
Prime - 0.85%	31 Jan 2019	20 000		-	-	223 840
					3 125 310	278 983
3-month JIBAR + 1.61%	12 May 2018	714 290	393 850	-	393 850	-
3-month JIBAR + 1.80%	12 May 2020	714 290	393 850	-	335 450	-
3-month JIBAR + 3.10%	1 Dec 2023	600 000	600 000	-	495 078	17 326
Prime - 1.00%	1 Jun 2017	300 000	20 000	-	-	23 055
1-month JIBAR + 2.00%	30 Apr 2024	145 000	54 000	-	66 574	2 600
10.86%	30 Apr 2024			-	68 292	-
Prime - 1.00%	5 Apr 2021			-	967 210	-
10.16%	5 Apr 2021	4 750 000	336 800	-	299 586	-
10.75%	5 Apr 2021			-	499 270	-
3-month JIBAR + 2.16%	31 Aug 2016	90 000	15 390	-	-	72 225
Prime	31 Aug 2016	32 000	16 916	-	-	10 686
Prime - 1.25%	31 Aug 2016	95 000	18 190	-	-	87 587
1-month JIBAR + 1.99%	31 Aug 2016	42 500	35 675	-	-	30 000
1-month JIBAR + 0.90%	31 Aug 2016	50 000	41 874	-	-	35 504
					4 620 742	622 889

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2017

21. LONG-TERM BORROWINGS (CONTINUED)

Subtotal brought forward

Nedbank (continued)

Lynnwood Bridge
 Lynnwood Bridge
 Newtown Junction and Majestic
 Newtown City Lodge
 Newtown City Lodge
 PwC Tower
 PwC Tower VAT
 PwC Annex
 PwC Annex VAT

RMB

LP 9
 Novartis
 Westcon*
 Angel Shack*
 Cummins*
 Aurecon
 Aurecon
 Amrod

Sanlam Capital

Dräger*
 Massbuild Distribution Centre
 Massbuild Distribution Centre
 Massbuild Distribution Centre
 Waterfall Lifestyle
 Dimension Data

Subtotal carried forward

* These long-term borrowings were classified as liabilities directly associated with non-current assets held for sale (refer to note 18).

		GROUP 2016				
Interest rate	Maturity	Mortgage bond R'000	Surety A R'000	Surety B R'000	Non-current R'000	Current R'000
					4 620 742	622 889
					1 718 525	30 223
3-month JIBAR + 1.61%	12 May 2018	315 239	148 150	-	148 150	-
3-month JIBAR + 1.80%	12 May 2020	315 239	148 150	-	148 150	-
10.85%	3 Oct 2024	1 200 000	250 000	-	980 223	23 044
3-month JIBAR + 2.96%	3 Nov 2025	100 000	36 000	-	66 240	1 022
Prime - 0.85%	3 Nov 2025			-	16 748	79
Prime - 0.60%	30 Jun 2030	1 432 000	1 075 698	-	359 014	-
Prime - 0.60%	30 Sep 2016			-	-	6 078
Prime - 0.60%	30 Jun 2030		121 545	-	-	-
Prime - 0.60%	31 May 2018			-	-	-
					715 870	188 020
Prime - 0.25%	1 Jul 2017	40 000	16 200	-	20 000	-
10.64%	20 May 2020	200 000			124 864	23 342
10.64%	31 Aug 2016	33 000	126 360	-		66 494
10.64%	31 Aug 2016	85 000				9 020
1-month JIBAR + 2.40%	31 Aug 2016	67 500	56 500	-	-	61 063
10.48%	30 Apr 2023	575 000	155 000	-	400 348	25 204
1-month JIBAR + 2.95%	4 Mar 2019				50 000	396
Prime - 0.50%	3 Jan 2022	264 000	264 000	-	120 658	2 501
					306 409	47 409
11.36%	31 Aug 2016	60 000	6 000	-	-	43 911
Prime - 0.50%	1 Apr 2028				39 816	-
10.58%	1 Apr 2028	250 000	40 000	-	133 190	884
11.05%	1 Apr 2028				27 650	-
11.31%	29 Oct 2019	150 000	48 000	-	81 275	2 614
3-month JIBAR + 2.75%	6 Sep 2022	60 000	59 070	-	24 478	-
					7 361 546	888 541

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2017

21. LONG-TERM BORROWINGS (CONTINUED)

Subtotal brought forward

Standard Bank

ARF

ARF

Lynnwood Bridge

Lynnwood Bridge

Altech building

City Lodge – Waterfall City

Group Five

LP 8

LP 10

LP 10 N1 Bridge

Maxwell Office Park (Golder)

Maxwell Office Park (Att House)

Maxwell Office Park (Premier)

Maxwell Office Park (Honda)

Maxwell Office Park (Colgate)

Maxwell Office Park (Mac Mac House)

Maxwell Office Park (Magwa House)

Allandale building

AIH International

AIH International

AIH International

AIH International

Total

Surety A was provided by Attacq and Surety B was provided by APH.

In respect of Cell C Campus, causa surety was provided by AWIC to an amount of R600 million in the prior year.

In respect of Maxwell Office Park, causa surety was provided by The Moolman Group to an amount of R301.8 million (2016: R301.8 million).

In respect of the Altech building, causa surety was provided by The Moolman Group to an amount of R29.2 million in the prior year.

In respect of the AIH International long-term borrowings, the facilities are secured by way of a cession and pledge of MAS shares at a 2.3 times cover (2016: 2.3 times cover).

The carrying values of the long-term borrowings are considered by the Directors to approximate their fair values.

Loan covenants were applicable to certain long-term borrowings. None of the covenants were breached during the year ended 30 June 2017.

Refer to note 33 for more details with regard to the sureties provided.

		GROUP 2016				
Interest rate	Maturity	Mortgage bond R'000	Surety A R'000	Surety B R'000	Non-current R'000	Current R'000
					7 361 546	888 541
					3 083 675	123 758
3-month JIBAR + 1.50%	12 May 2018	714 290	393 850	-	393 946	-
3-month JIBAR + 1.75%	12 May 2020	714 290	393 850	-	335 534	-
3-month JIBAR + 1.50%	12 May 2018	315 239	148 150	-	148 150	-
3-month JIBAR + 1.75%	12 May 2020	315 239	148 150	-	148 150	-
1-month JIBAR + 1.50%	30 Nov 2017	58 400	10 000	-	17 189	1 948
1-month JIBAR + 2.70%	31 Oct 2019	140 000	39 148	-	50 597	629
10.07%	1 Jan 2019	470 000	110 000	-	361 298	11 098
Prime - 1.00%	30 Apr 2018	231 000	77 800	-	57 834	-
Prime - 1.00%	30 Apr 2018	600 000	300 600	-	77 191	-
	1 Jun 2017			-	105 249	
3-month JIBAR + 1.70%	7 Jan 2019	300 000	32 000	87 250	29 874	1 820
3-month JIBAR + 1.70%	7 Jan 2019				26 718	1 504
3-month JIBAR + 2.83%	7 Jan 2019		14 500	60 000	23 706	705
3-month JIBAR + 2.74%	7 Jan 2019				23 511	705
3-month JIBAR + 2.60%	30 Jun 2020		20 100	80 500	48 081	-
3-month JIBAR + 2.60%	30 Jun 2020				26 307	100
3-month JIBAR + 2.40,%	30 Jun 2021			74 000	74 000	42 965
3-month JIBAR + 2.25,%	1 Sep 2021	330 000	255 000		77 850	-
6-month USD LIBOR + 2.75%	30 Apr 2019	-	1 230 210	-	503 252	-
6-month USD LIBOR + 2.75%	30 Apr 2019	-		-	216 716	-
6-month USD LIBOR + 2.60%	30 Apr 2018	-		-	144 026	-
6-month EURIBOR + 2.40%	28 Feb 2019	-		-	330 780	-
					10 445 221	1 012 299

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2017

21. LONG-TERM BORROWINGS (CONTINUED)

	Interest rate	Maturity	COMPANY		
			Mortgage bond R'000	Non-current R'000	Current R'000
2017					
Investec				-	3 397
Grove Mall	Prime + 0.5%	31 Jan 2020	25 000	-	3 397
Total				-	3 397
2016					
Nedbank				495 078	17 326
Cell C Campus	3-month JIBAR + 3.10%	1 Dec 2023	600 000	495 078	17 326
Total				495 078	17 326

In respect of Cell C Campus, causa surety was provided by AWIC to an amount of R600 million in the prior year.

The carrying values of the long-term borrowings are considered by the Directors to approximate their fair values.

22. FINANCE LEASE OBLIGATION

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Majestic	5 568	5 335	-	-
Nieuwtown	77 582	72 410	-	-
Balance at the end of the year	83 150	77 745	-	-
The figures above are reconciled as follows:				
Majestic				
Lessor: City of Johannesburg				
Minimum lease payments due				
▪ Within one year	277	256	-	-
▪ In the second to the fifth year, inclusive	1 349	1 249	-	-
▪ Later than five years	17 557	17 934	-	-
	19 183	19 439	-	-
Less future finance charges	(13 615)	(14 104)	-	-
Total	5 568	5 335	-	-
Present value of minimum lease payments due				
▪ Later than five years	5 568	5 335	-	-
Total	5 568	5 335	-	-

The Group, through a subsidiary, Majestic, entered into a finance lease agreement with the City of Johannesburg for a 49-year lease on Erf 591, Newtown, Johannesburg.

The effective finance lease starting date was 3 February 2011 with the basic monthly instalment starting at R15 000 (escalating at 8% compounded annually). Once the development is complete, the basic rental charges will be the higher of the basic monthly instalment or 2.5% of rental income for the year.

The finance lease asset of R5.4 million was recognised as part of the initial cost of investment property. Refer to note 5 for a further description of the investment property.

22. FINANCE LEASE OBLIGATION (CONTINUED)

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Nieuwtown				
Lessor: City of Johannesburg				
Minimum lease payments due				
▪ Within one year	1 277	1 182	-	-
▪ In the second to the fifth year, inclusive	6 212	5 752	-	-
▪ Later than five years	13 044 141	13 045 878	-	-
	13 051 630	13 052 812	-	-
Less future finance charges	(12 974 048)	(12 980 402)	-	-
Total	77 582	72 410	-	-
Present value of minimum lease payments due				
▪ Later than five years	77 582	72 410	-	-
Total	77 582	72 410	-	-

The Group, through a subsidiary, Nieuwtown, entered into a finance lease agreement with the City of Johannesburg for a 90-year lease on Erf 45, 46, 47, 56, 57 and 58 Newtown, Johannesburg.

The effective finance lease starting date is 16 September 2010 with the basic monthly instalment starting at R85 500 (escalating at 8% compounded annually). Once the development is complete, the rental payable is the greater of the basic monthly instalment or the turnover rent for the financial year concerned. Turnover rental is determined as follows: 1.75% of rental income for year 1 to 30, 1.9% of rental income for year 31 to 60 and 2% of rental income for year 61 to 90.

The finance lease asset of R64.2 million was recognised as part of the initial cost of investment property. Refer to note 5 for a further description of the investment property.

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2017

23. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Trade payables	146 575	259 632	1 718	2 686
Accruals	227 792	187 289	4 079	14 001
Deposits held	67 155	68 214	69	102
Rental income received in advance	52 963	37 804	-	-
Value added tax	6 895	4 723	-	-
Balance at the end of the year	501 380	557 662	5 866	16 789

The fair values of trade payables, deposits held, amounts received in advance and sundry payables are deemed to be the same as the carrying values.

Trade payables include amounts due relating to buildings under construction.

Accruals include amounts relating to municipal accruals on the investment properties.

24. PROVISIONS

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Leave pay provision	2 777	2 081	-	-
Balance at the end of the year	2 777	2 081	-	-

The provision relating to leave pay for the current year was calculated based on the actual leave days outstanding at 30 June at the hourly rate per employee.

25. OPERATING PROFIT IS STATED AFTER INCLUSION OF THE FOLLOWING:

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Other income				
Sundry income	1 251	1 539	32	177
Profit on disposal of investment property	15 217	10 888	704	4 894
Lynnwood Bridge profit share	8 300	-	8 300	-
Profit on disposal of other investments and associates	35 695	192 874	190	77 289
Foreign exchange gain	-	211 563	-	209 032
Reversal of provision for liabilities relating to associates	-	1 579	-	1 579
Reversal of impairment of loans to associates (refer to note 15)	-	30 136	-	30 136
Reversal of impairment of loans to subsidiary	-	-	3 368	9 673
Total	60 463	448 579	12 594	332 780
Operating and other expenses				
Loss on disposal of subsidiary	(4)	(6 033)	(4)	(82 132)
Loss on disposal of associates	-	(42 844)	-	(42 844)
Auditors' remuneration	(5 725)	(4 414)	-	(314)
Audit services rendered	(4 584)	(3 665)	-	-
Non-audit services rendered	(441)	(749)	-	(314)
Prior year under provision	(700)	-	-	-
B-BBEE spend	(4 390)	(6 111)	(3 005)	(4 842)
Executive Directors' remuneration (note 32)	(11 850)	(10 448)	-	(434)
Non-Executive Directors' remuneration (note 32)	(3 626)	(3 442)	-	(3 442)
Prescribed Officers' remuneration (note 32)	(8 567)	(8 251)	-	-
Staff expenses	(37 465)	(35 232)	-	-
Marketing	(12 778)	(23 098)	-	-
Rates and taxes	(14 859)	(28 979)	-	-
Professional fees	(16 471)	(15 719)	61	(69)
Impairment and write off of loans	-	(5 294)	-	-
Impairment of loans to associates (note 15)	(107 292)	(58 319)	(24 447)	-
Impairment of intangible asset (note 6)	-	(11 960)	-	-
Impairment of investments in associates (note 8)	(20 617)	(21 991)	(2 843)	-
Impairment of loans to subsidiaries (note 16)	-	-	(65 641)	(38 656)
Impairment of investment in subsidiaries (note 9)	-	-	(91 747)	-
Impairment of investments (note 10)	(116 641)	-	(88 080)	-
Legal fees	(2 918)	(8 917)	11	(20)
Loss on disposal of investment property	-	(10 052)	-	-
Share-based payment expenses	(27 081)	(16 053)	-	-
Foreign exchange losses	(162 718)	-	(139 432)	-
Total	(553 002)	(317 157)	(415 127)	(172 753)

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2017

26. INVESTMENT INCOME

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Dividend income	502	52 841	108 685	612 695
Dividends – local	502	33 012	3 382	493 536
Dividends – foreign	–	19 829	105 303	119 159
Interest income	189 034	182 944	116 691	158 131
Group companies	136 874	147 714	105 080	140 685
Bank	24 601	12 820	4 479	7 276
Other interest	27 559	22 410	7 132	10 170
Total	189 536	235 785	225 376	770 826

Investment income for the current and prior years relating to the Company was reclassified to revenue. This had no impact on profit, loss and equity.

27. FINANCE COSTS

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Mortgage bonds	(936 449)	(781 373)	(9 023)	(55 332)
Derivative financial liabilities	(26 105)	(26 719)	(208)	(5 523)
Bank overdraft	(215)	(178)	–	(139)
Finance lease obligation	(6 844)	(6 399)	–	–
Loans from Group companies	–	(7)	–	(7)
Other	(17 798)	(25 299)	(798)	(5 352)
Total	(987 411)	(839 975)	(10 029)	(66 353)

28. INCOME TAX EXPENSE

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Major components of the tax expense (including other comprehensive income)				
Current				
Current tax	(100 576)	(183 703)	(91 424)	(175 204)
Local income tax – current year	(102 004)	(181 899)	(92 852)	(173 496)
Local income tax – prior period over (under) provision	1 428	(1 804)	1 428	(1 708)
Deferred				
Originating and reversing temporary differences	(61 292)	(517 136)	(56 270)	(324 075)
Deferred tax	(50 023)	(610 856)	89 650	(47 454)
Taxation relating to components of other comprehensive income	(11 269)	93 720	(145 920)	(276 621)
Total	(161 868)	(700 839)	(147 694)	(499 279)
Reconciliation of the tax expense				
Applicable tax rate	28.00%	28.00%	28.00%	28.00%
Adjusted for:				
Non-deductible expenditure*	5.65%	6.16%	4.43%	4.45%
Non-taxable income received^	(13.47%)	(11.95%)	(11.45%)	(18.29%)
Fair value adjustments investment property	(6.03%)	(2.91%)	–	–
Provision for impairment of investments	2.84%	0.03%	–	–
Prior period adjustment	(0.13%)	(0.09%)	(0.23%)	(0.08%)
Change in capital gains tax inclusion rate	–	12.87%	–	6.43%
Tax base cost adjustment#	–	–	(2.23%)	–
Deferred tax asset not recognised	3.27%	0.82%	–	–
Other~	5.43%	2.33%	5.32%	2.72%
Total	25.57%	35.26%	23.84%	23.23%

* Relates to accounting losses on disposal/unwinding of investments.

^ Relates to accounting profits on disposal/unwinding of investment, dividends and realisation of other comprehensive income.

~ Relates mainly to the CFC tax included in the tax paid for the current year as well as share-based payment expense.

Relates mainly to the MAS base cost adjustment as a result of MAS ceasing to be a CFC.

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2017

29. EARNINGS, HEADLINE EARNINGS AND NET ASSET VALUE PER SHARE

At 30 June 2017, the Group had 702 815 224 shares in issue after adjusting for treasury shares, refer to note 19.

The calculation of headline earnings has been performed in accordance with Circular 2/2015.

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the Group is based on the following data:

	Gross R'000	Tax effect of the adjustments R'000
Earnings for the purpose of earnings per share	630 164	-
Number of shares		
Weighted average number of ordinary shares for the purpose of earnings per share	702 389 882	-
Effect of dilutive potential ordinary shares: share options	5 689 203	-
Weighted average number of ordinary shares for the purpose of diluted earnings per share	708 079 085	-
Earnings per share (cents)		
Basic	89.72	-
Diluted	89.00	-
Headline profit for the purpose of headline earnings per share		
Total profit attributable to ordinary shareholders	630 164	-
Profit on disposal of associates	(35 695)	7 996
Profit on disposal of other investments	-	-
Profit on disposal of investment property	(15 217)	3 409
Impairment of associates and other investments	244 540	(54 777)
Fair value adjustments	(527 581)	110 509
Net income from associates	(249 880)	55 973
Realisation of other comprehensive income	-	-
Loss on disposal of subsidiary	-	-
Impairment of intangible asset	-	-
Headline profit for the purpose of basic and diluted headline profit per share	46 331	123 110
Headline earnings per share (cents)		
Basic		
Diluted		
Net asset value per share (cents)		
Closing number of shares (adjusted for treasury shares)		
NAVPS (adjusted for treasury shares) (cents)*		

* Given the nature of the business of Attacq, Attacq uses NAVPS as its key performance measurement.

2017			2016				
Total non-controlling interest effect of the adjustments R'000	Net R'000	Total R'000	Gross R'000	Tax effect of the adjustments R'000	Total non-controlling interest effect of the adjustments R'000	Net R'000	Total R'000
-	630 164	630 164	1 387 828	-	-	1 387 828	1 387 828
-	702 389 882	702 389 882	701 388 667	-	-	701 388 667	701 388 667
-	5 689 203	5 689 203	4 029 469	-	-	4 029 469	4 029 469
-	708 079 085	708 079 085	705 418 136	-	-	705 418 136	705 418 136
-	89.72	89.72	197.87	-	-	197.87	197.87
-	89.00	89.00	196.74	-	-	196.74	196.74
-	630 164	630 164	1 387 828	-	-	1 387 828	1 387 828
-	(27 699)	(27 699)	(116 734)	26 148	-	(90 586)	(90 586)
-	-	-	(30 862)	6 913	-	(23 949)	(23 949)
-	(11 808)	(11 808)	(836)	187	-	(649)	(649)
-	189 763	189 763	53 880	(12 069)	-	41 811	41 811
(7 835)	(424 907)	(424 907)	(1 041 553)	231 491	(12 272)	(822 334)	(822 334)
-	(193 907)	(193 907)	(35 099)	7 862	-	(27 237)	(27 237)
-	-	-	(507 524)	113 685	-	(393 839)	(393 839)
-	-	-	6 033	(1 351)	-	4 682	4 682
-	-	-	11 960	(3 349)	-	8 611	8 611
(7 835)	161 606	161 606	(272 907)	369 517	(12 272)	84 338	84 338
	23.01	23.01				12.02	12.02
	22.82	22.82				11.96	11.96
		702 815 224					701 395 224
		1 984					1 923

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2017

30. CASH FLOW FROM OPERATING ACTIVITIES

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Profit and other comprehensive income before taxation	633 050	1 987 847	619 564	2 149 295
Adjusted for:				
Interest income	(189 034)	(182 944)	(116 691)	(158 131)
Dividend income	(502)	(52 841)	(108 685)	(612 695)
Finance costs	987 411	839 975	10 029	66 353
Depreciation	8 972	5 052	-	21
Amortisation of intangible asset	22 060	19 964	-	-
Bad debts	13 183	-	-	-
Impairment of intangible asset	-	11 960	-	-
Impairment of other investments	116 641	-	88 080	-
Impairment of investments in subsidiaries	-	-	91 747	-
Impairment of loans to subsidiaries	-	-	65 641	-
Profit on disposal of other investments	-	(30 862)	-	(33 296)
Profit on disposal of associate and other assets	(35 873)	(116 734)	(366)	(1 149)
Net profit on disposal of investment properties	(15 217)	(836)	(704)	(4 894)
Loss on disposal of subsidiaries	4	6 033	4	82 132
Loss (gain) on available-for-sale financial assets	117 827	191 711	(833 602)	(592 381)
Impairment loss – associates	20 617	80 310	2 843	-
Impairment of loans to associate	107 292	-	24 447	-
Reversal of impairment loss – subsidiaries	-	-	(3 368)	(38 656)
Fair value adjustment to other investments	-	219	-	120
Fair value adjustment to investment properties	(664 525)	(1 074 224)	-	(9 811)
Fair value adjustment to other financial instruments	136 944	32 452	13 992	(610)
Realisation of available-for-sale financial assets	-	(507 524)	-	(684 901)
Straight-line rental adjustment	(199 802)	(148 362)	-	4 738
Deferred initial lease expenditure	5 972	3 786	-	1 097
Write off of loans to associates	-	5 294	-	-
Reversal of impairments	(10)	(30 145)	(10)	(39 818)
Equity income from associates	(249 880)	(35 098)	-	-
Movement in provisions	-	(100)	-	-
Movement in provision for liabilities relating to associates	-	(1 579)	-	(1 579)
Share-based payments	27 081	16 053	-	-
Foreign currency translation effect	131 410	(209 245)	22 325	(209 032)
Cash generated from (utilised in) operations before working capital changes	973 621	810 162	(124 754)	(83 197)
Changes in working capital:				
Decrease (increase) in accounts receivable	115 956	(67 495)	(6 431)	34
(Decrease) increase in accounts payable	(56 282)	95 026	(10 923)	(7 687)
Total	1 033 295	837 693	(142 108)	(90 850)

31. OPERATING LEASE RECEIVABLES

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Value of minimum lease payments receivable				
Within one year	1 517 123	932 313	-	-
In the second to fifth year inclusive	4 823 258	4 666 510	-	-
Later than five years	3 895 549	4 936 779	-	-
Total	10 235 930	10 535 602	-	-

Lease agreements are entered into with tenants on variable terms depending on the location and nature of the lettable area. The lease terms for office and industrial buildings are generally longer than for retail outlets.

32. DIRECTORS AND PRESCRIBED OFFICERS' REMUNERATION

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

The above are all short-term benefits.

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2017

32. DIRECTORS AND PRESCRIBED OFFICERS' REMUNERATION (CONTINUED)

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Key management and Prescribed Officers				
Prescribed Officer A				
▪ Basic salary	982	800	982	800
▪ Bonus	370	167	370	167
▪ Pension fund contributions	25	8	25	8
▪ Benefits	57	46	57	46
Total	1 434	1 021	1 434	1 021
Prescribed Officer B				
▪ Basic salary	1 393	1 185	1 393	1 185
▪ Bonus	360	255	360	255
▪ Pension fund contributions	35	13	35	13
▪ Benefits	49	180	49	180
Total	1 837	1 633	1 837	1 633
Prescribed Officer C				
▪ Basic salary	-	1 418	-	1 418
▪ Bonus	-	615	-	615
▪ Pension fund contributions	-	14	-	14
▪ Benefits	-	105	-	105
Total	-	2 152	-	2 152
Prescribed Officer D				
▪ Basic salary	-	1 334	-	1 334
▪ Bonus	-	612	-	612
▪ Pension fund contributions	-	14	-	14
▪ Benefits	-	44	-	44
Total	-	2 004	-	2 004
Prescribed Officer E				
▪ Basic salary	2 145	997	2 145	997
▪ Bonus	370	-	370	-
▪ Pension fund contributions	135	59	135	59
▪ Benefits	59	48	59	48
Total	2 709	1 104	2 709	1 104
Prescribed Officer F				
▪ Basic salary	1 391	323	1 391	323
▪ Bonus	620	-	620	-
▪ Pension fund contributions	35	5	35	5
▪ Benefits	30	9	30	9
Total	2 076	337	2 076	337
Prescribed Officer G				
▪ Basic salary	466	-	466	-
▪ Bonus	-	-	-	-
▪ Pension fund contributions	36	-	36	-
▪ Benefits	9	-	9	-
Total	511	-	511	-
Total	8 567	8 251	8 567	8 251

32. DIRECTORS AND PRESCRIBED OFFICERS' REMUNERATION (CONTINUED)

Key management and Prescribed Officers were as follows:

2017

- D Theron
- P Mackenzie
- Jackie van Niekerk – appointed 1 April 2017
- MW Clampett
- R Nana

2016

- D Theron
- P de Villiers – appointed 1 July 2015
- W Mulder – 30 June 2016
- P McKenzie – appointed 1 January 2016
- MW Clampett
- R Nana – appointed 1 April 2016

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

P Tredoux's fees were paid to Tredoux Family Holdings Proprietary Limited.

LLS van der Watt's fees were paid to APH.

Except for the above, all Non-Executive Directors' fees were paid to the individuals in their personal capacity.

Effective 1 July 2017, LLS van der Watt resigned as Non-Executive Director from the Board.

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2017

32. DIRECTORS AND PRESCRIBED OFFICERS' REMUNERATION (CONTINUED)

Share options granted to Executive Directors

MC Wilken

In the current year, Remco approved a grant to MC Wilken consisting of 488 831 LTIPs. The options may be exercised as to 60% on 14 October 2019, 20% on 14 October 2020 and 20% on 14 October 2021. For vesting to occur, MC Wilken has to remain in the employ of the Group.

Remco approved a grant to MC Wilken in the prior year of 158 962 LTIPs and 1 059 747 SARs. These grants were based on a multiple factor of 5.6 of the GTP. These grants constitute a retrospective reward for the financial year ended 30 June 2014, 30 June 2015 and 30 June 2016. The grant values of the LTIPs and SARs were estimated on the NAVPS as at June 2016 of the respective financial year. Performance conditions apply to these grants. For vesting to occur MC Wilken has to remain in the employ of the Group. Refer to note 20.

The final tranche of the 2 000 000 share options granted to MC Wilken in November 2012, vested on 30 June 2016 at an exercise price of R8.50 per option and was issued on 4 July 2016 and forms part of Attacq's issued share capital.

Each option converts into one ordinary share in Attacq on exercise. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting. There is no option of cash settlement.

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Summary of share options granted				
Total number of options	3 708	3 219	3 708	3 219
Less number of options that have vested	(2 000)	(2 000)	(2 000)	(2 000)
Total	1 708	1 219	1 708	1 219
Reconciliation of outstanding options, not yet exercised				
Opening balance	1 619	400	1 619	400
Vested during the year	-	400	-	400
Granted during the year - LTIPs	489	159	489	159
Granted during the year - SARs	-	1 060	-	1 060
Exercised during the year	(400)	(400)	(400)	(400)
Total	1 708	1 619	1 708	1 619

M Hamman

In the current year, Remco approved the grant to M Hamman consisting of 263 831 LTIPs. The options may be exercised as to 60% on 14 October 2019, 20% on 14 October 2020 and 20% on 14 October 2021. For vesting to occur, M Hamman has to remain in the employ of the Group.

Remco approved a grant to M Hamman in the prior year of 106 739 LTIPs and 711 596 SARs. These grants were based on a multiple factor of 5.6 of the GTP. These grants constitute a retrospective reward for the financial years ended 30 June 2014, 30 June 2015 and 30 June 2016. The grant values of the LTIPs and SARs were estimated on the NAVPS as at June 2016 of the respective financial year. Performance conditions apply to these grants. For vesting to occur, M Hamman has to remain in the employ of the Group. Refer to note 20.

The Board resolved in August 2013 to grant M Hamman 1 200 000 share options that vest over a three-year period from 30 June 2016. The options may be exercised as to 60% on 30 June 2016, 20% on 30 June 2017 and 20% on 30 June 2018. The first tranche of 720 000 options vested on 30 June 2016 and was exercised on 3 October 2016 and 19 December 2016 in equal tranches. The second tranche of 360 000 vested on 30 June 2017 and has not been exercised to date. For the remainder of the options to vest, M Hamman has to remain in the employ of the Group. The exercise price of the options is fixed at R9.50 per share. There is no option of cash settlement.

Each option converts into one ordinary share in Attacq on exercise. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting. There is no option of cash settlement.

32. DIRECTORS AND PRESCRIBED OFFICERS' REMUNERATION (CONTINUED)

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Summary of share options				
Total number of options granted	2 283	2 019	2 283	2 019
Less number of options that have vested	(720)	(720)	(720)	(720)
Total	1 563	1 299	1 563	1 299
Reconciliation of outstanding options, not yet exercised				
Opening balance	1 299	1 200	1 299	1 200
Vested during the year	-	(720)	-	(720)
Granted during the year – LTIPs	264	107	264	107
Granted during the year – SARs	-	712	-	712
Total	1 563	1 299	1 563	1 299

Share options granted to Prescribed Officers

The Board resolved in June 2014 to grant 400 000 share options to a Prescribed Officer that vest over a three-year period from 30 June 2017. The options may be exercised as to 60% on 30 June 2017, 20% on 30 June 2018, and 20% on 30 June 2019. For vesting to occur, the Prescribed Officer has to remain in the employ of the Group.

The Board resolved in March 2014 to grant 275 000 share options to a Prescribed Officer that vest over a three-year period from 31 March 2017. The options may be exercised on 31 March 2017, 20% on 31 March 2018, and 20% on 31 March 2019. For vesting to occur, the Prescribed Officer has to remain in the employ of the Group.

Each option converts into one ordinary share in Attacq on exercise. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting. The exercise price of the options is fixed at R15.25 per share.

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Summary of share options granted				
Total number of options granted	2 920	3 192	2 920	3 192
Reconciliation of outstanding options, not yet exercised				
Opening balance	3 192	1 280	3 192	1 280
Vested during the year	(165)	-	(165)	-
Reclassification (out) in Prescribed Officers	(1 052)	300	(1 052)	300
Granted during the year – retentions	168	393	168	393
Granted during the year – LTIPs	275	164	275	164
Granted during the year – SARs	503	1 055	503	1 055
Total	2 920	3 192	2 920	3 192

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2017

33. COMMITMENTS

	GROUP		COMPANY	
	2017 Number of shares	2016 Number of shares	2017 Number of shares	2016 Number of shares
33.1 Shares pledged				
Shares held by Attacq in MAS were pledged as security in respect of obligations of AIH International	106 326 444	128 730 701	-	-
Total	106 326 444	128 730 701	-	-
	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
33.2 Capital commitments				
Already contracted but not provided for				
The Waterfall lease hold and development rights relate to a minimum of 1 905 477 m ² of bulk property zoned for light industrial, commercial and retail use. Current costs committed are for the installation of services on various land parcels on the Waterfall land and initial development costs.	139 312	75 157	-	-
Due to increased development activity and top structures reaching the completion stage on Waterfall LP 8, the surrounding infrastructure will be developed.	32 582	49 623	-	-
Development of the bulk earthworks on Waterfall LP 10 commenced during the prior year in preparation for the construction of various retail and commercial buildings.	80 412	134 089	-	-
The Group entered into an agreement to develop an office building on Waterfall LP 10 referred to as the "Allandale building". A portion of the building has been leased to a third party and has been recognised as an investment property.	10 840	69 771	-	-
The Group entered into an agreement for the development of a warehouse on Waterfall LP 8 referred to as the "BMW Distribution Warehouse". The building has been leased to a third party and has been recognised as an investment property.	108 947	-	-	-
The Group entered into an agreement to develop an office building on Waterfall LP 10 referred to as the "PwC Tower". The building has been leased to PwC and has been recognised as an investment property. The Group has an effective 75% interest in the development.	192 331	527 830	-	-
The Group entered into an agreement for the development of a warehouse on Waterfall LP 8 referred to as the "K101 Spec Warehouse". The building has been leased to a third party and has been recognised as an investment property.	33 809	-	-	-
Subtotal carried forward	598 233	856 470	-	-

33. COMMITMENTS (CONTINUED)

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
33.2 Capital commitments (continued)				
Already contracted but not provided for (continued)				
Subtotal brought forward	598 233	856 470	-	-
The Group entered into an agreement for the development of an office building on Waterfall LP 10B referred to as the "Corporate Campus". A portion of the building has been leased to a third party and has been recognised as an investment property.	42 324	-	-	-
The Group entered into an agreement for the installation of a photovoltaic solar system on Mall of Africa. The Group has an effective 80% interest in the property.	3 892	37 244	-	-
The Group entered into an agreement for the installation of a photovoltaic solar system on Lynnwood Bridge.	-	15 700	-	-
The Group entered into an agreement to develop a super-regional mall on Waterfall LP 10 referred to as "Mall of Africa". The building has been leased to various third parties and has been recognised as an investment property. The Group has an effective 80% interest in the development.	84 755	350 112	-	-
The Group entered into an agreement for the development of a warehouse on Waterfall LP 8 referred to as the "Massbuild expansion". The building has been leased to a third party and has been recognised in investment property as part of the Massbuild development.	57 101	-	-	-
The Group entered into an agreement for the development of an office building on Waterfall LP 10 referred to as the "Gateway West building". The building will be developed on a speculative basis with the intention to lease it to a third party and will be recognised as an investment property.	68 083	278 848	-	-
The Group entered into an agreement for the installation of a photovoltaic solar system on Brooklyn Mall. The Group has an effective 25% interest in the development.	-	7 253	-	-
The Group entered into an agreement for the development of an office and warehouse facility on Waterfall LP 8 referred to as the "Torre building". The building has been leased to Torre and has been recognised as an investment property.	614	37 453	-	-
The Group entered into an agreement for the development of a warehouse on Waterfall LP 8 referred to as the "Dimension Data building (previously Spec Warehouse)". The building has been leased to Dimension Data and has been recognised as an investment property.	2 542	20 646	-	-
Subtotal carried forward	857 544	1 603 726	-	-

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2017

33. COMMITMENTS (CONTINUED)

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
33.2 Capital commitments (continued)				
Already contracted but not provided for (continued)				
Subtotal brought forward	857 544	1 603 726	-	-
The Group entered into an agreement for the installation of services on Waterfall LP 10B.	-	15 323	-	-
The Group entered into an agreement to develop an office building on Waterfall LP 10 referred to as the "Maxwell Office Park – Magwa House building". The building is being developed on a speculative basis with the intention to lease it to a third party and will be recognised as an investment property. The Group has an effective 50% interest in the development.	1 370	9 862	-	-
The Group entered into an agreement for the development of an office building on Waterfall LP 10 referred to as the "Gateway West building". The building will be developed on a speculative basis with the intention to lease it to a third party and will be recognised as an investment property.	68 083	278 848	-	-
The Group entered into an agreement for the development of a communal and conference facility on Waterfall LP 10 referred to as "PwC Annex". The building has been leased to PwC and will be recognised as an investment property.	39 748	78 358	-	-
The Group entered into an agreement for the development of an office and distribution facility on Waterfall LP 22 referred to as the "Amrod building". The building has been leased to Amrod and has been recognised as an investment property.	6 218	97 401	-	-
The Group entered into an agreement for the development of sectional title offices on Waterfall LP 15 referred to as the "Waterfall Point". The buildings will be sold and have been recognised as inventory.	225 706	-	-	-
The Group entered into an agreement to add additional GLA to Garden Route Mall due to tenant-specific requirements. The additions will be recognised as investment property.	-	26 892	-	-
The Group entered various agreements to develop office buildings as well as a retail centre on Waterfall LP 10 and LP 15. The Group has effective shares of between 50% and 100% interest in the development. The buildings have been leased to third parties and have been recognised as investment properties.	7 486	16 254	-	-
Total	1 206 155	2 126 664	-	-

33. COMMITMENTS (CONTINUED)

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
33.3 Contingent commitments				
Approved but not contracted for				
The Group has approved the development of an office building on Waterfall LP 10 referred to as the "Deloitte head office". The building will be leased to a third party and will be recognised as an investment property.	779 834	-	-	-
The Group has approved the development of a mixed-use precinct on Waterfall LP 10 referred to as the "Atria". The precinct will be developed on a speculative basis with the intention to lease it to a third party and will be recognised as an investment property.	363 420	-	-	-
The Group has approved various capital expenditures at MooiRivier Mall mainly relating to the reallocation and expansions of certain key tenants. The improvements will be recognised as investment property.	10 215	-	-	-
The Group has approved various capital expenditures at Eikestad Precinct and Lynnwood Bridge Retail.	10 049	-	-	-
Total	1 163 518	-	-	-
Sureties provided				
Surety in respect of loan funds advanced by Standard Bank to AWIC for the installation of services in relation to LP 8 at Waterfall in Midrand.	-	77 800	-	77 800
Surety in respect of funds advanced by Nedbank to Key Capital for the development in Stellenbosch.	20 000	20 000	20 000	20 000
Surety in respect of loan funds advanced by Nedbank to Nieuwtown for the development of Newtown Junction.	250 000	250 000	250 000	250 000
Surety in respect of loan funds advanced by Nedbank to Nieuwtown for the development of Newtown City Lodge.	36 000	36 000	36 000	36 000
Surety in respect of loan funds advanced by Nedbank to AWIC in respect of the service installation for Waterfall LP 22.	-	20 000	-	20 000
Surety in respect of loan funds advanced by Investec to Geelhoutboom.	-	29 000	-	29 000
Surety in respect of loan funds advanced by Investec to Brooklyn Bridge in respect of the investment property known as Brooklyn Bridge Office Park.	140 000	140 000	140 000	140 000
Surety in respect of loan funds advanced by Nedbank to The Club in respect of the mixed-use development known as Club, Hazelwood.	-	19 530	-	19 530
Subtotal carried forward	446 000	592 330	446 000	592 330

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2017

33. COMMITMENTS (CONTINUED)

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
33.3 Contingent commitments (continued)				
Sureties provided (continued)				
Subtotal brought forward	446 000	592 330	446 000	592 330
Surety in respect of funds advanced by Nedbank to Lynnwood Bridge for Lynnwood Bridge Office Park.	296 300	296 300	296 300	296 300
Surety in respect of funds advanced by Absa to Lynnwood Bridge for Lynnwood Bridge Office Park.	296 300	296 300	296 300	296 300
Surety in respect of funds advanced by Standard Bank to Lynnwood Bridge for Lynnwood Bridge Office Park.	296 300	296 300	296 300	296 300
Surety in respect of funds advanced by Nedbank to ARF for certain retail properties of the ARF portfolio.	787 700	787 700	787 700	787 700
Surety in respect of funds advanced by Absa to ARF for certain retail properties of the ARF portfolio.	787 700	787 700	787 700	787 700
Surety in respect of funds advanced by Standard Bank to ARF for certain retail properties of the ARF portfolio.	787 700	787 700	787 700	787 700
Surety in respect of funds advanced by RMB for the purchase of the Aurecon building in Pretoria by Lynnaur.	155 000	155 000	155 000	155 000
Surety in respect of funds advanced by Investec to Sinco Investments Six for Grove Mall of Namibia for the development of Mall of Namibia.	200 000	200 000	200 000	200 000
Causa surety by Attacq in respect of funds advanced by Investec for Sinco Investment Six to APH for Grove Mall of Namibia for the development of Mall of Namibia.	200 000	-	-	-
Causa surety by Attacq in respect of funds advanced by Investec for Sinco Investment Six to Frontier Property Trust for Grove Mall of Namibia for the development of Mall of Namibia.	136 000	-	-	-
Causa surety by Attacq in respect of funds advanced by Investec for Sinco Investment Six to Demushuwa Property Developer for Grove Mall of Namibia for the development of Mall of Namibia.	64 000	-	-	-
Surety in respect of funds advanced by Standard Bank for the development of the Att House and Golder buildings situated on Waterfall LP 10 in Midrand.	32 000	32 000	32 000	32 000
Subtotal carried forward	4 485 000	4 231 330	4 085 000	4 231 330

33. COMMITMENTS (CONTINUED)

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
33.3 Contingent commitments (continued)				
Sureties provided (continued)				
Sub-total brought forward	4 485 000	4 231 330	4 085 000	4 231 330
Surety in respect of funds advanced by Standard Bank for the development of Colgate and Spec buildings situated on Waterfall LP 10 in Midrand.	20 100	20 100	20 100	20 100
Surety in respect of funds advanced by Nedbank for the development of the Servest building situated on Waterfall LP 9 in Midrand.	-	18 190	-	18 190
Surety in respect of funds advanced by Nedbank for the development of the Stryker building situated on Waterfall LP 9 in Midrand.	-	41 874	-	41 874
Surety in respect of funds advanced by RMB for the development of the Novartis building situated on Waterfall LP 10 in Midrand.	126 360	126 360	126 360	126 360
Surety in respect of funds advanced by RMB for the infrastructure land loan situated on Waterfall LP 9 in Midrand.	-	16 200	-	16 200
Surety in respect of funds advanced by Standard Bank for the development of the Altech building situated on Waterfall LP 20 in Midrand.	-	10 000	-	10 000
Surety in respect of funds advanced by Standard Bank for the development of the Group Five building situated on Waterfall LP 15 in Midrand.	110 000	110 000	110 000	110 000
Surety in respect of funds advanced by RMB for the development of the Cummins building situated on Waterfall LP 22 in Midrand.	-	56 500	-	56 500
Surety in respect of funds advanced by Standard Bank for the development of the Medtronic building situated on Waterfall LP 8 Midrand.	-	15 390	-	15 390
Surety in respect of funds advanced by Nedbank for the funding of Kompasbaai.	3 333	3 333	3 333	3 333
Surety in respect of funds advanced by Standard Bank for the infrastructure service cost for Waterfall LP 10 in Midrand.	-	300 600	-	300 600
Surety in respect of funds advanced by Sanlam Capital and Sanlam Credit for the funding of the Massbuild DC situated on Waterfall LP 8 in Midrand.	40 000	40 000	40 000	40 000
Surety in respect of a working capital facility in AWIC.	75 000	65 500	75 000	65 500
Surety in respect of funds advanced by Investec for Grove Mall of Namibia for the development of Mall of Namibia.	25 000	25 000	25 000	25 000
Subtotal carried forward	4 884 793	5 080 377	4 484 793	5 080 377

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2017

33. COMMITMENTS (CONTINUED)

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
33.3 Contingent commitments (continued)				
Sureties provided (continued)				
Subtotal brought forward	4 884 793	5 080 377	4 484 793	5 080 377
Causa surety by Attacq in respect of funds advanced by Investec for Grove Mall of Namibia to APH for the development of Mall of Namibia.	25 000	-	25 000	-
Surety in respect of a swap entered into with Nedbank for the development of the Hilti building situated on Waterfall LP 9 in Midrand.	3 568	3 568	3 568	3 568
Surety in respect of funds advanced by Nedbank for the development of the Hilti building situated on Waterfall LP 9 in Midrand.	-	35 675	-	35 675
Surety in respect of a swap entered into with Nedbank for the development of the Stryker building situated on Waterfall LP 9 in Midrand.	4 187	4 187	4 187	4 187
Surety in respect of a swap entered into with Nedbank for the development of the PwC Tower building situated on Waterfall LP 10 in Midrand.	114 000	114 000	114 000	114 000
Surety in respect of funds advanced by Nedbank for the development of the PwC Tower building situated on Waterfall LP 10 in Midrand.	1 075 698	1 075 698	1 075 698	1 075 698
Surety in respect of funds advanced by Nedbank for the development of the PwC Tower Annex building situated on Waterfall LP 10 in Midrand.	121 545	121 545	121 545	121 545
Surety in respect of a swap entered into with Nedbank for the development of the PwC Tower Annex building situated on Waterfall LP 10 in Midrand.	11 500	11 500	11 500	11 500
Surety in respect of a swap entered into with Sanlam Capital for the development of the K101 Warehouse building situated on Waterfall LP 8 in Midrand.	60 000	-	60 000	-
Causa surety by AWIC in respect of funds advanced by Standard Bank to The Moolman Group for the development of Maxwell Office Park situated on LP 10 (Jukskei view extension 83). Causa surety for the mortgage bond registered over the joint lease with The Moolman Group in respect of Jukskei view extension 83.	301 750	301 800	-	-
Causa surety by AWIC in respect of funds advanced by Standard Bank to The Moolman Group for the development of the Altech building situated on LP 20. Causa surety for the mortgage bond registered over the joint lease with The Moolman Group in respect of Erf 3540 Jukskei view extension 7.	-	29 200	-	-
Subtotal carried forward	6 602 041	6 777 550	5 900 291	6 446 550

33. COMMITMENTS (CONTINUED)

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
33.3 Contingent commitments (continued)				
Sureties provided (continued)				
Subtotal brought forward	6 602 041	6 777 550	5 900 291	6 446 550
Surety in respect of funds advanced by Nedbank for the development of the Waterfall Corner retail building situated on Waterfall LP 15 in Midrand.	-	54 000	-	54 000
Surety in respect of funds advanced by Nedbank to AWIC for the development of the Mall of Africa situated on Waterfall LP 10 in Midrand.	336 800	336 800	336 800	336 800
Surety in respect of funds advanced by Standard Bank to AWIC for the development of the City Lodge situated on Waterfall LP 10 in Midrand.	20 000	20 000	20 000	20 000
Surety in respect of a bridging facility advanced by Standard Bank to AWIC for the development of the City Lodge situated on Waterfall LP 10 in Midrand.	19 148	19 148	19 148	19 148
Surety in respect of a swap entered into with Sanlam Capital for the development of the Dimension Data building situated on Waterfall LP 9 in Midrand.	59 070	59 070	59 070	59 070
Surety in respect of a swap entered into with Standard Bank for the development of the Allandale building situated on Waterfall LP 10 in Midrand.	255 000	255 000	255 000	255 000
Surety in respect of funds advanced by Standard Bank for the development of the Magwa House building situated on Waterfall LP 10 in Midrand.	74 000	74 000	74 000	74 000
Surety in respect of a swap entered into with BOC for the development of the Torre building situated on Waterfall LP 8 in Midrand.	15 000	15 000	15 000	15 000
Surety in respect of a swap entered into with RMB for the development of the Amrod building situated on Waterfall LP 22 in Midrand.	264 000	264 000	264 000	264 000
Surety in respect of funds advanced by Standard Bank to AWIC for the development of the Premier Foods and Honda buildings situated on Waterfall LP 10 in Midrand.	14 500	14 500	14 500	14 500
Surety in respect of funds advanced by Nedbank to AWIC for the development of the Medtronic building situated on Waterfall LP 8 in Midrand.	-	16 916	-	16 916
Surety in respect of the US Dollar facility advanced by Standard Bank for the obligations of AIH International.	885 600	885 600	885 600	885 600
Surety in respect of the Euro facility advanced by Standard Bank the obligations of AIH International.	344 610	344 610	344 610	344 610
Subtotal carried forward	8 889 769	9 136 194	8 188 019	8 805 194

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2017

33. COMMITMENTS (CONTINUED)

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
33.3 Contingent commitments (continued)				
Sureties provided (continued)				
Subtotal brought forward	8 889 769	9 136 194	8 188 019	8 805 194
Surety in respect of funds advanced by Sanlam Capital to AWIC for the development of Waterfall Lifestyle situated on Waterfall LP 15 in Midrand.	48 000	48 000	48 000	48 000
Surety in respect of funds advanced by Sanlam Capital Markets to AWIC for the development of the Dräger building situated on Waterfall LP 22 in Midrand.	-	6 000	-	6 000
Causa surety provided by AWIC in respect of funds advanced by Nedbank to Attacq for the development of the Cell C Campus on Waterfall LP 21 in Midrand.	-	600 000	-	-
Surety in respect of funds advanced by Standard Bank to AWIC for the development of the Gateway West building situated on Waterfall LP 10 in Midrand.	284 250	-	284 250	-
Surety in respect of funds advanced by Investec to AWIC for the refinancing of the PwC building in Sunninghill.	200 000	200 000	200 000	200 000
Total	9 422 019	9 990 194	8 720 269	9 059 194

34. SUBSEQUENT EVENTS

Nova Eventis

The Group (through Attacq and wholly owned subsidiary Leipzig) classified the 19.9% investment in SESCOF as held for sale (refer to note 18). At 30 June 2017, the carrying value of the investment was R197.7 million, being the realisable value of the investment. Subsequent to year end, SESCOF distributed a return in capital to shareholders. During August 2017, R192.6 million was received and the remainder of the proceeds is expected by no later than 30 June 2018.

No other significant subsequent events occurred.

35. RELATED PARTIES

Related parties are defined as those entities with which the Company transacted during the year and in which the following relationship(s) exist:

Direct subsidiaries

AIH International
Aldabri 96
Attacq Energy
Attacq Namco
AMS
ARF
AWIC
AMC (disposed on 10 February 2016)
Brooklyn Bridge
Harlequin Duck
Highgrove (deregistration filed 30 June 2016)
Design Square (deregistration filed 30 June 2016)
Le Chateau
Leipzig Nova
Lynnaur
Lynnwood Bridge
Mantrablox
Razorbill
Majestic
Nieuwtown

35. RELATED PARTIES (CONTINUED)**Indirect subsidiaries**

AIHI Ikeja
 Adamax
 ARS
 ESD
 Micawber

Direct associates

AttAfrica SA
 APH and its subsidiaries and associates (disposed on 30 June 2016)
 fatti 365
 fatti Attacq
 Fountains Regional Mall
 Geelhoutboom
 MAS
 Kompasbaai
 Wingspan
 The Club
 Grove Mall
 Travenna

Indirect associates

Artisan Development
 Artisan Southport
 AttAfrica
 Pemba
 Bagaprop (disposed during the 2016 financial year)
 Atterbury Serbia
 Atterbury Cyprus
 Bishopsgate
 Mall of Mauritius (disposed during the 2016 financial year)
 Gruppo

Directors

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

[#] Independent
^{*} Non-Executive

Management**Key management and Prescribed Officers
2017**

- D Theron
- MW Clampett
- J van Niekerk (appointed 1 April 2017)
- P McKenzie
- R Nana

2016

- D Theron
- W Mulder
- MW Clampett
- P de Villiers (appointed 1 July 2015)
- P McKenzie (appointed 1 January 2016)
- R Nana (appointed 1 April 2016)

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2017

35. RELATED PARTIES (CONTINUED)

	Shares issued/buy- back/sold (purchased) R'000	Sales and services to (purchases and services from) R'000
GROUP		
ESD	-	-
Atterbury Asset Managers	-	(6 366)
AttAfrica	-	-
Atterbury Serbia	-	-
Atterbury Cyprus	-	-
Pemba	-	-
APD	-	-
APH	-	-
APF	-	-
Artisan Development	-	-
Artisan Southport	-	-
fatti 365	-	-
fatti Attacq	-	-
Fountains Regional Mall	-	-
Gruppo	-	-
Lynnwood Bridge Home Owners Association	-	826
MAS	50 362	-
MAS Mezzi	-	-
Leipzig Nova	-	-
Kompasbaai	-	-
Wingspan	-	-
The Club	-	-
Grove Mall	241	-
Travenna	-	-
Non-Executive Directors' remuneration (refer to note 32)	-	(3 626)
Executive Directors' remuneration (refer to note 32)	-	(11 850)
Prescribed Officers' remuneration (refer to note 32)	-	(8 567)
Total	50 603	(29 583)

2017			2016					
Dividends received from R'000	Interest received from (paid to) R'000	Balances owing by (to) – net of impairment R'000	Shares issued/buy-back/sold (purchased) R'000	Sales and services to (purchases and services from) R'000	Dividends received from R'000	Interest received from (paid to) R'000	Balances owing by (to) – net of impairment R'000	
-	-	943	-	-	-	-	-	
-	-	-	-	(5 976)	-	-	-	
-	73 573	776 246	-	-	-	34 016	877 374	
-	8 444	-	38	-	-	9 702	366 450	
-	16 722	-	7	-	-	38 503	803 951	
-	-	-	-	-	-	3 625	46 267	
-	492	2 703	-	-	-	421	2 212	
-	5 613	(80 206)	90 000	-	-	5 408	(52 532)	
-	-	123 136	-	-	-	-	106 598	
-	-	80 580	15 275	-	-	-	25 619	
-	-	1 570	11 470	-	-	-	-	
-	1 131	-	-	-	-	362	5 874	
-	1 265	4 599	-	-	-	651	10 480	
-	-	-	-	-	-	-	1 820	
-	35 516	214 245	152 403	-	-	22 261	203 242	
-	-	-	-	98	-	-	-	
105 303	355	-	(295 440)	-	101 164	-	-	
-	-	-	-	-	-	(6 047)	-	
-	2	-	-	-	17 995	-	-	
-	-	592	-	-	-	2	471	
-	-	-	-	-	21 351	-	-	
-	223	-	2 221	-	11 609	4 147	55 106	
-	-	32 810	120 563	-	-	-	32 810	
2 880	-	-	-	-	-	-	(2 880)	
-	-	-	-	(3 442)	-	-	-	
-	-	-	-	(10 448)	-	-	-	
-	-	-	-	(8 251)	-	-	-	
108 183	143 336	1 157 218	96 537	(28 019)	152 119	113 051	2 482 862	

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2017

35. RELATED PARTIES (CONTINUED)

	Shares issued/buy- back/sold (purchased) R'000	Sales and services to (purchases and services from) R'000
COMPANY		
AIH International	-	-
Aldabri	-	-
Attacq Energy	-	-
ESD	-	-
Attacq Namco	241	-
ARF	-	-
AMS	-	(8 453)
AWIC	-	-
AttAfrica SA	-	-
AMC	-	-
APD	-	-
APH	-	-
Brooklyn Bridge	-	-
fatti Attacq	-	-
fatti 365	-	-
Fountains Regional Mall	-	-
Harlequin Duck	-	-
Highgrove	-	-
Leipzig Nova	-	-
Le Chateau	-	-
Lynnaur	-	-
Lynnwood Bridge	-	-
Majestic	-	-
Subtotal carried forward	241	(8 453)
MAS	50 362	-
Nieuwtown	-	-
Kompasbaai	-	-
Wingspan	-	-
Razorbill	-	-
Grove Mall	-	-
The Club	-	-
Travenna	-	-
Non-Executive Directors' remuneration (refer to note 32)	-	(3 626)
Executive Directors' remuneration (refer to note 32)	-	(11 850)
Prescribed Officers' remuneration (refer to note 32)	-	(8 567)
Total	50 603	(32 496)

Balances owing by and to net of impairment are detailed in notes 14, 15 and 16 of the AFS.

Refer to note 34 for all sureties provided by Attacq to its related parties.

2017			2016				
Dividends received from R'000	Interest received from (paid to) R'000	Balances owing by (to) – net of impairment R'000	Shares issued/buy-back/sold (purchased) R'000	Sales and services to (purchases and services from) R'000	Dividends received from R'000	Interest received from (paid to) R'000	Balances owing by (to) – net of impairment R'000
-	56 185	178 001	-	-	-	58 572	1 416 271
-	-	-	256	-	255	-	-
-	-	25 538	-	-	-	-	12 557
-	-	943	-	-	-	-	-
-	-	32 810	(120 563)	-	-	-	-
-	-	336 701	-	-	-	-	290 045
-	-	69 325	10 094	(8 866)	-	-	37 735
-	8 463	3 601 721	-	5 089	-	46 989	2 753 297
-	-	414	-	-	-	-	-
-	-	-	200 890	-	368 858	-	-
-	492	4 951	-	-	-	421	4 459
-	5 613	54 103	90 000	-	-	5 408	54 194
-	-	444	-	-	-	-	16 361
-	1 265	4 599	-	-	-	651	10 480
-	1 131	-	-	-	-	362	5 874
-	-	-	-	-	-	-	1 820
-	-	(1 466)	-	-	-	-	(1 541)
-	-	-	75 843	-	91 410	-	-
-	-	38 585	-	-	17 995	-	74 263
-	-	5 001	-	-	-	-	1 629
-	-	(6 610)	-	-	-	-	(7 425)
-	-	56 822	-	12 590	-	-	100 942
-	-	-	-	-	-	(73)	-
-	73 149	4 401 882	256 520	8 813	478 518	112 330	4 770 961
105 303	355	-	(295 440)	-	101 164	-	-
-	37 621	320 289	-	-	-	29 889	321 505
-	-	592	-	-	-	2	471
-	-	-	-	-	21 351	-	-
-	-	85 416	-	-	-	-	85 416
-	-	-	120 563	-	-	-	32 810
-	223	-	2 221	-	11 609	4 147	55 106
2 880	-	-	-	-	-	-	(2 880)
-	-	-	-	(3 442)	-	-	-
-	-	-	-	(10 448)	-	-	-
-	-	-	-	(8 251)	-	-	-
108 183	111 348	4 808 179	83 864	(13 328)	612 642	146 368	5 263 389

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2017

36. RISK MANAGEMENT

Changing market conditions expose the Group to various financial risks, including interest rate, credit and liquidity risks.

Although the Group does not trade in financial instruments for speculative purposes, it does utilise derivative instruments to manage exposure to some of these risks.

The Group finances its operations through a mixture of retained profits, bank borrowings and long-term borrowings.

There have been no significant changes during the year to the types of financial risks the Group is exposed to nor to the measurement and management of these risks.

The Board, through the ARC, is responsible for the Group risk management.

The duties mandated by the Board relating to the ARC are detailed in the report of the ARC.

The Investment Committee meets frequently to consider new opportunities for the Group, including credit and interest risk relating to such opportunities and related financing structures.

Interest rate swap derivative

The Group has entered into interest rate swap contracts that entitle or obligate it to receive interest at a fixed rate on notional principal amounts and entitle or obligate it to pay interest at a variable rate on the same notional principal amounts. Under these agreements the Group agrees with the counterparty to exchange at predetermined intervals the difference between the fixed and variable interest amounts calculated on the notional principal amounts.

The interest rate swap derivatives has been valued using a market quoted swap curve as at 30 June 2017. This is consistent with the prior year.

The interest rate swap has been recognised in terms of IAS 39 *Financial Instruments: Recognition and Measurement*, which requires that interest rate swaps be fair valued and mark to market at each reporting date.

Interest rate swaps exposed to credit risk as at 30 June 2017 are detailed in note 14.

Interest rate risk

The Group's policy is to manage interest rate risk so that fluctuations in variable rates do not have a material impact on profit and loss.

The Group makes use of interest rate derivatives and fixed rate borrowings to hedge its exposure to interest rate fluctuations. Refer to notes 14 and 21.

To hedge the fair value risk of fixed interest liabilities, the Group uses interest rate swaps and fixes, thus hedging the fair value of the financial liabilities.

It is the policy of the Group to enter into interest rate swap and fixed interest rate agreements with financial institutions to the extent that not less than 70% of its mortgaged liabilities are held at fixed interest rates (refer to note 21). At 30 June 2017, 88% (30 June 2016: 81%) of borrowings were hedged and fixed.

The Group's exposure to fair value interest rate risk and cash flow risk can be summarised as follows:

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Borrowings				
Bank borrowings at fixed rates and hedged	9 306 771	9 285 136	-	495 473
Bank borrowings at variable rates	1 279 674	2 172 384	3 397	16 931
Loans at variable rates	137 145	109 400	-	-
Interest rate swaps linked to JIBAR and prime rates (at fair value)	164 696	50 705	13 992	968
Total	10 888 286	11 617 625	17 389	513 372
The estimated impact of a 100 basis points increase in interest rates would have the following before tax impact on the profits of the Group	15 815	23 325	174	179

36. RISK MANAGEMENT (CONTINUED)**Liquidity risk**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group ensures that adequate funds are available to meet its expected and unexpected financial commitments through surplus funds deposited at financial institutions and undrawn borrowing facilities. In some cases certain short-term liabilities will be settled as part of predetermined approved structured deals.

The Group's contractual maturity on non-derivative financial liabilities, based on undiscounted cash flows at year end are as follows:

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Less than one year				
Long-term borrowings	2 279 802	265 276	3 397	17 326
Other financial liabilities	137 145	109 400	-	-
Trade and other payables	501 380	557 662	5 866	16 789
Loans from associates	-	2 880	-	2 880
Loans from subsidiaries	-	-	8 076	58 059
Cash-settled share-based payments	1 684	5 172	-	-
Finance lease obligation	1 554	1 438	-	-
Non-current liabilities directly associated with assets held for sale	330 533	747 023	-	-
Total	3 252 098	1 688 851	17 339	95 054
Between one and five years				
Long-term borrowings	6 303 294	8 220 250	-	185 056
Other financial liabilities	164 696	50 705	13 992	968
Finance lease obligation	7 561	7 001	-	-
Cash-settled share-based payments	1 496	787	-	-
Total	6 477 047	8 278 743	13 992	186 024
Over five years				
Long-term borrowings	1 672 816	2 224 971	-	310 022
Finance lease obligation	74 035	69 306	-	-
Total	1 746 851	2 294 277	-	310 022
Total	11 475 996	12 261 871	31 331	591 100

Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a financial loss to the Group.

The Group's cash and cash equivalents are placed with high credit quality financial institutions. Credit risk in respect of trade receivables is limited due to the spread of the customer base and credit approval processes.

The Group's exposure to credit risk is primarily in respect of tenants and is influenced by the individual characteristics and risk profile of each tenant. The exposure to credit risk from tenants is mitigated by the spread of the tenant base. The granting of credit to tenants are made on application and is approved by the finance department and the property managers based on their credit assessment of new and existing tenants. Tenants are required to supply refundable lease deposits and/or bank guarantees and/or suretyships by their principals. As at 30 June 2017, the Group did not consider there to be any significant concentration of credit risk which has not been insured or adequately provided for. In providing for impairments on tenant accounts, the Group takes cognisance of guarantees delivered by tenants and/or their bankers as well as unencumbered assets of tenants and their principals which may be attached.

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2017

36. RISK MANAGEMENT (CONTINUED)

Credit risk (continued)

The Group has some exposure in respect of loans granted where collateral has been requested. The financial position of the counterparties is considered when granting the loans and is also evaluated on an ongoing basis.

The carrying amounts of financial assets included in the statement of financial position represent the maximum exposure to credit risk in respect of these assets. The maximum credit exposure of interest rate swaps is represented by the fair value of these contracts.

Refer to note 12 for an analysis of the Group's trade receivables ageing, overdue accounts and impairments.

Insurance risk

The Group is exposed to insurance risk primarily on its investment properties. The Group has insured all its properties at estimated replacement values and against loss of income as a result of disrupted operations.

Foreign currency risk

The Group is exposed to foreign exchange risks in the following investments:

- asset swap agreement with Investec Securities relating to the acquisition of its investment in Stenham, of which the exposure is denominated in Euro;
- investment in Bishopsgate, of which the exposure is denominated in Euro and British Pound;
- investment in MAS, of which the exposure is denominated in Euro;
- investment in AIH International, of which the exposure is denominated in US Dollar and Euro;
- investment in AttAfrica, of which the exposure is denominated in US Dollar;
- investment in Atterbury Cyprus, of which the exposure is denominated in Euro;
- investment in Gruppo, of which the exposure is denominated in US Dollar;
- investment in Artisan Development and Artisans Southport, of which the exposure is denominated in British Pound;
- investment in Atterbury Serbia, of which the exposure is denominated in Euro; and
- investment in Grove Mall, of which the exposure is denominated in Namibian Dollar.

The Group's exposure is managed by diversifying its investments into various currency zones.

The Group's most significant exposure to fluctuations in the foreign exchange rates are attributable to:

- the Group's investment in MAS denominated in Euro; and
- the Group's loans to the foreign associates (through wholly owned subsidiary AIH International) denominated in US Dollar.

36. RISK MANAGEMENT (CONTINUED)
Foreign currency risk (continued)

The impact of a change in the exchange rates on the NAV of the Group is as follows:

	GROUP	
	2017 R'000	2016 R'000
A decrease of R1.00 to the US Dollar	(13 607)	(95 936)
An increase of R1.00 to the US Dollar	13 607	95 936
A decrease of R1.00 to the Euro	(182 846)	(165 886)
An increase of R1.00 to the Euro	182 846	165 886

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2016.

The capital structure of the Group consists of net debt (borrowings as detailed in note 21 offset by cash and bank as detailed in note 17) and equity of the Group (comprising issued capital, reserve, retained earnings and non-controlling interests as detailed in notes 9.1 and 19).

The Group is not subject to any externally imposed capital requirements.

The Board monitors the debt-equity ratio on an ongoing basis to achieve optimal value to the shareholders.

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2017

37. FINANCIAL INSTRUMENTS

Categories of financial instruments

ASSETS

Non-current assets

Property and equipment
Investment property
Straight-line lease debtor
Deferred initial lease expenditure
Intangible assets
Goodwill
Investment in associates and joint ventures
Other investments
Deferred tax assets
Other financial assets

Current assets

Taxation receivable
Trade and other receivables
Inventory
Other financial assets – current
Loans to associates and joint ventures
Cash and cash equivalents
Non-current assets held for sale

Total assets

LIABILITIES

Non-current liabilities

Long-term borrowings
Other financial liabilities
Cash-settled share-based payments
Finance lease obligation
Deferred tax liabilities

Current liabilities

Long-term borrowings
Other financial liabilities
Taxation payable
Cash-settled share-based payments
Trade and other payables
Provisions
Non-current liabilities associated with non-current assets held for sale

Total liabilities

Note	GROUP 2017						
	Total R'000	Cash R'000	At fair value through profit or loss R'000	Loans and receivables at amortised cost R'000	Available- for-sale financial assets R'000	Financial liabilities at amortised cost R'000	Equity and non-financial instruments R'000
4	52 272	-	-	-	-	-	52 272
5	19 735 365	-	-	-	-	-	19 735 365
	801 496	-	-	-	-	-	801 496
	7 666	-	-	-	-	-	7 666
6	290 539	-	-	-	-	-	290 539
7	67 774	-	-	-	-	-	67 774
8	3 153 392	-	-	-	-	-	3 153 392
10	11 941	-	-	-	11 941	-	-
11	3 329	-	-	-	-	-	3 329
14	304 368	-	15 884	288 484	-	-	-
	951	-	-	-	-	-	951
12	174 623	-	-	166 246	-	-	8 377
13	25 278	-	-	-	-	-	25 278
14	193 590	-	-	193 590	-	-	-
15	1 250 278	-	-	1 250 278	-	-	-
17	447 846	447 846	-	-	-	-	-
18	801 483	-	-	-	-	-	801 483
	27 322 191	447 846	15 884	1 898 598	11 941	-	24 947 922
21	7 976 110	-	-	-	-	7 976 110	-
14	164 696	-	164 696	-	-	-	-
20	1 496	-	-	-	-	-	1 496
22	83 150	-	-	-	-	83 150	-
11	1 932 140	-	-	-	-	-	1 932 140
21	2 279 802	-	-	-	-	2 279 802	-
14	137 145	-	588	-	-	136 557	-
	7 665	-	-	-	-	-	7 665
20	1 684	-	-	-	-	-	1 684
23	501 380	-	-	-	-	494 485	6 895
24	2 777	-	-	-	-	-	2 777
18	330 533	-	-	-	-	330 533	-
	13 418 578	-	165 284	-	-	11 300 637	1 952 657

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2017

37. FINANCIAL INSTRUMENTS (CONTINUED)

Categories of financial instruments

ASSETS

Non-current assets

Property and equipment
Investment property
Straight-line lease debtor
Deferred initial lease expenditure
Intangible assets
Goodwill
Investment in associates
Other investments
Deferred tax assets
Other financial assets

Current assets

Taxation receivable
Trade and other receivables
Other financial assets
Loans to associates
Cash and cash equivalents
Non-current assets held for sale

Total assets

LIABILITIES

Non-current liabilities

Long-term borrowings
Other financial liabilities
Cash-settled share-based payments
Finance lease obligation
Deferred tax liabilities

Current liabilities

Long-term borrowings
Other financial liabilities
Loans from associates
Taxation payable
Cash-settled share-based payments
Trade and other payables
Provisions
Non-current liabilities associated with non-current assets held for sale

Total liabilities

GROUP 2016							
Note	Total R'000	Cash R'000	At fair value through profit or loss R'000	Loans and receivables at amortised cost R'000	Available- for-sale financial assets R'000	Financial liabilities at amortised cost R'000	Equity and non-financial instruments R'000
4	33 925	-	-	-	-	-	33 925
5	18 043 192	-	-	-	-	-	18 043 192
	600 849	-	-	-	-	-	600 849
	6 539	-	-	-	-	-	6 539
6	312 599	-	-	-	-	-	312 599
7	67 774	-	-	-	-	-	67 774
8	3 126 328	-	-	-	-	-	3 126 328
10	408 339	-	-	-	408 339	-	-
11	24 627	-	-	-	-	-	24 627
14	222 651	-	38 428	184 223	-	-	-
	2 411	-	-	-	-	-	2 411
12	290 579	-	-	195 182	-	-	95 397
14	100 266	-	145	100 121	-	-	-
15	2 302 472	-	-	2 302 472	-	-	-
17	437 281	437 281	-	-	-	-	-
18	1 649 845	-	-	-	-	-	1 649 845
	27 629 677	437 281	38 573	2 781 998	408 339	-	23 963 486
21	10 445 221	-	-	-	-	10 445 221	-
14	50 705	-	50 705	-	-	-	-
20	787	-	-	-	-	-	787
22	77 745	-	-	-	-	77 745	-
11	1 892 145	-	-	-	-	-	1 892 145
21	265 276	-	-	-	-	265 276	-
14	109 400	-	427	-	-	108 973	-
15	2 880	-	-	-	-	2 880	-
	2 260	-	-	-	-	-	2 260
20	5 172	-	-	-	-	-	5 172
23	557 662	-	-	-	-	552 939	4 723
24	2 081	-	-	-	-	-	2 081
18	747 023	-	-	-	-	747 023	-
	14 158 357	-	51 132	-	-	12 200 057	1 907 168

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2017

37. FINANCIAL INSTRUMENTS (CONTINUED)

Categories of financial instruments

ASSETS

Non-current assets

Investment in associates and joint ventures

Investment in subsidiaries

Other investments

Loans to subsidiaries

Other financial assets

Current assets

Trade and other receivables

Other financial assets

Loans to associates and joint ventures

Loans to subsidiaries

Cash and cash equivalents

Non-current assets held for sale

Total assets

LIABILITIES

Non-current liabilities

Other financial liabilities

Deferred tax liabilities

Current liabilities

Long-term borrowings

Loans from subsidiaries

Taxation payable

Trade and other payables

Total liabilities

Note	COMPANY 2017						
	Total R'000	Cash R'000	At fair value through profit or loss R'000	Loans and receivables at amortised cost R'000	Available- for-sale financial assets R'000	Financial liabilities at amortised cost R'000	Equity and non-financial instruments R'000
8	3 457 313	-	-	-	3 457 313	-	-
9	7 040 159	-	-	-	7 040 159	-	-
10	488	-	-	-	488	-	-
16	178 001	-	-	178 001	-	-	-
14	2 643	-	-	2 643	-	-	-
12	2 237	-	-	2 237	-	-	-
14	59 054	-	-	59 054	-	-	-
15	5 605	-	-	5 605	-	-	-
16	4 572 652	-	-	4 572 652	-	-	-
17	17 914	17 914	-	-	-	-	-
18	159 948	-	-	-	-	-	159 948
	15 496 014	17 914	-	4 820 192	10 497 960	-	159 948
14	13 992	-	13 992	-	-	-	-
11	1 120 075	-	-	-	-	-	1 120 075
21	3 397	-	-	-	-	3 397	-
16	8 076	-	-	-	-	8 076	-
	5 700	-	-	-	-	-	5 700
23	5 866	-	-	-	-	5 866	-
	1 157 106	-	13 992	-	-	17 339	1 125 775

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2017

37. FINANCIAL INSTRUMENTS (CONTINUED)

Categories of financial instruments

ASSETS

Non-current assets

Investment in associates and joint ventures
Investment in subsidiaries
Other investments
Loans to subsidiary
Other financial assets

Current assets

Trade and other receivables
Other financial assets
Loans to associates and joint ventures
Loans to subsidiaries – current
Cash and cash equivalents
Non-current assets held for sale

Total assets

LIABILITIES

Non-current liabilities

Long-term borrowings
Other financial liabilities
Deferred tax liabilities

Current liabilities

Long-term borrowings
Loans from associates
Loans from subsidiaries
Taxation payable
Trade and other payables

Total liabilities

GROUP 2016							
Note	Total R'000	Cash R'000	At fair value through profit or loss R'000	Loans and receivables at amortised cost R'000	Available- for-sale financial assets R'000	Financial liabilities at amortised cost R'000	Equity and non-financial instruments R'000
8	3 139 670	-	-	-	3 139 670	-	-
9	6 481 046	-	-	-	6 481 046	-	-
10	307 408	-	-	-	307 408	-	-
16	1 905 750	-	-	1 905 750	-	-	-
14	55 162	-	968	54 194	-	-	-
12	8 668	-	-	8 405	-	-	263
14	10 072	-	-	10 072	-	-	-
15	51 455	-	-	51 455	-	-	-
16	3 253 364	-	-	3 253 364	-	-	-
17	213 658	213 658	-	-	-	-	-
18	55 106	-	-	-	-	-	55 106
	15 481 359	213 658	968	5 283 240	9 928 124	-	55 369
21	495 078	-	-	-	-	495 078	-
14	968	-	968	-	-	-	-
11	1 063 804	-	-	-	-	-	1 063 804
21	17 326	-	-	-	-	17 326	-
15	2 880	-	-	-	-	2 880	-
16	58 059	-	-	-	-	58 059	-
	1 008	-	-	-	-	-	1 008
23	16 789	-	-	-	-	16 789	-
	1 655 912	-	968	-	-	590 132	1 064 812

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2017

38. FAIR VALUE MEASUREMENTS

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

Fair values of the Group's financial assets and financial liabilities are measured at fair value on a recurring basis.

	Note	GROUP		COMPANY	
		2017 R'000	2016 R'000	2017 R'000	2016 R'000
Investment property	5				
▪ Level 3		19 735 365	18 043 192	-	-

The fair value of investment property is determined using the following techniques:

- development rights – residual land valuation method;
- land – residual land valuation method;
- developments under construction – discounted cash flow methodology; and
- completed developments – discounted cash flow methodology.

Future cash flows used in determining the discounted cash flows are determined with reference to the signed leases between the Group and tenants. Discount, capitalisation and vacancy rates used in the estimate are determined by independent experts.

	Note	GROUP		COMPANY	
		2017 R'000	2016 R'000	2017 R'000	2016 R'000
Non-current assets held for sale	18				
Level 2		575 760	876 608	-	-
Level 3		225 723	773 237	159 948	55 106
Total		801 483	1 649 845	159 948	55 106

The fair value of non-current assets held for sale is determined using the following techniques:

- completed developments (level 2) – using the contractual selling prices for the related properties; and
- completed developments – discounted cash flow methodology.

Future cash flows used in determining the discounted cash flows are determined with reference to the signed leases between the Group and tenants. Discount, capitalisation and vacancy rates used in the estimate are determined by independent experts.

The fair value of other investments is determined with reference to the net asset value of the underlying investment.

There are no unobservable inputs identifiable that would have a significant impact on the fair value of the other investments.

	Note	GROUP		COMPANY	
		2017 R'000	2016 R'000	2017 R'000	2016 R'000
Investment in subsidiaries	9				
Level 3		-	-	7 040 159	6 481 046

The fair value of investments in subsidiaries is determined with reference to the net asset value of the underlying subsidiary.

There are no unobservable inputs identifiable that would have a significant impact on the fair value of the investments in subsidiaries.

Refer to note 9 for the detailed analysis of the investment in subsidiaries balances.

38. FAIR VALUE MEASUREMENTS (CONTINUED)

	Note	GROUP		COMPANY	
		2017 R'000	2016 R'000	2017 R'000	2016 R'000
Investment in associates and joint ventures	8				
Level 3		3 153 392	3 126 328	55 535	57 592
Level 1		-	-	3 401 778	3 082 078
Total		3 153 392	3 126 328	3 457 313	3 139 670

The fair value of the Group's investments in associates and joint ventures is determined with reference to the net asset value of the underlying associates and joint ventures.

The fair value of the Company's investments in associates and joint ventures is determined with reference to the net asset value of the underlying associates and joint ventures, except for the investment in MAS which is determined based on the quoted share price.

There are no unobservable inputs identifiable that would have a significant impact on the fair value of the investments in associates and joint ventures.

Refer to note 8 for the detailed analysis of the investment in associates and joint ventures balances.

	Note	GROUP		COMPANY	
		2017 R'000	2016 R'000	2017 R'000	2016 R'000
Other investments	10				
Level 3		11 941	408 339	488	307 408

The fair value of other investments is determined with reference to the net asset value of the underlying investment.

There are no unobservable inputs identifiable that would have a significant impact on the fair value of the other investments.

Refer to note 10 for the detailed analysis of the other investment balances.

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2017

38. FAIR VALUE MEASUREMENTS (CONTINUED)

	Note	GROUP		COMPANY	
		2017 R'000	2016 R'000	2017 R'000	2016 R'000
Other financial assets (liabilities)	14				
Other financial assets					
▪ Level 2		15 884	38 573	-	968
▪ Level 3		482 074	284 344	61 697	64 266
Other financial liabilities					
▪ Level 2		(165 284)	(51 132)	(13 992)	(968)
▪ Level 3		(136 557)	(108 973)	-	-
Total		196 117	162 812	47 705	64 266

The fair value of derivative financial instruments included in other financial assets and liabilities is determined annually as the difference in the net present value of future cash flows on the mortgage bond at the floating and fixed rates. The difference is recognised as an asset or liability.

Future cash flows used in determining the discounted cash flows are determined with reference to forward interest rates from observable yield curves at the end of the reporting period, and contract interest rates, discounted at rates that reflect the credit risk of various counterparties.

During the current year, there has been no movement relating to fair value hierarchy with respect to the other financial assets and liabilities listed above.

Refer to note 14 for a reconciliation of the financial assets and liabilities.

	Note	GROUP		COMPANY	
		2017 R'000	2016 R'000	2017 R'000	2016 R'000
Loans receivable (payable)					
Loans to associates and joint ventures	15				
Level 3		1 250 278	2 302 472	5 605	51 455
Loans from associates	15				
Level 3		-	(2 880)	-	(2 880)
Loans to subsidiaries	16				
Level 3		-	-	178 001	1 905 750
Loans to subsidiaries - current	16				
Level 3		-	-	4 572 652	3 253 364
Loans from subsidiaries - current	16				
Level 3		-	-	(8 076)	(58 059)
Trade and other receivables (payables)					
Trade and other receivables	12				
Level 3		166 246	195 182	2 237	8 405
Trade and other payables	23				
Level 3		(494 485)	(552 939)	(5 866)	(16 789)

The fair value of the above loans receivable, loans payable, trade and other receivables, and trade and other payables are designated as level 3.

The carrying amounts of the balances are deemed by the Directors to approximate their fair values. The fair value of balances is determined with reference to the carrying value and the net asset value of the underlying investments.

Refer to the relevant notes as indicated above for a detailed analysis of the balances.

39. SEGMENTAL REPORTING

			GROUP 2017			
	Primary GLA m²	Region	Investment property R'000	Other assets R'000	Total assets R'000	Total liabilities R'000
Business segment						
South Africa						
Office and mixed-use						
Brooklyn Bridge Office Park®	23 525	Gauteng	525 735	37 345	563 080	343 605
Lynnwood Bridge offices	27 613	Gauteng	859 473	89 055	948 528	449 187
Aurecon building	19 104	Gauteng	673 537	116 227	789 764	465 766
Newtown Junction offices	31 132	Gauteng	645 869	46 711	692 580	581 707
Majestic offices	8 913	Gauteng	132 940	13 982	146 922	116 865
PwC Sunninghill	29 806	Gauteng	289 735	2 249	291 984	381 134
Waterfall – Cell C Campus	43 890	Gauteng	831 089	157 189	988 278	19 816
Waterfall – Group Five	28 261	Gauteng	595 727	75 642	671 369	363 370
Waterfall – Maxwell Office Park*	18 423	Gauteng	525 062	33 192	558 254	248 967
Waterfall – Allandale building	15 359	Gauteng	414 839	6 495	421 334	240 790
Waterfall – Novartis	7 982	Gauteng	220 259	14 469	234 728	131 619
Total office and mixed-use			5 714 265	592 556	6 306 821	3 342 826
Retail						
Glenfair Boulevard Shopping Centre	15 951	Gauteng	455 501	19 151	474 652	215 500
Lynnwood Bridge Retail	11 378	Gauteng	346 552	32 120	378 672	178 621
Newtown Junction Retail	33 653	Gauteng	601 929	50 900	652 829	632 769
Garden Route Mall	53 813	Western Cape	1 318 172	35 383	1 353 555	711 582
Brooklyn Mall#	18 656	Gauteng	736 390	14 774	751 164	403 314
MooiRivier Mall	49 696	North West	1 128 318	22 910	1 151 228	624 772
Eikestad Mall Precinct^	37 872	Western Cape	838 609	51 597	890 206	475 152
Waterfall – Mall of Africa^	99 770	Gauteng	4 138 982	239 469	4 378 451	1 641 101
Waterfall – Waterfall Corner	9 582	Gauteng	212 747	12 514	225 261	7 778
Waterfall – Waterfall Lifestyle	7 139	Gauteng	119 183	16 843	136 026	86 392
Total retail			9 896 383	495 661	10 392 044	4 976 981
Light industrial						
Waterfall – Massbuild distribution centre	46 573	Gauteng	283 776	48 515	332 291	214 909
Waterfall – Torre	9 327	Gauteng	129 905	2 975	132 880	73 781
Waterfall – Dimension Data	8 291	Gauteng	85 581	2 760	88 341	60 424
Waterfall – Amrod	37 937	Gauteng	370 869	7 995	378 864	278 728
Total light industrial			870 131	62 245	932 376	627 842
Hotel						
Newtown Junction City Lodge	5 828	Gauteng	110 701	4 758	115 459	89 161
Lynnwood Bridge City Lodge	7 946	Gauteng	191 466	10 994	202 460	90 573
Waterfall – City Lodge	5 744	Gauteng	105 073	6 493	111 566	52 749
Total hotel			407 240	22 245	429 485	232 483
Subtotal carried forward			16 888 019	1 172 707	18 060 726	9 180 132

25% undivided share.

* 50% undivided share.

^ 80% undivided share.

® Held for sale (refer to note 18).

Investment properties amounting to R575.8 million were classified as held for sale (refer to note 18).

Primary GLA disclosed above at Attacq's effective GLA.

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2017

39. SEGMENTAL REPORTING (CONTINUED)

	Primary GLA m ²	Region	GROUP 2017			
			Investment property R'000	Other assets R'000	Total assets R'000	Total liabilities R'000
Business segment						
South Africa						
Office and mixed-use						
Subtotal brought forward			16 888 019	1 172 707	18 060 726	9 180 132
Vacant land						
Le Chateau		North West	5 000	-	5 000	2 248
Waterfall – development rights ⁺		Gauteng	1 081 968	-	1 081 968	-
Waterfall – infrastructure and services ⁺		Gauteng	737 172	15	737 187	23 568
Total vacant land			1 824 140	15	1 824 155	25 816
Developments						
Waterfall – PwC Tower and PwC Annex**	33 917	Gauteng	1 027 098	256 360	1 283 458	1 046 905
Waterfall – Gateway West building	13 405	Gauteng	291 787	-	291 787	16 714
Waterfall – BMW	31 987	Gauteng	206 448	-	206 448	27 880
Waterfall – Waterfall Point	9 584	Gauteng	-	25 278	25 278	-
Waterfall – Corporate Campus*	2 920	Gauteng	28 024	1	28 025	7 544
Waterfall – K101 Warehouse	8 523	Gauteng	45 609	-	45 609	22 033
Total developments			1 598 966	281 639	1 880 605	1 121 076
Total South Africa			20 311 125	1 454 361	21 765 486	10 327 024
International						
MAS		Europe	-	2 729 308	2 729 308	-
AttAfrica		Africa	-	776 246	776 246	897 415
SESCF		Europe	-	197 677	197 677	-
Gruppo (Ikeja Mall)		Africa	-	286 504	286 504	199 528
Grove Mall		Africa	-	184 085	184 085	-
Other international		Various	-	147 114	147 114	3 225
Total international			-	4 320 934	4 320 934	1 100 168
Head office						
Head office/other			-	1 235 771	1 235 771	1 991 386
Assets held for sale (refer to note 18)			(575 760)	575 760	-	-
Total head office			(575 760)	1 811 531	1 235 771	1 991 386
Total			19 735 365	7 586 826	27 322 191	13 418 578

* 50% undivided share.

** 75% undivided share.

+ Includes portion held for sale (refer to note 18).

Investment properties amounting to R575.8 million were classified as held for sale (refer to note 18).

Primary GLA disclosed above at Attacq's effective GLA.

39. SEGMENTAL REPORTING (CONTINUED)

			GROUP 2016			
	Primary GLA m ²	Region	Investment property R'000	Other assets R'000	Total assets R'000	Total liabilities R'000
Business segment						
South Africa						
Office and mixed-use						
Brooklyn Bridge Office Park [@]	23 525	Gauteng	636 999	11 361	648 360	340 143
Lynnwood Bridge offices	27 618	Gauteng	825 629	106 148	931 777	448 329
Aurecon building	19 104	Gauteng	662 560	106 752	769 312	488 111
Newtown Junction offices	29 911	Gauteng	626 693	43 737	670 430	473 943
Majestic offices	8 913	Gauteng	132 510	8 533	141 043	111 356
PwC Sunninghill	25 525	Gauteng	345 199	5 681	350 880	394 881
Waterfall – Altech building*	2 113	Gauteng	43 944	5 542	49 486	19 495
Waterfall – Cell C Campus	43 890	Gauteng	794 486	121 242	915 728	519 713
Waterfall – Group Five	25 782	Gauteng	562 318	50 567	612 885	374 339
Waterfall – Maxwell Office Park*	18 424	Gauteng	486 240	40 209	526 449	236 090
Waterfall – Novartis	7 982	Gauteng	207 963	8 542	216 505	152 575
Total office and mixed-use			5 324 541	508 314	5 832 855	3 558 975
Retail						
Glenfair Boulevard Shopping Centre	15 927	Gauteng	419 044	13 856	432 900	210 683
Lynnwood Bridge Retail	11 378	Gauteng	335 267	12 686	347 953	172 709
Newtown Junction Retail	33 653	Gauteng	637 826	27 681	665 507	722 087
Garden Route Mall	53 015	Western Cape	1 247 711	30 971	1 278 682	776 178
Brooklyn Mall [#]	18 689	Gauteng	740 972	26 049	767 021	436 623
MooiRivier Mall	49 054	North West	1 106 356	33 317	1 139 673	680 223
Andringa Walk [^]	10 595	Western Cape	182 908	10 743	193 651	113 508
Eikestad Mall [^]	25 678	Western Cape	573 031	29 075	602 106	348 502
Mill Square [^]	3 562	Western Cape	96 044	3 185	99 229	52 019
Waterfall – Mall of Africa [^]	98 678	Gauteng	3 730 216	234 615	3 964 831	1 839 370
Waterfall – Waterfall Corner	9 415	Gauteng	204 741	10 805	215 546	78 923
Waterfall – Waterfall Lifestyle	7 139	Gauteng	116 153	11 363	127 516	87 391
Total retail			9 390 269	444 346	9 834 615	5 518 216

25% undivided share.

* 50% undivided share.

^ 80% undivided share.

@ Held for sale (refer to note 18).

Investment properties amounting to R575.8 million were classified as held for sale (refer to note 18).

Primary GLA disclosed above at Attacq's effective GLA.

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2017

39. SEGMENTAL REPORTING (CONTINUED)

			GROUP 2016			
	Primary GLA m ²	Region	Investment property R'000	Other assets R'000	Total assets R'000	Total liabilities R'000
Business segment						
South Africa (continued)						
Light industrial						
Waterfall – Angel Shack®	4 652	Gauteng	36 692	768	37 460	9 955
Waterfall – Medtronic®	12 060	Gauteng	137 800	5 602	143 402	87 732
Waterfall – Cummins*®	10 504	Gauteng	94 740	906	95 646	61 307
Waterfall – Dräger®	5 027	Gauteng	75 294	397	75 691	44 618
Waterfall – Massbuild distribution centre	36 803	Gauteng	256 380	40 146	296 526	208 907
Waterfall – Westcon®	8 087	Gauteng	106 068	1 681	107 749	68 248
Waterfall – Hilti®	3 948	Gauteng	59 276	709	59 985	31 007
Waterfall – Servest®	6 650	Gauteng	157 013	392	157 405	88 225
Waterfall – Stryker®	3 220	Gauteng	61 314	777	62 091	37 195
Total light industrial			984 577	51 378	1 035 955	637 194
Hotel						
Newtown Junction City Lodge	5 828	Gauteng	109 484	2 352	111 836	88 821
Lynnwood Bridge City Lodge	7 946	Gauteng	180 838	379	181 217	89 983
Waterfall – City Lodge	5 744	Gauteng	94 526	3 403	97 929	52 949
Total hotel			384 848	6 134	390 982	231 753
Subtotal carried forward			16 084 235	1 010 172	17 094 407	9 946 138

25% undivided share.

* 50% undivided share.

^ 80% undivided share.

[@] Held for sale (refer to note 18).

Investment properties amounting to R575.8 million were classified as held for sale (refer to note 18).

Primary GLA disclosed above at Attacq's effective GLA.

39. SEGMENTAL REPORTING (CONTINUED)

	Primary GLA m ²	Region	GROUP 2016			
			Investment property R'000	Other assets R'000	Total assets R'000	Total liabilities R'000
Business segment						
South Africa (continued)						
Subtotal brought forward			16 084 235	1 010 172	17 094 407	9 946 138
Vacant land						
Le Chateau		North West	5 000	1	5 001	2 248
Waterfall – development rights*		Gauteng	1 174 018	4	1 174 022	-
Waterfall – infrastructure and services*		Gauteng	1 115 750	29	1 115 779	283 332
Total vacant land			2 294 768	34	2 294 802	285 580
Developments						
Newtown – Carr Street	-	Gauteng	27 577	-	27 577	159
Waterfall – Dimension Data	8 230	Gauteng	59 345	-	59 345	24 477
Waterfall – Allandale building	14 670	Gauteng	322 095	-	322 095	79 698
Waterfall – PwC Tower and PwC Annex**	33 917	Gauteng	463 401	90 800	554 201	384 087
Waterfall – Amrod	38 455	Gauteng	261 942	-	261 942	130 405
Waterfall – Torre	8 910	Gauteng	78 301	6 044	84 345	34 237
Total developments			1 212 661	96 844	1 309 505	653 063
Total South Africa			19 591 664	1 107 050	20 698 714	10 884 781
International						
MAS		Europe	-	2 722 460	2 722 460	-
Atterbury Cyprus		Europe	-	891 980	891 980	-
AttAfrica		Africa	-	877 374	877 374	863 994
SESCF		Europe	-	380 803	380 803	-
Atterbury Serbia		Europe	-	367 055	367 055	332 818
Gruppo		Africa	-	326 652	326 652	1 901
Grove Mall		Africa	-	163 049	163 049	-
Other international		Various	-	104 396	104 396	27
Total international			-	5 833 769	5 833 769	1 198 740
Head office						
Head office/other			-	1 097 194	1 097 194	2 074 836
Assets held for sale (refer to note 18)			(1 548 472)	1 548 472	-	-
Total head office			(1 548 472)	2 645 666	1 097 194	2 074 836
Total			18 043 192	9 586 485	27 629 677	14 158 357

** 75% undivided share.

* Includes portion held for sale (refer to note 18).

Investment properties amounting to R575.8 million were classified as held for sale (refer to note 18).

Primary GLA disclosed above at Attacq's effective GLA.

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2017

39. SEGMENTAL REPORTING (CONTINUED)

	Primary GLA m ²	Region
Business segment		
South Africa		
Office and mixed-use		
Brooklyn Bridge Office Park	23 525	Gauteng
Lynnwood Bridge offices	27 613	Gauteng
Aurecon building	19 104	Gauteng
Newtown Junction offices	31 132	Gauteng
Majestic offices	8 913	Gauteng
PwC Sunninghill	29 806	Gauteng
Waterfall – Altech building*	2 113	Gauteng
Waterfall – Cell C Campus	43 890	Gauteng
Waterfall – Group Five	28 261	Gauteng
Waterfall – Maxwell Office Park*	18 423	Gauteng
Waterfall – Allandale building	15 359	Gauteng
Waterfall – Novartis	7 982	Gauteng
Total office and mixed-use		
Retail		
Glenfair Boulevard Shopping Centre	15 951	Gauteng
Lynnwood Bridge Retail	11 378	Gauteng
Newtown Junction Retail	33 653	Gauteng
Garden Route Mall	53 813	Western Cape
Brooklyn Mall [#]	18 656	Gauteng
MooiRivier Mall	49 696	North West
Eikestad Mall Precinct [^]	37 872	Western Cape
Waterfall – Mall of Africa [^]	99 770	Gauteng
Waterfall – Waterfall Corner	9 582	Gauteng
Waterfall – Waterfall Lifestyle	7 139	Gauteng
Total retail		
Subtotal carried forward		

[#] 25% undivided share.^{*} 50% undivided share.[^] 80% undivided share.

Primary GLA disclosed above at Attacq's effective GLA.

	GROUP 2017							Total comprehen- sive income (loss) for the year R'000
	Revenue (including straight- line rental adjustment) R'000	Straight- line rental adjustment R'000	Fair value adjustments R'000	Interest income R'000	Finance cost R'000	Profit (loss) before tax R'000	Income tax R'000	
	79 533	(847)	(84 684)	205	(33 989)	(67 812)	14 273	(53 539)
	112 685	11 655	21 958	8	(41 304)	59 686	(11 707)	47 979
	99 187	8 828	10 880	54	(47 339)	41 982	(11 146)	30 836
	80 955	13 222	19 178	136	(57 277)	25 707	(2 422)	23 285
	19 460	2 868	432	83	(490)	11 653	(2 436)	9 217
	45 861	(1 503)	(55 464)	90	(35 453)	(45 149)	(10 972)	(56 121)
	1 097	(5 056)	6 073	15	(1 952)	6 517	(2 900)	3 617
	127 477	33 582	32 203	148	(47 922)	82 813	(11 735)	71 078
	77 940	17 345	33 410	155	(36 839)	57 417	(9 349)	48 068
	59 250	6 919	24 236	52	(25 099)	40 137	(7 717)	32 420
	27 696	5 823	52 372	-	(17 465)	53 055	(10 118)	42 937
	28 199	4 990	8 211	22	(14 330)	12 091	(1 312)	10 779
	759 340	97 826	68 805	968	(359 459)	278 097	(67 541)	210 556
	58 124	1 545	30 438	242	(19 218)	42 411	(9 560)	32 851
	47 453	1 716	4 323	357	(15 441)	10 136	(1 924)	8 212
	81 525	4 997	(40 202)	1 188	(67 880)	(63 755)	17 059	(46 696)
	152 651	7 538	42 214	602	(68 693)	60 338	(12 009)	48 329
	77 300	(289)	(18 909)	(88)	(39 137)	(13 972)	3 069	(10 903)
	122 731	(5 560)	13 433	150	(60 363)	21 710	(6 426)	15 284
	109 939	11 095	16 104	227	(45 434)	37 228	(6 071)	31 157
	444 953	47 136	287 160	7 263	(163 374)	412 180	(84 996)	327 184
	30 378	1 472	5 496	299	(14 749)	(2 564)	1 438	(1 126)
	21 143	4 740	3 030	18	(9 390)	5 938	(166)	5 772
	1 146 197	74 390	343 087	10 258	(503 679)	509 650	(99 586)	410 064
	1 905 537	172 216	411 892	11 226	(863 138)	787 747	(167 127)	620 620

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2017

39. SEGMENTAL REPORTING (CONTINUED)

	Primary GLA m ²	Region
Subtotal brought forward		
Business segment		
South Africa (continued)		
Light industrial		
Waterfall – Massbuild distribution centre	46 573	Gauteng
Waterfall – Torre	9 327	Gauteng
Waterfall – Dimension Data	8 291	Gauteng
Waterfall – Amrod	37 937	Gauteng
Total light industrial		
Hotel		
Newtown Junction City Lodge	5 828	Gauteng
Lynnwood Bridge City Lodge	7 946	Gauteng
Waterfall – City Lodge	5 744	Gauteng
Total hotel		
Vacant land		
Le Chateau		North West
Waterfall – development rights		Gauteng
Waterfall – infrastructure and services		Gauteng
Total vacant land		
Subtotal carried forward		

Primary GLA disclosed above at Attacq's effective GLA.

	GROUP 2017							Total comprehen- sive income (loss) for the year R'000
	Revenue (including straight- line rental adjustment) R'000	Straight- line rental adjustment R'000	Fair value adjustments R'000	Interest income R'000	Finance cost R'000	Profit (loss) before tax R'000	Income tax R'000	
	1 905 537	172 216	411 892	11 226	(863 138)	787 747	(167 127)	620 620
	39 010	7 672	18 435	5	(21 107)	25 884	(4 067)	21 817
	13 139	2 823	22 665	-	(5 015)	26 969	(5 492)	21 477
	9 258	2 381	16 463	-	(5 479)	17 592	(3 337)	14 255
	26 143	7 105	36 813	1 280	(13 697)	44 084	(8 055)	36 029
	87 550	19 981	94 376	1 285	(45 298)	114 529	(20 951)	93 578
	14 195	3 182	323	-	(8 899)	3 475	(64)	3 411
	24 560	2 372	8 743	-	(8 510)	17 330	(3 593)	13 737
	13 935	2 051	9 984	35	(5 156)	13 912	(2 730)	11 182
	52 690	7 605	19 050	35	(22 565)	34 717	(6 387)	28 330
	-	-	-	-	-	(4)	-	(4)
	-	-	(65 544)	-	-	(65 544)	14 682	(50 862)
	-	-	-	-	-	(10 040)	2 811	(7 229)
	-	-	(65 544)	-	-	(75 588)	17 493	(58 095)
	2 045 777	199 802	459 774	12 546	(931 001)	861 405	(176 972)	684 433

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2017

39. SEGMENTAL REPORTING (CONTINUED)

	Primary GLA m ²	Region
Subtotal brought forward		
Business segment		
South Africa (continued)		
Developments		
Waterfall – PwC Tower and PwC Annex**	33 917	Gauteng
Waterfall – Gateway West Building	13 405	Gauteng
Waterfall – BMW	31 987	Gauteng
Waterfall – Waterfall Point	9 584	Gauteng
Waterfall – Corporate Campus*	2 920	Gauteng
Waterfall – K101 Warehouse	8 523	Gauteng
Total developments		
Total South Africa		
International		
MAS		Europe
Atterbury Cyprus		Europe
AttAfrica ¹		Africa
SESCF ²		Europe
Atterbury Serbia		Europe
Gruppo (Ikeja Mall) ³		Africa
Grove Mall		Africa
Other international		Various
Total international		
Head office/other		
Total		

¹ Refer to note 15 for impairments relating to the loans to AttAfrica.

² Refer to note 10 for the impairment relating to the investment in SESCOF.

³ Refer to note 8 for the impairment relating to the investment in Gruppo.

25% undivided share.

* 50% undivided share.

** 75% undivided share.

Primary GLA disclosed above at Attacq's effective GLA.

	GROUP 2017							
	Revenue (including straight- line rental adjustment) R'000	Straight- line rental adjustment R'000	Fair value adjustments R'000	Interest income R'000	Finance cost R'000	Profit (loss) before tax R'000	Income tax R'000	Total comprehen- sive income (loss) for the year R'000
	2 045 777	199 802	459 774	12 546	(931 001)	861 405	(176 972)	684 433
	-	-	34 160	-	-	35 020	(6 458)	28 562
	-	-	4 627	-	-	4 591	(243)	4 348
	-	-	18 278	-	-	17 618	(3 909)	13 709
	-	-	-	-	-	(198)	55	(143)
	-	-	3 552	-	-	3 552	(796)	2 756
	-	-	9 715	-	-	9 582	(2 139)	7 443
	-	-	70 332	-	-	70 165	(13 490)	56 675
	2 045 777	199 802	530 106	12 546	(931 001)	931 570	(190 462)	741 108
	-	-	-	-	-	136 616	(30 602)	106 014
	-	-	-	16 722	-	32 437	429	32 866
	-	-	-	73 573	(24 807)	(103 483)	(1 488)	(104 971)
	-	-	-	-	-	(183 124)	41 020	(142 104)
	-	-	-	8 444	(8 112)	8 564	(181)	8 383
	-	-	-	35 516	(6 771)	(27 271)	780	(26 491)
	-	-	-	-	-	21 036	(4 712)	16 324
	-	-	-	1 684	-	(30 195)	(2 307)	(32 502)
	-	-	-	135 939	(39 690)	(145 421)	2 939	(142 481)
	15 118	-	(2 525)	40 549	(16 720)	(153 099)	25 655	(127 445)
	2 060 895	199 802	527 581	189 034	(987 411)	633 050	(161 868)	471 182

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2017

39. SEGMENTAL REPORTING (CONTINUED)

	Primary GLA m ²	Region
Business segment		
South Africa		
Office and mixed-use		
Brooklyn Bridge Office Park	23 525	Gauteng
Great Westerford*	14 558	Western Cape
Lynnwood Bridge offices	27 618	Gauteng
Aurecon building	19 104	Gauteng
Newtown Junction offices	29 911	Gauteng
Majestic offices	8 913	Gauteng
PwC Sunninghill	25 525	Gauteng
Waterfall – Altech building*	2 113	Gauteng
Waterfall – Cell C Campus	43 890	Gauteng
Waterfall – Group Five	25 782	Gauteng
Waterfall – Maxwell Office Park*	18 424	Gauteng
Waterfall – Novartis	7 982	Gauteng
Total office and mixed-use		
Retail		
Glenfair Boulevard Shopping Centre	15 927	Gauteng
Lynnwood Bridge Retail	11 378	Gauteng
Newtown Junction Retail	33 653	Gauteng
Garden Route Mall	53 015	Western Cape
Brooklyn Mall#	18 689	Gauteng
MooiRivier Mall	49 054	North West
Andringa Walk^	10 595	Western Cape
Eikestad Mall ^	25 678	Western Cape
Mill Square^	3 562	Western Cape
Waterfall – Mall of Africa^	98 678	Gauteng
Waterfall – Waterfall Corner	9 415	Gauteng
Waterfall – Waterfall Lifestyle	7 139	Gauteng
Total retail		
Subtotal carried forward		

25% undivided share.

* 50% undivided share.

^ 80% undivided share.

Primary GLA disclosed above at Attacq's effective GLA.

GROUP
2016

Revenue (including straight- line rental adjustment) R'000	Straight- line rental adjustment R'000	Fair value adjustments R'000	Interest income R'000	Finance cost R'000	Profit (loss) before tax R'000	Income tax R'000	Total comprehen- sive income (loss) for the year R'000
80 683	693	1 197	79	(33 407)	22 311	(17 839)	4 472
33 904	(4 738)	9 811	-	(6 090)	16 068	(5 276)	10 792
100 565	12 776	24 965	319	(41 462)	49 118	(9 452)	39 666
98 556	15 210	20 762	81	(50 949)	47 948	(21 243)	26 705
68 852	2 925	5 590	-	(58 770)	(2 995)	1 971	(1 024)
21 136	4 353	(3 723)	392	(10 228)	(441)	(1 211)	(1 652)
45 533	2 170	(6 107)	-	(36 089)	(3 184)	1 030	(2 154)
6 431	702	3 298	18	(2 304)	5 784	(1 238)	4 546
135 372	40 625	17 887	210	(51 190)	74 292	(8 621)	65 671
71 570	16 889	19 225	111	(37 821)	42 534	(6 104)	36 430
43 170	7 225	35 280	67	(18 693)	47 980	(10 646)	37 334
25 247	6 121	6 213	11	(15 780)	10 251	(808)	9 443
731 019	104 951	134 398	1 288	(362 783)	309 666	(79 437)	230 229
53 810	854	22 709	154	(19 293)	31 537	(7 320)	24 217
44 858	(954)	22 730	3	(15 500)	28 626	(7 010)	21 616
83 465	16 494	(46 615)	11 703	(66 122)	(58 847)	18 516	(40 331)
139 701	6 905	46 497	445	(66 390)	72 654	(15 806)	56 848
75 601	332	59 172	89	(37 825)	64 673	(14 702)	49 971
119 751	(3 954)	58 734	82	(58 339)	69 189	(17 191)	51 998
26 554	738	8 813	37	(9 678)	13 908	(3 194)	10 714
68 918	2 385	40 573	71	(29 835)	53 246	(11 969)	41 277
8 681	(349)	13 789	12	(4 397)	15 064	(3 543)	11 521
79 675	9 129	687 046	389	(29 499)	685 882	(157 042)	528 840
29 268	627	18 673	104	(14 138)	24 003	(5 500)	18 503
21 142	5 842	5 784	23	(9 617)	(2 077)	2 541	464
751 424	38 049	937 905	13 112	(360 634)	997 858	(222 220)	775 638
1 482 443	143 000	1 072 303	14 400	(723 417)	1 307 524	(301 657)	1 005 867

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2017

39. SEGMENTAL REPORTING (CONTINUED)

	Primary GLA m ²	Region
Subtotal brought forward		
Business segment		
South Africa		
Light industrial		
Waterfall – Angel Shack	4 652	Gauteng
Waterfall – Medtronic	12 060	Gauteng
Waterfall – Cummins*	10 504	Gauteng
Waterfall – Dräger	5 027	Gauteng
Waterfall – Massbuild distribution centre	36 803	Gauteng
Waterfall – Westcon	8 087	Gauteng
Waterfall – Hilti	3 948	Gauteng
Waterfall – Servest	6 650	Gauteng
Waterfall – Stryker	3 220	Gauteng
Total light industrial		
Hotel		
Newtown Junction City Lodge	5 828	Gauteng
Lynnwood Bridge City Lodge	7 946	Gauteng
Waterfall – City Lodge	5 744	Gauteng
Total hotel		
Vacant land		
Le Chateau		North West
Waterfall – development rights		Gauteng
Waterfall – infrastructure and services		Gauteng
Total vacant land		
Subtotal carried forward		

* 50% undivided share.

Primary GLA disclosed above at Attacq's effective GLA.

GROUP
2016

Revenue (including straight- line rental adjustment) R'000	Straight- line rental adjustment R'000	Fair value adjustments R'000	Interest income R'000	Finance cost R'000	Profit (loss) before tax R'000	Income tax R'000	Total comprehen- sive income (loss) for the year R'000
1 482 443	143 000	1 072 303	14 400	(723 417)	1 307 524	(301 657)	1 005 867
2 587	(703)	3 767	-	(960)	4 906	(1 360)	3 546
9 434	(2 035)	16 297	45	(7 309)	15 825	(4 084)	11 741
9 074	(247)	11 566	-	(6 419)	11 949	(2 762)	9 187
5 663	(1 446)	3 064	5	(5 015)	2 582	(956)	1 626
39 793	8 757	9 300	48	(20 834)	18 768	(2 282)	16 486
8 718	(3 095)	6 881	-	(7 080)	4 821	(1 831)	2 990
4 591	-	3 116	2	(2 180)	3 931	(783)	3 148
11 999	-	13 891	-	(6 840)	16 388	(3 807)	12 581
4 511	-	3 257	5	(2 651)	3 755	(935)	2 820
96 370	1 231	71 139	105	(59 288)	82 925	(18 800)	64 125
5 298	1 143	13 080	-	(2 264)	15 058	(3 164)	11 894
21 042	643	11 463	-	(8 542)	18 427	(4 338)	14 089
12 897	2 345	(5 101)	31	(6 728)	(3 056)	1 198	(1 858)
39 237	4 131	19 442	31	(17 534)	30 429	(6 304)	24 125
-	-	(12 000)	-	-	(12 004)	-	(12 004)
-	-	(230 039)	-	-	(230 039)	51 529	(178 510)
-	-	-	-	-	(34 031)	9 529	(24 502)
-	-	(242 039)	-	-	(276 074)	61 058	(215 016)
1 618 050	148 362	920 845	14 536	(800 239)	1 144 804	(265 703)	879 101

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2017

39 SEGMENTAL REPORTING (CONTINUED)

	Primary GLA m ²	Region
Subtotal brought forward		
Business segment		
South Africa		
Developments		
Waterfall – Dimension Data	8 230	Gauteng
Waterfall – Allandale building	14 670	Gauteng
Waterfall – PwC Tower and PwC Annex**	33 917	Gauteng
Waterfall – Amrod	38 455	Gauteng
Waterfall – Torre	8 910	Gauteng
Total developments		
Total South Africa		
International		
MAS		Europe
Atterbury Cyprus		Europe
AttAfrica		Africa
SESCF		Europe
Atterbury Serbia		Europe
Gruppo (Ikeja Mall)		Africa
Grove Mall		Africa
Other international		Various
Total international		
Head office/other		
Total		

** 75% undivided share.

Primary GLA disclosed above at Attacq's effective GLA.

GROUP
2016

Revenue (including straight- line rental adjustment) R'000	Straight- line rental adjustment R'000	Fair value adjustments R'000	Interest income R'000	Finance cost R'000	Profit (loss) before tax R'000	Income tax R'000	Total comprehen- sive income (loss) for the year R'000
1 618 050	148 362	920 845	14 536	(800 239)	1 144 804	(265 703)	879 101
-	-	6 367	-	-	6 281	(1 402)	4 879
-	-	68 636	-	-	67 493	(14 951)	52 542
-	-	10 531	-	-	14 474	(1 368)	13 106
-	-	15 809	-	-	15 554	(3 064)	12 490
-	-	9 178	-	-	9 012	(2 009)	7 003
-	-	110 521	-	-	112 814	(22 794)	90 020
1 618 050	148 362	1 031 366	14 536	(800 239)	1 257 618	(288 497)	969 121
-	-	-	-	-	248 670	(55 702)	192 968
-	-	-	38 503	-	124 359	(299)	124 060
-	-	-	68 461	(10 407)	(264)	(1 421)	(1 685)
-	-	-	-	-	56 375	(12 628)	43 747
-	-	-	9 702	(8 683)	(511)	(46)	(557)
-	-	-	22 261	(11 298)	(23 907)	511	(23 396)
-	-	-	-	-	47 063	(10 542)	36 521
-	-	-	3 625	-	5 681	(48)	5 633
-	-	-	142 552	(30 388)	457 466	(80 175)	377 291
2 968	-	10 187	25 856	(9 348)	780 287	(332 167)	(59 404)
1 621 018	148 362	1 041 553	182 944	(839 975)	2 495 371	(700 839)	1 287 008

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2017

40. DIRECT SUBSIDIARIES AND ASSOCIATES

AIH International (Mauritian) **(note A)**

Attacq Energy

AMS

AWIC

Brooklyn Bridge

Harlequin Duck

Highgrove **(note B)**

Le Chateau

Leipzig Nova

Lynnwood Bridge

ARF

Mantrablox **(note C)**

Lynnaur

Razorbill

MAS **(note D)**

Majestic

Nieuwtown

Wingspan

Kompasbaai

Travenna

fatti 365

fatti Attacq

Fountains Regional Mall **(note E)**

AttAfrica SA **(note F)**

Attacq Namco

The principal place of incorporation of all the above is South Africa, except for AIH International which is Mauritius and MAS which is Isle of Man.

The financial year end of all the above is 30 June.

Change in the effective shareholding that the Group has in the entities above, is shown below:

- A AIH International (100% subsidiary of Attacq) disposed of its 48.75% shareholding in Atterbury Cyprus, its 25% shareholding in Atterbury Serbia BV and its 33% shareholding in Pemba effective 31 March 2017.
- B The confirmation of deregistration was received on 1 December 2016.
- C The confirmation of liquidation was received on 24 November 2016 and published in the *Government Gazette* on 13 April 2017.
- D MAS shareholding includes the following movements:
 - issue of additional shares during the year which had the effect of diluting the effective shareholding of Attacq; and
 - scrip dividends were elected for the final dividend paid during October 2016.
- E The assets of the Company, ie the Fountains Regional Mall were disposed of in May 2015, while the Company was retained.
- F The Group's shareholding in AttAfrica SA increased from 25% to 31.83%.

Nature of company	Issued shares 30 June 2017	%		SHARES	
		2017	2016	2017	2016
Investment	1	100.00	100.00	1	1
Investment	1	100.00	100.00	1	1
Asset management	9 028	100.00	100.00	9 028	9 028
Property investment	100 000	100.00	100.00	100 000	100 000
Property investment	1 000	100.00	100.00	1 000	1 000
Dormant	400	100.00	100.00	400	400
Dormant	100 000	-	100.00	-	85
Development	1 000	100.00	100.00	1 000	1 000
Investment	100	100.00	100.00	100	100
Property investment	1 828	100.00	100.00	1 828	1 828
Property investment	735 624	100.00	100.00	735 624	735 624
Property investment	100	-	100.00	-	100
Property investment	105	100.00	100.00	105	105
Investment	100	100.00	100.00	100	100
Property investment and development company	467 366 299	31.41	41.38	146 818 251	144 275 653
Development	100	50.00	50.00	50	50
Development	100	50.00	50.00	50	50
Property investment	630 732	34.44	34.44	217 201	217 201
Property investment	100	33.00	33.00	33	33
Property investment	1 000	36.00	36.00	360	360
Investment	100	50.00	50.00	50	50
Investment	240	50.00	50.00	120	120
Property investment	100 000	12.73	12.73	12 731	12 731
Management	1 000	31.83	25.00	318	250
Investment	100	100.00	100.00	100	100

Glossary

Absa	Absa Bank Limited
Adamax	Adamax Property Projects Brooklyn Proprietary Limited
Adjusted NAVPS	Net asset value per share adjusted for deferred taxation
A-F-S	Available for sale
AFS	Annual Financial Statements
AGM	Annual General Meeting
AIHI Ikeja	AIHI Ikeja Limited
AIH International	AIH International Limited
Aldabri	Aldabri 96 Proprietary Limited
AMC	Atterbury Mauritius Consortium Proprietary Limited
AMS	Attacq Management Services Proprietary Limited
APD	Atterbury Property Development Proprietary Limited
ARC	Audit and Risk Committee
APF	Atterbury Property Fund Proprietary Limited
APH	Atterbury Property Holdings Proprietary Limited
ARF	Attacq Retail Fund Proprietary Limited
ARS	Attacq Retail Services Proprietary Limited
Artisan Development	Artisan Development Partners Limited
Artisan Southport	Artisan Southport Limited
AttAfrica	Atterbury Africa Limited
AttAfrica SA	Atterbury Africa SA Proprietary Limited
Attacq and Company	Attacq Limited
Attacq Energy	Attacq Energy Proprietary Limited
Attacq Namco	Attacq Namco Proprietary Limited
Atterbury Asset Managers	Atterbury Asset Managers Proprietary Limited
Atterbury Cyprus	Atterbury Cyprus Limited
Atterbury Property One	Atterbury Property One Proprietary Limited
Atterbury Serbia	Atterbury Serbia BV
ATT MOA 20	ATT MOA 20 Proprietary Limited
AWIC	Attacq Waterfall Investment Company Proprietary Limited
Bagaprop	Bagaprop Limited
B-BBEE	Broad Based Black Economic Empowerment
BEE	Black Economic Empowerment
Bishopsgate	Bishopsgate Student Residential Limited
BOC	Bank of China Limited
Brooklyn Bridge	Brooklyn Bridge Office Park Proprietary Limited

CAF	Combined Assurance Forum
CEO	Chief Executive Officer
CFC	Controlled foreign company
CFO	Chief Financial Officer
CGT	Capital gains tax
CGU	Cash-generating unit
Companies Act	The Companies Act, 71 of 2008
Coronation	Coronation Fund Managers Limited
Deloitte	Deloitte & Touche
Design Square	Design Square Shopping Centre Proprietary Limited
EAJV	EA Waterfall Logistics JV Proprietary Limited
Equites	Equites Property Fund Limited
ESD	Attacq Group ESD Proprietary Limited
fatti 365	fatti 365 Proprietary Limited
fatti Attacq	fatti Attacq Proprietary Limited
FCTR	Foreign Currency Translation Reserve
Fountains Regional Mall	Fountains Regional Mall Proprietary Limited
Geelhoutboom	Geelhoutboom Estate Proprietary Limited
Group	Attacq and its subsidiaries
Group AFS	Consolidated AFS
Gruppo	Gruppo Investment Nigeria Limited
GTP	Guaranteed total package
HAM	Head of Asset Management
Harlequin Duck	Harlequin Duck Properties 204 Proprietary Limited
Highgrove	Highgrove Property Holdings Proprietary Limited
IASB	International Accounting Standards Board
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
In Coatings	In Coatings Proprietary Limited (BEE)
Investec	Investec Bank Limited
Investec Securities	Investec Securities Limited
JSE	Johannesburg Stock Exchange
JSE Listings Requirements	The Listings Requirements, as issued by the JSE from time to time
JV	Joint venture
JV 15	Waterfall JVCO 15 Proprietary Limited
JV 115	Waterfall JVCO 115 Proprietary Limited

Glossary continued

Karoo	Karoo Investment Fund S.C.A. SICAV-SIF
Key Capital	Key Capital Holdings Proprietary Limited
King III	King III Report on Governance for South Africa 2009
Kompasbaai	Kompasbaai Property Development Proprietary Limited
Le Chateau	Le Chateau Property Company Proprietary Limited
Leipzig	Leipzig Nova Eventis Consortium Proprietary Limited
Lisinfo 222	Lisinfo 222 Investments Proprietary Limited
LP	Land Parcel
LTIP	Long-Term Incentive Plan
Lynnaur	Lynnaur Investments Proprietary Limited
Lynnwood Bridge	Lynnwood Bridge Office Park Proprietary Limited
Majestic	Majestic Offices Proprietary Limited
Mall of Mauritius	Mall of Mauritius at Bagatelle Limited
Mantrablox	Mantrablox Proprietary Limited
MAS	MAS Real Estate Inc
MAS Mezzi	MAS Mezzi Limited
Micawber	Micawber 832 Proprietary Limited
MOI	Memorandum of Incorporation
NAVPS	Net asset value per share
Nedbank	Nedbank Limited
Nieuwtown	Nieuwtown Property Development Company Proprietary Limited
Ndzilo	Ndzilo Fire Protection Engineers (BEE)
Pemba	Atterbury Pemba Properties Limited
PV	Photo-voltaic
Prop 5 Corporation	Prop 5 Corporation Proprietary Limited
PwC	PricewaterhouseCoopers
Rainprop	Rainprop Proprietary Limited
Razorbill	Razorbill Properties 91 Proprietary Limited
RBH	Royal Bafokeng Holdings Proprietary Limited
Retail Africa Consortium	Retail Africa Consortium Holdings Proprietary Limited
Remco	Remuneration Committee
RMB	Rand Merchant Bank – a division of FirstRand Bank Limited
SAICA	South African Institute of Chartered Accountants
Sanlam	Sanlam Group Limited
Sanlam Capital	Sanlam Capital Markets Limited
Sanlam Credit	Sanlam Credit Conduit Proprietary Limited

Sanlam Life	Sanlam Life Insurance Limited
SAR	Share Appreciation Right
Sasfin	Sasfin Limited
SESCF	Stenham European Shopping Centre Fund Limited
SPV	Special purpose vehicle
Standard Bank	Standard Bank Limited
Stenham	Stenham European Shopping Centre Fund Limited
Brand Group	The Brand Group International Proprietary Limited
The Club	The Club Retail Park Proprietary Limited
Grove Mall	The Grove Mall of Namibia Proprietary Limited
The Moolman Group	East and West Investments Proprietary Limited
Thatego	Thatego Holdings Proprietary Limited (BEE)
Travenna Development	Travenna Development Company Proprietary Limited
TSE	Transformation, Social and Ethics
Twin Cities	Twin Cities Cleaning Services Proprietary Limited (BEE)
VAT	Value Added Tax
VWAP	Volume weighted average price
WACC	Weighted average cost of capital
WDC	Waterfall Development Company Proprietary Limited
WIC	Waterfall Investment Company Proprietary Limited
Windfall	Windfall 86 Proprietary Limited
Wingspan	Retail Africa Wingspan Investments Proprietary Limited
Zenprop	Truzen 116 Trust

Corporate information

ATTACQ LIMITED

(Incorporated in the Republic of South Africa)
(Registration number: 1997/000543/06)
JSE share code: ATT ISIN: ZAE000177218

REGISTERED OFFICE

ATT House, 2nd Floor
Maxwell Office Park
37 Magwa Crescent
Waterfall City
2090

POSTAL ADDRESS

PostNet Suite 016
Private Bag X81
Halfway House
1685

DIRECTORS

P Tredoux** (Chairperson)
MC Wilken (CEO)
M Hamman (CFO)
MM du Toit**
HR El Haimer**
KR Moloko**
BT Nagle**
S Shaw-Taylor**
JHP van der Merwe**
LLS van der Watt* (resigned 1 July 2017)

Independent

** Non-Executive*

COMPANY SECRETARY

T Kodde

TRANSFER SECRETARIES

Computershare Investor Services Proprietary Limited
Rosebank Towers
15 Biermann Avenue, Rosebank, Johannesburg, 2196
(PO Box 61051, Marshalltown, 2107)

SPONSOR

Java Capital

INDEPENDENT AUDITORS

Deloitte & Touche

REGISTERED AUDITORS

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