Attacq Limited and its subsidiaries

(Registration Number: 1997/000543/06)

Audited Annual financial statements

for the year ended 30 June 2020

The preparation of these Annual Financial Statements was supervised by:

R Nana CA(SA), Chief Financial Officer of the Group

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LEVEL OF ASSURANCE

These AFS have been audited in compliance with the applicable requirements of the Companies Act.

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The audited AFS, set out on pages 4 to 125, were approved by the Board of Directors on 21 September 2020.
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GLOSSARY

Absa	Absa Bank Limited
Adamax	Adamax Property Projects Brooklyn Proprietary Limited
Adjusted NAVPS	Net asset value per share adjusted for deferred taxation
AFS	Annual financial statements
AGM	Annual general meeting
AIHI Ikeja	AIHI Ikeja Limited
AIH International	AIH International Limited
AIM	AIM Investco Proprietary Limited
AM	Asset manager
AMS	Attacq Management Services Proprietary Limited
APD	Atterbury Property Development Proprietary Limited
ARC	Audit and risk committee
APH	Atterbury Property Holdings Proprietary Limited
Ghana	APH Ghana International
ARF	Attacq Retail Fund Proprietary Limited
ARS	Attacq Retail Services Proprietary Limited
AttAfrica	Atterbury Africa Limited
AttAfrica SA	Atterbury Africa SA Proprietary Limited
Attacq and Company	Attacq Limited
Attacq Energy	Attacq Energy Proprietary Limited
Attacq Foundation	The Attacq Foundation Trust
Attacq Investments	Attacq Investments Proprietary Limited
Attacq Treasury Share Company	Attacq Treasury Share Company Proprietary Limited
ATT MOA 20	ATT MOA 20 Proprietary Limited
AWIC	Attacq Waterfall Investment Company Proprietary Limited
Barrow	Barrow Construction Proprietary Limited
B-BBEE	Broad-based black economic empowerment
BEE	Black economic empowerment
BOC	Bank of China Limited
Board	Board of directors
Brand Group	The Brand Group International Proprietary 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
COO	Chief operating officer
CGT	Capital gains tax
CGU	Cash-generating unit
CIPC	Companies and Intellectual Property Commission
Companies Act	The Companies Act 71 of 2008
Coronation	Coronation Fund Managers Limited
Dale Creek Investments	Dale Creek Investments Proprietary Limited
Deloitte	Deloitte & Touche
DEPS	Distributable earning per shares
EAJV	EA Waterfall Logistics JV Proprietary Limited
ECL	Expected credit loss
Ernst & Young	Ernst & Young Incorporated
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
FVOCI	Fair value through other comprehensive income
FVPL	Fair value through profit or loss
GDP	Gross domestic product
GLA	Gross Lettable Area
GMR	Gross monthly rental
Group	Attacq and its subsidiaries
Group AFS	Consolidated AFS
Gruppo	Gruppo Investment Nigeria Limited
Growthpoint	Growthpoint Properties Limited
Harlequin Duck	Harlequin Duck Properties 204 Proprietary Limited

GLOSSARY

IASB	International accounting standards board
IFRIC	International financial reporting interpretations committee
IFRS	International financial reporting standards
Income Tax Act	The Income Tax Act no. 58 of 1962
IRBA	Independent regulatory board of auditors
In Coatings	In Coatings Proprietary Limited
Investec	Investec Bank Limited
Investec Securities	Investec Securities Limited
IR	Integrated report
JIBAR	Johannesburg Inter Bank Average Rate
JSE	Johannesburg Stock Exchange
JSE Listings Requirements	The Listings Requirements, as issued by the JSE from time to time
JV	Joint Venture
JV15	Waterfall JVCO 15 Proprietary Limited
JV115	Waterfall JVCO 115 Proprietary Limited
Key Capital	Key Capital Holdings Proprietary Limited
Kompasbaai	Kompasbaai Property Development Proprietary Limited
Le Chateau	Le Chateau Property Company Proprietary Limited
Leipzig	Leipzig Nova Eventis Consortium Proprietary Limited
LibFin	Liberty Financial Services
Lisinfo 222	Lisinfo 222 Investments Proprietary Limited
LGD	Loss given default
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
MAS	MAS Real Estate Inc.
Micawber	Micawber 832 Proprietary Limited
MMI	MMI Holdings Limited
MOI	Memorandum of Incorporation
NAV	Net Asset Value
NAVPS	Net Asset Value Per Share
Nedbank	Nedbank Limited
NESA Capital	NESA Capital Proprietary Limited
Nieuwtown	Nieuwtown Property Development Company Proprietary Limited
Ndzilo	Ndzilo Fire Protection Engineers
OCI	Other comprehensive income
OmsFin	Old Mutual Financial Services
Pemba	Atterbury Pemba Properties Limited
PD	Probability of default
PGLA	Primary Gross Lettable Area
PI group	Property Industry group, collective of the major representative bodies for real estate in SA
PIT	Point in time
Portstone	Portstone Developments Proprietary Limited
PPE	Property and equipment
Prop 5 Corporation	Prop 5 Corporation Proprietary Limited
PM	Property manager
PV	Present value
PwC	PricewaterhouseCoopers
Rainprop	Rainprop Proprietary Limited
RBH	Royal Bafokeng Holdings Proprietary Limited
REIT	Real Estate Investment Trust
Remco	Remuneration and nominations Committee
RICS	The Royal Institution of Chartered Surveyors
RMB	Rand Merchant Bank - a division of First Rand Bank Limited
SAICA	South African Institute of Chartered Accountants
Sanlam Capital	Sanlam Capital Markets Limited
Sanlam Life	Sanlam Life Insurance Limited
SA	South Africa
SAR	Share Appreciation Right
SPPI	Solely payments of principal and interest
Standard Bank	Standard Bank Limited

GLOSSARY

The Moolman Group	East and West Investments Proprietary Limited
Thatego	Thatego Holdings Proprietary Limited
Travenna	Travenna Development Company Proprietary Limited
TSE	Transformation, Social and Ethics
Twin Cities	Twin Cities Cleaning Services Proprietary Limited
US	United States
Value Added Tax Act	Value Added Tax Act No. 89 of 1991
VPS	Valuation technical and Performance Standard
VPGA	Valuation Practice Guidance Application
WACC	Weighted Average Cost of Capital
WDC	Waterfall Development Company Proprietary Limited
WHO	World Health Organization
WIC	Waterfall Investment Company Proprietary Limited
Wingspan	Retail Africa Wingspan Investments Proprietary Limited
Zenprop	Truzen 116 Trust / Truzen 129 Trust

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 and the requirements of the Companies Act.

The consolidated and separate AFS are prepared in accordance with IFRS, the JSE Listings Requirements and are based upon 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 21 to 125 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 audited by the Group's external auditors and their unmodified report is presented on pages 15 to 20.

The consolidated and separate AFS set out on pages 4 to 130, were approved by the Board on 21 September 2020 and were signed on its behalf by:

P Tredoux
Chairperson

21 September 2020

M Hamman
Chief executive officer

21 September 2020

CERTIFICATE BY COMPANY SECRETARY

In terms of Section 88(2)(e) of the Companies Act, I declare that to the best of my knowledge, for the year ended 30 June 2020, that the Company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of the Companies Act and that such returns are true, correct and up to date.

A Matwa
Company secretary

21 September 2020

Dear Shareholders

The audit and risk committee **("ARC")** provides independent oversight and assessment of the group's enterprise risk management processes, legal and regulatory compliance, financial reporting, business and internal financial controls, information and technology governance and internal and external audit processes and acts as a liaison between the board and external and internal auditor.

The activities of ARC are governed by its charter as approved by the board and its statutory responsibilities as per the Companies Act, 71 of 2008 (as amended) **("the Companies Act")** and the King IV Report on Governance for South Africa 2016 **("King IV").**

The governance of risk forms an integral part of our group governance framework as outlined in the governance report. The governance of risk remains a key priority for the board and ARC. The board is ultimately responsible for setting the risk appetite and tolerance levels for the group, leveraging opportunities and managing risk.

The mandate of ARC as outlined in its charter is summarised below:

Audit and risk committee		
Summary of committee mandate		**Composition**
Audit and risk committee	This statutory committee is responsible to: • Assure board on the reliability of financial information by monitoring the external audit function, including independence • Assure board on adequacy and efficiency of internal financial controls by monitoring the internal audit function • Monitor compliance with legal and regulatory requirements • Ensure there are robust risk management systems to identify, monitor and manage material business, financial and other risks (e.g. IT governance; health, safety and environment; cyber-attacks; fraudulent practices; anti-corruption) • Review and recommend group's solvency and liquidity position to the board for approval • Monitor the governance of compliance and ensure highs standards of reporting are maintained • Support the board in effective governance of risk • Ensure assets and liabilities are recorded accurately and fairly, applying appropriate judgement in addition to the application of International Financial Reporting Standards **("IFRS")**	A minimum of three directors, all of whom shall be independent non-executives approved by shareholders at the AGM. The chairperson of the board shall not be a member of the committee. All three members are independent non-executive directors • Stewart Shaw-Taylor (chairperson) • Hellen El Haimer • Brett Nagle Rajesh Nana (CFO) and Melt Hamman (CEO) are standing invitees with no voting powers. Representatives of internal audit (PricewaterhouseCoopers South Africa) (PwC) and external audit (Deloitte & Touche (Deloitte)) are also standing invitees with no voting powers. Anda Matwa is the secretary of the committee and attends all meetings.

Combined skillset of the ARC members

	FC				MC		NC	HC	SRC			IC		G		
ARC members	Financial accounting, reporting, taxation	Financial markets / funding	External audit processes	Internal audit processes	Property development	Property management	Environmental sustainability	Human resources	Corporate social responsibility and Transformation	Health and Safety	Stakeholder relationships	Technology and cybersecurity	Investment and asset management	Risk and Compliance	Legal	Corporate Governance
Hellen El Haimer				1	1	1	1	1	1	1		1		1	1	1
Stewart Shaw-Taylor	1	1	1	1	1	1							1	1		1
Brett Nagle	1	1	1	1							1		1	1		1
TOTAL	**2**	**2**	**2**	**3**	**2**	**2**	**1**	**1**	**1**	**1**	**1**	**1**	**2**	**3**	**1**	**3**

FC: Financial capital MC: Manufactured capital NC: Natural capital HC: Human capital SRC: Social and relationship capital IC: Intellectual Capital G: Governance

ARC meeting attendance

Under normal circumstances, ARC convenes formal quarterly meetings, complimented with additional adhoc meetings for matters that may arise during the year. During the year under review, ARC convened ten meetings, five of which were primarily to deal with the operational and financial impact of COVID-19 on the business particularly in the context of the financial performance, solvency and liquidity position, new risks facing the business and ensuring that all internal financial controls, governance structures and processes remain adequate.

Member	Status	Attendance
Stewart Shaw-Taylor (Chairperson)	Independent non-executive director	10/10
Hellen El Haimer	Independent non-executive director	10/10
Brett Nagle	Independent non-executive director	9/10

Standing management invitees of ARC are the CEO, Melt Hamman and CFO, Rajesh Nana. During the financial year under review the CFO attended all ARC meetings while the CEO attended 8/10 ARC meetings

ARC matters considered during the year under review

ARC has an annual work plan, developed from its charter, with standing items that are considered at each meeting with the addition of any specific matters and topical items which might be of concern.

During the year under review we have observed that COVID-19 has had a significant impact on the South African economy, our business, our customers and the communities that we operate in. As a result, an increased number of key risk matters were considered, and ARC and the board is confident that the group has responded quickly and effectively.

During the year under review, ARC considered the matters summarised below:

Key matters noted	Key matters considered	Key matters resolved/approved
Status of annual financial statements of the group, income tax returns and CIPC annual	Quarterly review of enterprise risk management report, plan and risk register and combined assurance update	Recommendation to board of resolution to adopt change in technique for the valuation of leasehold land

returns of the company and all subsidiaries		
Amendments to JSE Listing Requirements with particular focus on reporting disclosures arising from the impact of COVID-19 on the business	Quarterly internal audit progress report and approval of audit plan for FY21	Appointment of independent valuers to provide independent valuation of investment properties, including leasehold land (assurance services)
Impact of SA REIT best practice on SA	Johannesburg Stock Exchange (JSE) proactive monitoring feedback	Review and recommendation to board on the solvency and liquidity working paper and section 45 financial assistance for subsidiaries and associates in the Attacq group as per the Companies Act
Combined assurance forum (CAF) quarterly minutes, terms of reference and other relevant information	JSE engagements on restatement for interim financial results as at 31 December 2018 and annual financial results as at 30 June 2019. This matter was clarified and satisfactorily resolved with the JSE	Review and recommendation on the approval of interim and annual financial results
	Review of the financial statements and accounting practices bi-annually (noting that the first nine months preceded COVID-19 and the last three months were during various levels of lockdown) and additional ad-hoc meetings to critically assess the financial position Quarterly review of financial results	Review of new and existing IFRS statements and guidelines and impact on financial statements
	Review of external audit function (Deloitte) and consideration of external audit quality and independence	Approval of external audit scope, approach and audit fees including non-audit services provided by Deloitte.
	Review of internal audit function (PwC) and internal financial controls	Assessing of the effectiveness of the finance function and the CFO. The committee confirmed that it is satisfied with the level of expertise and adequacy of the CFO and the finance function
	Quarterly reports on financial performance including the monitoring of DEPS and liquidity position of the group. Analysis of historical actual performance and future forecasted performance (pre and during COVID-19)	Nomination and recommendation of the appointment of Ernst & Young Incorporated (EY) as external auditors with effect from 27 November 2020. A robust process was followed, and three audit firms were shortlisted and presented to the committee before a decision was taken

	Critical analysis of risk due to the impact of COVID-19 with focus on: • Solvency and liquidity position of the group and preserving cash flow • Health and safety in the context of employees, tenants, shoppers and our sites of operation • Impact of supply-chain changes in South Africa on our operations, particularly for asset management and developments in Waterfall • IT risk and the future of technology in our business • Asset disposals and funding requirements • Analysis and stress testing of debt covenants, LTV sensitivities and covenant sensitivities • Group insurance cover	Annual review and adoption of ARC charter and other key policies
	Regulatory compliance with legislation	
ARC is satisfied that it has fulfilled its responsibilities in terms of its charter for the reporting period.		

FINANCIAL STATEMENTS AND ACCOUNTING PRACTICES

During the financial year under review, ARC reviewed the JSE's report dated 19 February 2020 on Reporting back on Proactive Monitoring of the 2019 year-end Financial Statements. Where applicable steps have been taken to implement the recommendations made by the JSE.

SIGNIFICANT MATTERS IDENTIFIED AND CONSIDERED BY ARC

ARC considered key material matters of the group's consolidated financial statements relating to the:

- Valuation of investment properties
- Valuation of investment in MAS Real Estate Inc. **("MAS")**
- Going concern and liquidity
- Valuation of goodwill and intangible assets
- Impact of COVID -19 on the business and stakeholders

In addition, ARC considered the restatement of headline earnings in the prior year annual financial statements.

Valuation of investment properties

The group holds investment properties with a carrying value of R19.5 billion. The properties comprise completed properties, developments under construction and leasehold land (encompassing both development rights and infrastructure).

All property valuations (including completed properties and developments under construction) as at 30 June 2020, except for 2 Eglin Road, Sunninghill, Brooklyn Mall and City Lodge – Lynnwood Bridge, are based on external valuations performed by Mills Fitchet Cape Proprietary Limited (Mills Fitchet) and Sterling Valuation Specialists Close Corporation (Sterling). The valuations of Brooklyn Mall and City Lodge – Lynnwood Bridge are based on lower directors' valuations than that of the independent valuers. 2 Eglin Road, Sunninghill was valued at the realizable value and classified as held for sale as at 30 June 2020.

In regard to leasehold land, the group has previously determined fair value with reference to a residual land valuation technique which is dependent upon several inputs and underlying assumptions. With effect from the financial year ended 30 June 2020, the group has adopted a comparable sales valuation technique for leasehold land which is an internationally accepted technique to assess the fair value of land. The valuation of leasehold land at 30 June 2020 is based on an external valuation performed by Vallun Properties Proprietary Limited t/a Valquest Property Valuers & Consultants.

ARC considered the competencies and independence of the external valuers and reviewed the assumptions and judgements used by the valuers in the external valuations. In addition, ARC reviewed and interrogated the relevant adjustments to the external valuations and concluded that the valuation of investment properties as determined at year end was fairly stated and in accordance with accounting policy.

Valuation of investment into MAS

Attacq holds an effective 20.7% in MAS via a 100% owned subsidiary. The investment is equity accounted and has a carrying value of R1.9 billion as at 30 June 2020.

ARC considered the accounting treatment of the investment in MAS as an associate to be equity accounted. The committee confirmed the treatment as correct as Attacq does not have control over MAS but has a significant influence by virtue of its shareholding.

ARC considered the carrying value of the investment in MAS at 30 June 2020. At that date the share price of MAS was at a discount to net asset value. This combined with the uncertainty relating to future dividends, required an assessment for impairment of the equity accounted carrying value. As a result, the investment in MAS was impaired, by an amount of R1.3 billion, to its fair value less costs to sell, with reference to its quoted share price at 30 June 2020.

Going concern and liquidity

The cash flow forecasts were reviewed for the group up to the period ending September 2021 and, in light of this review and the current financial position, ARC has recommended to the Board that the group, based on reasonable expectations, has adequate financial resources to continue in operation for the ensuing twelve month period and accordingly the consolidated and separate annual financial statements have been prepared on a going concern basis.

Cash flow forecasts sensitivities were performed to support the going concern assumptions of the group.

There are no financial covenant breaches at 30 June 2020.

Valuation of goodwill and intangible assets

ARC is satisfied with the inputs and judgements applied in the impairment test relating to intangible assets and goodwill.

Impact of COVID -19 on the business

The impact of COVID-19 on the business was monitored by ARC, through additional ad-hoc meetings and frequent engagement with management.

Summary

After reviewing the presentations and reports from management and consulting where necessary with the auditors, ARC was satisfied that the financial statements appropriately addressed the critical judgements and key estimates both in respect to amounts and disclosures. ARC was also satisfied that the significant assumptions used for determining the value of investment properties, investment and loans to associates, taxation, goodwill, intangible assets and other assets and liabilities have been appropriately examined, questioned and challenged.

INTERNAL AUDIT

Attacq has outsourced its internal audit function to PwC, a professional service provider, ensuring that an independent strategically aligned function exists. The internal audit scope comprises the preparation and implementation of the internal audit plan based on a three-year rolling period as well as the audit plan for the current year. The internal audit function operates under the direction of ARC, which reviews and approves the scope of the work to be performed. Critical and significant findings are reported to ARC on at least a half yearly basis. Corrective action is taken to address internal control deficiencies identified in the execution of work. The internal audit function operates within the mandates defined by the internal audit charter.

A risk-based internal audit plan was developed for the 2020 financial year. ARC has evaluated the report on the audit plan and has not identified any material breakdowns in internal controls within the areas reviewed. Follow-up audits were also conducted during the financial year on corrective actions required to be implemented.

EXTERNAL AUDIT

Deloitte will resign as external auditors of Attacq and its major subsidiaries, after fulfilling the function for 10 years. EY, with Ernest van Rooyen as the engagement partner on the audit, have been appointed as external auditors with effect from 27 November 2020. ARC assessed the suitability of the appointment of the current audit firm and audit partner in terms of section 3.4 (g)(iii) of the JSE Listing Requirements. The board appointment is subject to shareholder approval at the AGM to be held on 27 November 2020.

INTERNAL CONTROLS

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, that the assets are adequately protected against material losses, unauthorised acquisition, use or disposal, and that transactions are properly authorised and recorded.

The systems include a documented organisational structure and division of responsibility, established policies and procedures, which are communicated throughout the group. The group employment processes look to the careful selection, training and development of people. ARC is of the view that the internal control systems are adequately designed and functioning appropriately.

RISK MANAGEMENT

Effective risk management is an integral part in ensuring that the group's strategic intent and growth targets are met. Attacq is aware that there are a multitude of risks that need to be managed to safeguard against any avoidable losses. Attacq's risk management approach does not only focus on the negative aspects of risks, but also in identifying opportunities and appropriate means to exploit such opportunities.

Attacq has conducted a review of its enterprise risk management policy and framework. The risk management policy and framework outline and prescribes the risk management process and is applicable across the group. As a REIT, Attacq's risk management policy specifically prohibits the company from entering into any derivative transactions that are not in the ordinary course of doing business. ARC has monitored compliance with the policy and confirms that Attacq is in compliance thereof.

Attacq applies a formal risk assessment process and continuously identifies and quantifies emerging risks with input from ARC. Residual risk is re-assessed on a quarterly basis by the combined assurance forum and overseen by ARC.
The board takes ultimate responsibility for risk management and has delegated ARC an oversight responsibility. The executive management team, as the implementers of strategy, are responsible to ensure that the group has an effective system for managing risks, and that effective and efficient risk mitigations are implemented. Management reports quarterly to ARC to attest that all potential and emerging risks have been identified, recorded and that appropriate action has been taken to mitigate the risks to acceptable levels.

Risk management is a strategic partner for business ensuring that it not only protects value but acts as an enabler for business and growth. Management and ARC are committed to continuously improve the risk management process to ensure a risk resilient environment. As part of the enterprise risk management process, the group has adopted an integrated approach to combined assurance by using the five lines of defence approach. The combined assurance forum coordinate risk assurance activities and reports regularly to ARC.

PRINCIPAL RISKS AND UNCERTAINTIES

Specific focus was placed on the risks recorded in the risk management report.

REGULATORY COMPLIANCE

ARC provides oversight of the regulatory compliance process and is supported by the Transformation, Social and Ethics Committee **("TSE").**

In line with Principle 13 of King IV, the legal and regulatory compliance risk management process is defined in the risk management and combined assurance policy and framework and is facilitated by the risk and compliance function reporting into the CFO. 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.

INTEGRATED REPORT

ARC will review the integrated report for the financial year ended 30 June 2020, and it will assess its consistency with appropriate reporting standards, the JSE Listings Requirements and King IV.

On behalf of the committee

S Shaw-Taylor
Audit and Risk Committee Chairperson
21 September 2020

Directors' report

To the shareholders of Attacq

The directors have pleasure in presenting their report, together with the consolidated and separate AFS for the year ended 30 June 2020.

1 Corporate overview

Attacq is a South African-based REIT, with a vision of delivering total returns comprising sustainable income returns and long-term capital growth through a focused approach in real estate investments and developments. Attacq's diversified South African portfolio provides sustainable community spaces in its respective nodes, ensuring it is the destination of choice and setting Attacq apart from its peers.

The group's business model is based on four drivers, namely the South African portfolio, Developments at Waterfall, Investment in MAS Real Estate Inc. (MAS) and the Rest of Africa retail investments. Attacq's strategic intent is to exit the Rest of Africa retail investments in an orderly manner.

Attacq is listed on the Johannesburg Stock Exchange (JSE) and is included in the FTSE/JSE SAPY Index and FTSE/JSE SA REIT Index. FTSE Russell has rated Attacq's ESG exposure to, and management of environmental, social and governance issues as 4.2 (2019: 4.1) out of 5.0, showing year-on-year improvement and ranking Attacq as one of the highest rated SA REIT.

The group has a total asset value of R24.6 billion (2019: R27.1 billion), which includes landmark commercial and retail property assets and developments. The group's portfolio of properties and investments consists of geographically diverse assets across South Africa, as well as in sub-Saharan Africa through AttAfrica and Gruppo and western, central and eastern Europe through MAS.

The group has restated its prior year AFS. For more information, refer to note 44 for the restatement of Attacq's prior year AFS.

2 COVID-19

COVID-19 has been declared a global pandemic by the WHO. Since 26 March 2020, the SA Government declared a national state of disaster, in terms of the Disaster Management Act, 57 of 2002, imposing lockdown restrictions and adopting a risk-based approach to re-opening the economy. Since March 2020, the country has moved from lockdown level 5, the most constrained risk-based level in terms of economic activity to most recently, level 1, effective from midnight on 20 September 2020, resulting in the majority of the economy being reopened.

Understanding the severity of this pandemic and managing the group through the crisis, a task team was established comprising executive management members and representative employees from different business units. The group's rapid response has been strengthened by the continual guidance from the Attacq board, as well as participation in the Property Industry Group Initiatives by members of Attacq management.

The health and safety of staff and stakeholders were prioritised, with consistent communication, support and strict hygiene protocols implemented to ensure their well-being and safety. Employees were provided with additional days off to initially prepare for the lockdown and then later, to pause and take a break during the lockdown. These employees have worked tirelessly to ensure our properties complied with the lockdown regulations, ensuring the health and safety of our tenants and shoppers.

The performance of the 2020 financial year can be split between the pre-COVID-19 period, from 1 July 2019 up until mid- March 2020, and the during COVID-19 period from mid-March 2020 until 30 June 2020. Attacq released its interim results on 3 March 2020 and at that point the company was on track to meet the upper end of its distributable guidance for the full year ending 30 June 2020.

3 Distributable earnings per share

The group reported distributable earnings of R529.2 million (2019: R664.1 million).

4 Dividend distributions

The dividends have been declared from distributable earnings and meets the requirements of a REIT qualifying distribution for the purposes of section 25BB of the Income Tax Act.

On 9 September 2019, the board declared a final dividend of 41.0 cents for the six months ended 30 June 2019, which was paid on 7 October 2019.

On 27 February 2020, the board declared an interim dividend of 45.0 cents for the six months ended 31 December 2019, which was paid on 23 March 2020.

On 1 April 2020, the group withdrew its full-year distribution guidance to 30 June 2020. On 30 June 2020, the group announced that the board had resolved not to pay a final distribution for the year ended 30 June 2020 or an interim distribution for the six-month period ending 31 December 2020.

5 Authorised and issued share capital

As at 30 June for the respective financial years, Attacq's issued share capital comprised:	**2020**	**2019**
Total issued shares	750 334 130	749 922 777
Treasury shares	(46 427 553)	(46 427 553)
ARF	(29 726 516)	(29 726 516)
Attacq Treasury Share Company	(16 701 037)	(16 701 037)
Net issued shares	**703 906 577**	**703 495 224**

Directors' report

6 Going concern

The directors have reviewed the group and company's cash flow forecasts up to the period ending September 2021 and, in light of this review and the current financial position, the directors believe that the group and company has adequate financial resources to continue in operation for the ensuing twelve month period. Accordingly, the consolidated and separate 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. The directors have satisfied themselves that the group and company is in a sound financial position and that it has access to sufficient cash reserves and borrowing facilities over the next twelve months to meet its cash requirements. The directors are not aware of any new material changes that may adversely impact the group and company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the group and company. Please refer to Note 36 for further information.

At 30 June 2020 the group had a positive net asset value of R11.6 billion and its current assets together with non-currents assets held for sale exceeded its current liabilities together with non-current liabilities associated directly with non-current assets held for sale by R1.0 billion.

The group has performed cash flow forecasts to support the going concern assumption of the group which include inter-alia, further rental relief for tenants and vacancy assumptions. Financial covenants are expected to be complied with in full.

At 30 June 2020, the group had available liquidity of R1.4 billion comprising unrestricted cash and cash equivalents (R673.2 million), undrawn liquidity facilities (R424.4 million) and long-term undrawn interest-bearing borrowings (R287.5 million).

7 Financial performance

The Group reported a net attributable loss to the owners for the year ended 30 June 2020 of R3.8 billion (2019: R636.3 million loss). The loss is mainly attributable to the negative fair values on investment properties, unfavourable mark-to market on interest rate swaps, the impairment of goodwill and intangible assets, impairment of loans to associates and the impairment of the investment in MAS.

8 Directors' interests in Attacq shares

	30 June 2020			30 June 2019		
Name	**Direct**	**Indirect**	**Total**	**Direct**	**Indirect**	**Total**
P Tredoux	**-**	**27 733**	**27 733**	-	27 733	27 733
M Hamman	**-**	**465 000**	**465 000**	-	442 500	442 500
R Nana	**-**	**33 316**	**33 316**	22 729	-	22 729
JR van Niekerk	**-**	**-**	**-**	-	-	-
MM du Toit (resigned 14 November 2019)	**-**	**-**	**-**	-	-	-
HR El Haimer	**28 500**	**-**	**28 500**	6 500	-	6 500
IN Mkhari	**-**	**-**	**-**	-	-	-
KR Moloko (resigned 15 March 2019)	**-**	**-**	**-**	-	-	-
BT Nagle	**-**	**-**	**-**	-	-	-
S Shaw-Taylor	**650 000**	**-**	**650 000**	650 000	-	650 000
JHP van der Merwe	**-**	**732 481**	**732 481**	-	631 481	631 481
Total	**678 500**	**1 258 530**	**1 937 030**	679 229	1 101 714	1 780 943

During the current and prior years, there were the following movements on share options granted to M Hamman:
- On 14 October 2018, 324 104 SARs granted to M Hamman vested. These share options were exercised on 14 October 2018;
- On 14 October 2018, 84 116 LTIPs granted to M Hamman vested. These share options were exercised on 14 October 2018;
- On 15 September 2018, Remco approved the grant of 1 000 000 retention share options.
- On 14 October 2019, 79 287 LTIPs granted to M Hamman vested. These share options were exercised on 14 October 2019;
- On 12 November 2019, Remco approved the grant of 294 797 LTIPs.

During the current and prior years, there were the following movements on share options granted to R Nana:
- On 14 October 2018, 36 427 LTIPs granted to R Nana vested. These share options were exercised on 14 October 2018.
- On 15 September 2018, Remco approved the grant of 500 000 retention share options.
- On 14 October 2019, 19 009 LTIPs granted to R Nana vested. These share options were exercised on 14 October 2019;
- On 12 November 2019, Remco approved the grant of 224 064 LTIPs.

During the current and prior years, there were the following movements on share options granted to JR van Niekerk:
- On 15 September 2018, Remco approved the grant of 500 000 retention share options.
- On 12 November 2019, Remco approved the grant of 77 982 LTIPs.

Other than the aforementioned changes there were no other changes in Directors' shareholding between the end of the financial year and the date of approval of the AFS.

9 Special resolutions passed by the Group

Apart from the special resolutions passed at the AGM, held on 14 November 2019, no other special resolutions were passed by Attacq or any of Attacq's direct subsidiaries.

Directors' report

10 Investment property

Investment properties decreased by 3.5% from the prior year due to the negative movements on the fair value of the completed buildings set off by the continued roll-out of Waterfall. Additions to investment property totalled R667.9 million, comprising R412.0 million spent on properties under development, R169.5 million on completed developments and R86.4 million on leasehold land. Negative movements in the fair value on investment property amounted to R1.6 billion for this financial year.

Investment property classified as held for sale amounted to R75.6 million (2019: R96.0 million). Refer to note 29 for more details on the investment properties classified as held for sale.

11 Impact on property valuations

The property valuations reflect the external valuers' assessment of the economic impact of COVID-19 at the valuation date.

External valuers are faced with an unprecedented set of circumstances on which to base a judgement as a result of the COVID-19 pandemic. The general risk environment in which the group operates has heightened in the three months prior to the reporting date. The valuations across all asset classes are therefore reported on the basis of a "material valuation uncertainty" as per professional valuation guidelines. Consequently, less certainty – and a higher degree of caution – should be attached to the valuations provided than would normally be the case.

12 Disposals

The following assets were disposed of during the year:

- Disposed of 100.0% of the building previously let to Torre Industries;
- Disposed of 50.0% of the leasehold land relating to Ellipse phase 1; and
- Disposal of 50.0% investment in Nieuwtown and Majestic.

13 Subsequent events

Refer to note 37 to the AFS for disclosure regarding subsequent events.

14 Directors and board changes

P Tredoux	Independent Non-Executive Chairperson
M Hamman	Chief Executive Officer
R Nana	Chief Financial Officer
JR van Niekerk	Chief Operating Officer
MM du Toit*	Independent Non-Executive Director
HR El Haimer	Lead Independent Non-Executive Director
IN Mkhari	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

* MM du Toit resigned with effect form 14 November 2019.

KR Moloko resigned with effect form 2 April 2019.

There were no changes in directors between the reporting date and this report.

15 Company Secretary

A Matwa has been appointed as company secretary of Attacq with effect from 1 March 2020 and has replaced PL de Villiers who has been acting as interim company secretary since the resignation of T Kodde.

T Kodde resigned with effect from 12 April 2019.

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

16 Auditors

The board of directors of Attacq (board of directors) has decided this is an appropriate time to rotate the independent external auditor. Consequently, the audit services of Deloitte will end on conclusion of its external audit responsibilities for the financial year ended 30 June 2020, which is expected to be on 27 November 2020, being the proposed date for Attacq's AGM at which resolutions for the approval of the Attacq group and company AFS for the year ending 30 June 2020 will be tabled.

Following an assessment process, the board of directors, through the Attacq ARC, resolved to appoint Ernst & Young, with Ernest van Rooyen as designated audit partner, as the new auditors for the financial year ending 30 June 2021, subject to shareholders' approval at the Attacq AGM due to be held on 27 November 2020 and effective from that date.

It will be proposed at the next AGM, scheduled for 27 November 2020, that Ernst & Young be appointed as the external auditors in accordance with the Companies Act.

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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 (the Group and Company) set out on pages 21 to 125, which comprise the consolidated and separate statements of financial position as at 30 June 2020, and the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate 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 the Group and Company as at 30 June 2020, and its consolidated and separate financial performance and 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 (ISAs). 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 and Company 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 corresponding sections of the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code). 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 and separate 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.

Deloitte.

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Attacq Limited (continued)

Key Audit Matter	How the matter was addressed in the audit
Valuation of Investment Property	
The carrying value of investment property amounted to R19.4 billion and the fair value adjustment loss recorded in net loss for the year in respect of investment property was a loss of R1.6 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 values. The Group's investment property comprises various categories of properties, being completed developments, developments under construction and leasehold land. The models used to determine the fair values for each of the categories 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 16 and include exit cap rates, discount rates and market rental income. Leasehold land The Waterfall land was acquired through a 99 year lease and is therefore classified as development rights. The group carries the leasehold land (consisting of development rights and infrastructure) at fair value. The group has previously determined fair value with reference to a residual land valuation technique. With effect from the financial year beginning 1 July 2019 the group has changed the valuation technique to the comparable sales valuation technique. The leasehold land has been categorised into three different categories and will be valued accordingly. The comparable sales technique is an internationally accepted technique to assess the fair value of land.	We assessed the competence, capabilities, objectivity and independence of the Director's independent valuers. 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 were consistent with IFRS and industry norms. We tested the significant inputs underpinning the investment property valuation, which related to the market rental income, discount rates and exit cap rates that were utilised in the current year. In addition, we compared the discount and capitalisation rates to that of the May 2020 South African Property Owners Association report. Our independent external valuer compared selected inputs used to market data and entity-specific historical information to confirm the appropriateness of these inputs on a sample basis. Our independent external valuer furthermore reviewed the following: • The models used by the Directors and their independent valuers; and • The significant judgements relating to the assumptions of the discount and exit cap rates and market rental income. We held meetings with each of the Director's assigned independent valuers in order to confirm that the approaches they used are consistent with IFRS and industry norms. As part of our audit procedures we considered the impact of Covid-19 on the valuation of the investment properties. We further investigated any significant changes in assumptions from those applied in the prior year valuations. We performed sensitivity analyses on the significant assumptions to evaluate the extent of impact on the fair values and assessed the appropriateness of the Group's disclosures relating to these sensitivities.

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Attacq Limited (continued)

Key Audit Matter	How the matter was addressed in the audit
Valuation of Investment Property	
	We found that the models used for the various property categories were appropriate and the discount rates, exit cap rates and market rental income were comparable to the market. We considered the reason for the change in valuation technique for the Leasehold land from the prior year and understood the rationale for the change in technique. We assessed the following additional inputs utilised in respect of the valuation of the Leasehold land: • The calculation and treatment of the future rental obligation; and • The comparable sales land prices per bulk square meter. The comparable serviced land prices per square meter was found to be reasonable. The treatment of the future rental obligation for the leasehold land was found to be appropriate. The treatment of the leasehold was appropriate and the valuation of the thereof was reasonable. The disclosures and accounting pertaining to the investment property is found to be appropriate in terms of the relevant accounting standards.

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Attacq Limited (continued)

Key Audit Matter	How the matter was addressed in the audit
Valuation of the Investment in MAS	
The Group has a significant investment in MAS Real Estate Inc. ("MAS"). The investment in MAS is equity accounted for at a Group level. The carrying value of investment in MAS as disclosed in note 17, amounted to R1.9 billion. As at the end of the financial year, there was an impairment indicator in terms of IAS 36: Impairment of assets ("IAS 36") that existed as a result of the MAS share price trading at a significant discount to the Net Asset Value ("NAV"). We identified the valuation of investment in MAS as representing a key audit matter due to the significance of the balance to the financial statements as a whole together with the judgement applied in determining the equity accounting which is underpinned by fair valuation of the underlying investment properties. There was further judgement applied in determining the recoverable amount of this investment.	To address the valuation of investment in MAS, we directed and supervised the component auditor of the MAS throughout the audit and issued instructions to satisfy our audit requirements in terms of ISA 600: Special considerations - Audit of Group Financial Statements (including the work of component auditors). We obtained the audited financial information and recalculated the value of the investment. We furthermore assessed the investment for any indicators of impairment. As part of our audit procedures we considered the impact of Covid-19 on the valuation of the investment in MAS. The Group engagement partner and manager engaged with the component auditors of MAS and reviewed selected audit working papers. We focused our review on the Investment property which represents a KAM in the audit of the associate. We ensured that the Group accounting policies were consistently applied. We attended the final audit committee meeting of MAS to identify if there are any significant matters that could have an impact on the valuation of the Investment in MAS. We reviewed the basis and computation of the Impairment loss recognised in respect of this investment and considered it to be reasonable. We assessed the model together with the approach adopted to determine the impairment of the investment and found it to be appropriate. The disclosures as included in Note 17 pertaining to the investment was found to be appropriate in terms of the relevant accounting standards.

Deloitte.

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Attacq Limited (continued)

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled Attacq Limited Annual Financial Statements for the year ended 30 June 2020, which includes the Directors' Report, the Audit and risk committee report, the Certificate by the Company secretary as required by the Companies Act of South Africa and the Supplementary information, which we obtained prior to the date of this report, and the Integrated Report, which is expected to be made available to us after that date. The 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 and will not express an audit opinion or 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 consolidated and separate 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 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 International Financial Reporting Standards 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 and separate 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.

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 ISAs 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 ISAs, 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.

Deloitte.

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Attacq Limited (continued)

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

- 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.
- 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, actions taken to eliminate threats or safeguards applied.

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 ten years.

Deloitte & Touche

Deloitte & Touche
Registered Auditor
Per: Patrick Kleb
Partner
21 September 2020

Deloitte & Touche
Deloitte, 5 Magwa Crescent
Waterfall City 2090
South Africa

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		GROUP		COMPANY	
Figures in R'000s	**Note**	**30 June 2020**	**30 June 2019**	**30 June 2020**	**30 June 2019**
Gross revenue		**2 192 386**	2 283 244	**807 042**	942 616
Rental income	5	**2 209 156**	2 057 548	**-**	-
Straight-line lease income adjustment	6	**(22 606)**	197 124	**-**	-
Sale of sectional title units		**5 836**	28 572	**-**	-
Investment income	11	**-**	-	**807 042**	942 616
Gross property expenses		**(768 677)**	(780 690)	**(11)**	50
Property expenses	7	**(735 891)**	(741 105)	**(11)**	50
ECL on trade and other receivables	7	**(32 786)**	(8 038)	**-**	-
Cost of sales of sectional title units	27	**-**	(31 547)	**-**	-
Net profit from property operations		**1 423 709**	1 502 554	**807 031**	942 666
Other income	8	**65 596**	89 532	**6 666**	46 645
Operating and other expenses		**(2 476 874)**	(830 771)	**(1 192 006)**	(107 544)
Operating expenses	9	**(160 315)**	(155 485)	**(4 865)**	(6 065)
ECL on loans to associates, subsidiaries and suretyships and guarantees	10	**(594 145)**	(505 148)	**(1 094 835)**	(56 677)
Impairment of investment in associates	10	**(1 312 012)**	(48 159)	**-**	-
Impairment of goodwill and intangible assets	10	**(232 477)**	(61 871)	**-**	-
Other expenses	10	**(177 925)**	(60 108)	**(92 306)**	(44 802)
Operating (loss) profit		**(987 569)**	761 315	**(378 309)**	881 767
Amortisation of intangible asset	24	**(19 964)**	(19 964)	**-**	-
Fair value adjustments		**(2 117 466)**	(801 735)	**(2 068)**	(864)
Investment property	16	**(1 590 476)**	(665 110)	**-**	-
Other financial assets / liabilities	18	**(524 922)**	(135 761)	**-**	-
Other investments at FVPL		**(2 068)**	(864)	**(2 068)**	(864)
Net income from associates and joint ventures	17	**(90 107)**	124 770	**-**	-
Investment income	11	**97 097**	230 549	**3 792**	1 996
Finance costs	12	**(904 950)**	(855 465)	**(7 876)**	(9 340)
(Loss) profit before taxation		**(4 022 959)**	(560 530)	**(384 461)**	873 559
Income tax (credit) expense	13	**255 104**	(42 058)	**-**	(15 958)
Current tax		**(19 843)**	(9 997)	**-**	2 867
Deferred tax		**274 947**	(32 061)	**-**	(18 825)
(Loss) profit for the year		**(3 767 855)**	(602 588)	**(384 461)**	857 601
Attributable to:					
Owners of the holding company		**(3 767 855)**	(602 588)	**(384 461)**	857 601
Other comprehensive loss					
Items that will be reclassified subsequently to profit or loss					
Loss on fair value through other comprehensive income assets		**(9 202)**	(6 144)	**(4 743 022)**	(1 108 183)
Taxation relating to components of other comprehensive income	13	**-**	(27 566)	**-**	93 044
Other comprehensive loss for the year net of taxation		**(9 202)**	(33 710)	**(4 743 022)**	(1 015 139)
Total comprehensive loss for the year		**(3 777 057)**	(636 298)	**(5 127 483)**	(157 538)
Attributable to:					
Owners of the holding company		**(3 777 057)**	(636 298)	**-**	-
Loss per share					
Basic (cents)	15	**(535,4)**	(85,7)	**-**	-
Diluted (cents)	15	**(535,4)**	(85,7)	**-**	-

Attacq Limited and its subsidiaries
(Registration Number: 1997/000543/06)
Annual financial statements for the year ended 30 June 2020

STATEMENTS OF FINANCIAL POSITION

		GROUP		COMPANY	
Figures in R'000s	**Note**	**30 June 2020**	**30 June 2019**	**30 June 2020**	**30 June 2019**
ASSETS					
NON-CURRENT ASSETS					
Investment property	16	**19 374 421**	20 081 544	**-**	-
Per valuation		**20 390 962**	21 120 691	**-**	-
Straight-line lease debtor		**(1 016 541)**	(1 039 147)	**-**	-
Straight-line lease debtor	6	**1 016 541**	1 039 147	**-**	-
Investment in associates and joint ventures	17	**1 950 156**	3 217 711	**34 515**	34 217
Loans to associates and joint ventures	19	**204 461**	879 955	**-**	240 511
Other financial assets	18	**397 736**	386 709	**-**	-
Goodwill	23	**-**	67 774	**-**	-
Intangible assets	24	**-**	184 667	**-**	-
Investment in subsidiaries	42	**-**	-	**7 158 636**	11 868 422
Deferred tax assets	25	**68 941**	-	**-**	-
Property and equipment	40	**16 788**	10 069	**-**	-
Deferred initial lease expenditure		**4 927**	6 860	**-**	-
Loans to subsidiaries	43	**-**	-	**4 133 680**	4 452 635
TOTAL NON-CURRENT ASSETS		**23 033 971**	25 874 436	**11 326 831**	16 595 785
CURRENT ASSETS					
Taxation receivable		**1 348**	4 806	**-**	4 800
Trade and other receivables	26	**220 345**	203 450	**4 953**	2 404
Inventory	27	**119 927**	51 137	**-**	-
Other financial assets	18	**20 834**	32 656	**3 131**	3 130
Loans to associates and joint ventures	19	**306 221**	113 649	**3 768**	2 029
Loans to subsidiaries	43	**-**	-	**-**	207 208
Cash and cash equivalents	28	**772 547**	673 486	**236 836**	12 309
Non-current assets held for sale	29	**77 536**	96 781	**-**	763
TOTAL CURRENT ASSETS		**1 518 758**	1 175 965	**248 688**	232 643
TOTAL ASSETS		**24 552 729**	27 050 401	**11 575 519**	16 828 428
EQUITY AND LIABILITIES					
EQUITY					
Stated Capital	30	**6 473 103**	6 463 585	**6 846 189**	6 836 671
Fair value through other comprehensive income reserve		**272 016**	281 218	**952 746**	5 695 768
Distributable reserves		**3 682 728**	7 954 665	**2 694 164**	3 779 053
Share-based payment reserve	31	**118 136**	117 118	**118 136**	117 118
Foreign currency translation reserve		**1 035 588**	771 146	**-**	-
EQUITY ATTRIBUTABLE TO OWNERS OF THE HOLDING COMPANY		**11 581 571**	15 587 732	**10 611 235**	16 428 610
NON-CURRENT LIABILITIES					
Long-term borrowings	20	**11 372 592**	10 203 134	**-**	-
Other financial liabilities	18	**820 114**	268 112	**705 802**	-
Cash settled share based payments	31	**246**	537	**-**	-
Lease liability	22	**247 803**	-	**-**	-
Loans from subsidiaries	43	**-**	-	**254 162**	389 014
Deferred tax liabilities	25	**29 800**	238 539	**-**	-
TOTAL NON-CURRENT LIABILITIES		**12 470 555**	10 710 322	**959 964**	389 014
CURRENT LIABILITIES					
Short-term portion of long-term borrowings	20	**51 676**	259 611	**-**	-
Other financial liabilities	18	**22 842**	29 439	**-**	-
Lease liability	22	**28 146**	-	**-**	-
Loans from subsidiaries	43	**-**	-	**-**	1 469
Taxation payable		**32**	1 228	**-**	-
Cash settled share based payments	31	**273**	89	**-**	-
Trade and other payables	32	**370 452**	389 690	**3 581**	8 596
Provisions	33	**25 358**	18 304	**739**	739
Liabilities associated with non-current assets held for sale	29	**1 824**	53 986	**-**	-
TOTAL CURRENT LIABILITIES		**500 603**	752 347	**4 320**	10 804
TOTAL LIABILITIES		**12 971 158**	11 462 669	**964 284**	399 818
TOTAL EQUITY AND LIABILITIES		**24 552 729**	27 050 401	**11 575 519**	16 828 428

STATEMENTS OF CASH FLOWS

Figures in R'000s	Note	GROUP 30 June 2020	GROUP 30 June 2019	COMPANY 30 June 2020	COMPANY 30 June 2019
Cash flow from operating activities					
Cash generated from (utilised in) operations	34	**1 217 045**	1 170 806	**(10 765)**	(8 788)
Interest income		**68 521**	186 552	**3 792**	1 996
Dividend income		**233 560**	191 045	**409 183**	489 140
Finance costs		**(900 578)**	(833 851)	**-**	-
Finance costs capitalised		**(26 441)**	(34 479)	**-**	-
Settlement of cash settled share-based payments	31	**-**	(14 389)	**-**	-
Taxation (paid) received		**(17 581)**	(12 357)	**4 800**	774
Net cash generated from operating activities		**574 526**	653 327	**407 010**	483 122
Cash flows from investing activities					
Expenditure to maintain operating capacity					
Property and equipment acquired	40	**(4 122)**	(3 591)	**-**	-
Expenditure to expand operating capacity					
Investment properties acquired	16	**(641 485)**	(907 330)	**-**	-
Associates and joint ventures acquired		**(1 468)**	-	**(1 468)**	-
Associates and joint ventures disposed		**-**	96 179	**-**	-
Cash in entity over which control was obtained		**18 079**	-	**-**	-
Other investments acquired		**(9 880)**	-	**(9 880)**	-
Other financial assets repaid (raised)		**19 047**	(27 072)	**-**	-
Additions to deferred initial lease expenditure		**(671)**	(3 536)	**-**	-
Cash flow relating to non-current assets held for sale	29	**96 018**	25 941	**-**	4 160
Net cash (utilised in) generated from investing activities		**(524 482)**	(819 409)	**(11 348)**	4 160
Cash flows from financing activities					
Capital raised	30	**-**	3 477	**-**	3 477
Dividends paid		**(605 191)**	(805 250)	**(645 119)**	(858 410)
Repayment of lease liability		**(21 861)**	-	**-**	-
Long-term borrowings raised	20	**2 069 204**	1 599 898	**-**	-
Long-term borrowings repaid	20	**(1 482 464)**	(1 194 443)	**-**	-
Loans to associates and joint ventures repaid (advanced)	19	**111 762**	884	**61 611**	(35 359)
Loans repaid to Group companies	43	**-**	-	**412 373**	376 559
Other financial liabilities (repaid) raised	18	**(22 433)**	13 876	**-**	-
Net cash generated from (utilised in) financing activities		**49 017**	(381 558)	**(171 135)**	(513 733)
Total cash movement for the year		**99 061**	(547 640)	**224 527**	(26 451)
Cash at the beginning of the year		**673 486**	1 221 126	**12 309**	38 760
Cash and cash equivalents at the end of the year	28	**772 547**	673 486	**236 836**	12 309

STATEMENTS OF CHANGES IN EQUITY

Figures in R'000s	Stated capital	FVOCI reserve	Distributable reserves	Share-based payment reserve	Foreign currency translation reserve	Acquisition of non-controlling interest reserve	Equity Attributable To Owners Of The Holding Company
GROUP							
Audited balance at 30 June 2018	**6 460 108**	**191 090**	**9 615 294**	**117 390**	**744 701**	**(104 215)**	**17 024 368**
Issue of shares	3 477	-	-	-	-	-	3 477
Total comprehensive loss	-	(33 710)	(602 588)	-	-	-	(636 298)
Loss for the year	-	-	(602 588)	-	-	-	(602 588)
Other comprehensive loss	-	(33 710)	-	-	-	-	(33 710)
Foreign currency translation reserve	-	-	-	-	26 445	-	26 445
Dividends	-	-	(805 250)	-	-	-	(805 250)
Modification of equity-settled share-based payments	-	-	-	(14 867)	-	-	(14 867)
Transfer of reserve on disposal of investments	-	123 838	(123 838)	-	-	-	-
Transfer of reserve from acquisition of non-controlling interest	-	-	(104 215)	-	-	104 215	-
Transfer of share-based payment reserve on vesting	-	-	7 444	(7 444)	-	-	-
Present value of loans to associate	-	-	(32 182)	-	-	-	(32 182)
Recognition of share-based payment reserve	-	-	-	22 039	-	-	22 039
Audited balance at 30 June 2019	**6 463 585**	**281 218**	**7 954 665**	**117 118**	**771 146**	**-**	**15 587 732**
Issue of shares	**9 518**	**-**	**-**	**(9 518)**	**-**	**-**	**-**
Total comprehensive loss	**-**	**(9 202)**	**(3 767 855)**	**-**	**-**	**-**	**(3 777 057)**
Loss for the year	**-**	**-**	**(3 767 855)**	**-**	**-**	**-**	**(3 767 855)**
Other comprehensive loss	**-**	**(9 202)**	**-**	**-**	**-**	**-**	**(9 202)**
Foreign currency translation reserve	**-**	**-**	**-**	**-**	**264 442**	**-**	**264 442**
Dividends	**-**	**-**	**(605 191)**	**-**	**-**	**-**	**(605 191)**
Transfer of share-based payment reserve on vesting	**-**	**-**	**710**	**(710)**	**-**	**-**	**-**
Transfer between reserves[@]	**-**	**-**	**12 957**	**(12 957)**	**-**	**-**	**-**
Reversal of present value of loans to associate[*]	**-**	**-**	**80 202**	**-**	**-**	**-**	**80 202**
Obtaining control of entity	**-**	**-**	**1 332**	**-**	**-**	**-**	**1 332**
Loss of control of entity	**-**	**-**	**5 908**	**-**	**-**	**-**	**5 908**
Recognition of share-based payment reserve	**-**	**-**	**-**	**24 203**	**-**	**-**	**24 203**
Audited balance at 30 June 2020	**6 473 103**	**272 016**	**3 682 728**	**118 136**	**1 035 588**	**-**	**11 581 571**
Note	30			31		42.1	

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

[@] The transfer between reserves relates to share options that vested in prior year.

STATEMENTS OF CHANGES IN EQUITY

Figures in R'000s	Stated capital	FVOCI reserve	Distributable reserves	Share-based payment reserve	Total equity
COMPANY					
Audited balance at 30 June 2018	**6 833 194**	**6 533 893**	**4 426 604**	**117 390**	**17 911 081**
Issue of shares	3 477	-	-	-	3 477
Total comprehensive (loss) income	-	(1 015 139)	857 601	-	(157 538)
Profit for the year	-	-	857 601	-	857 601
Other comprehensive loss	-	(1 015 139)	-	-	(1 015 139)
Recognition of share-based payment reserve	-	-	-	(272)	(272)
Present value of loans to group companies	-	-	(469 728)	-	(469 728)
Dividends	-	-	(858 410)	-	(858 410)
Transfer between reserves*	-	177 014	(177 014)	-	-
Audited balance at 30 June 2019	**6 836 671**	**5 695 768**	**3 779 053**	**117 118**	**16 428 610**
Issue of shares	**9 518**	**-**	**-**	**-**	**9 518**
Total comprehensive loss	**-**	**(4 743 022)**	**(384 461)**	**-**	**(5 127 483)**
Loss for the year	**-**	**-**	**(384 461)**	**-**	**(384 461)**
Other comprehensive loss	**-**	**(4 743 022)**	**-**	**-**	**(4 743 022)**
Recognition of share-based payment reserve	**-**	**-**	**-**	**13 975**	**13 975**
Present value of loans to group companies	**-**	**-**	**(148 464)**	**-**	**(148 464)**
Reversal of present value of loans to group companies#	**-**	**-**	**80 197**	**-**	**80 197**
Dividends	**-**	**-**	**(645 118)**	**-**	**(645 118)**
Transfer between reserves@	**-**	**-**	**12 957**	**(12 957)**	**-**
Audited balance at 30 June 2020	**6 846 189**	**952 746**	**2 694 164**	**118 136**	**10 611 235**
Note	30			31	

* The transfer of reserves in the prior year was as a result of the disposal of Attacq's investment in AIM to AWIC, disposal of Nova Eventis and investments in fatti Attacq and fatti 365 (refer to note 42).

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

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

SIGNIFICANT ACCOUNTING POLICIES

1.1 STATEMENT OF COMPLIANCE

The accounting policies of the group as well as the disclosures made in the separate 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 which are measured at fair value or amortised cost. 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 2020.

All significant accounting policies are consistent in all material respects with those applied in the previous year, except for the adoption of IFRS 16 which is disclosed in note 3. There have been no material changes in judgements reported in prior reporting periods. However, additional estimates of amounts relating to revenue recognition, lease liabilities, right-of-use assets, intangible assets and goodwill are disclosed in note 2.

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.

Refer to note 1.5 for subsidiaries and 1.6 for investment in associates and joint ventures.

1.4 GOODWILL

Goodwill that arises on the acquisition of subsidiaries is presented separately on the face of the statement of financial position.

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.

1.5 SUBSIDIARIES

The results of subsidiaries are included for the duration of the period in which the group exercises control over the subsidiary. 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.

An investor controls an investee when it is exposed, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The Company carries its investments in subsidiaries at fair value with reference to their underlying net asset value. Subsequent movements in underlying net asset value of the investment in subsidiaries are recognised in other comprehensive income.

1.6 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

Associates and joint ventures are those entities in which the group has significant influence, but does not control or have joint control, over the financial and operating policies. Significant influence is presumed to exist when the group holds between 20.0% and 50.0% of the voting rights of another entity.

The company carries its investments in associates and joint ventures at fair value. Subsequent movements in fair value remeasurements of the investment in associates and joint ventures are recognised in other comprehensive income.

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 financial statements.

1.6 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

The requirements of *IFRS 9: Financial Instruments* 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.

The group discontinues the use of the equity method from the date when the investment ceases to be an associate and joint ventures.

1.7 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 (refer note 1.6).

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 note 16 for undivided shares held is the respective 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 IFRSs applicable to the particular assets, liabilities, revenues and expenses.

1.8 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.

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 *IFRS 16: Leases* (2019: *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* .

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 16, note 17 and note 18 for the categorisation of the Group and Company 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 re-assessing 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.

1.9 INVESTMENT PROPERTY

Investment properties are properties held to earn rentals and for capital appreciation, including leasehold land (comprising 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 which are held to earn rentals or for capital appreciation purposes are accounted for as investment property 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 leasehold land (comprising developments rights, infrastructure and services) are accounted for as investment properties and are measured at fair value using the comparable sales valuation technique.

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 are 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.

Subsequent measurement

Subsequent to initial measurement, investment properties are measured and recognised at fair value.

Investment property is 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;
- at the financial year-end with reference to the independent external valuations;
- at the interim and financial year-end with reference to the disposal value where the property is going to be disposed and its expected that the disposal will conclude within 12 months after period end.

Developments under construction are initially recognised at cost and subsequently remeasured to fair value. The fair value of development property is not always reliably determinable due to the properties being in the early stages of construction or where construction has not yet begun. Where fair value cannot be reliably determined, but the group expects that the fair value will be reliably determinable when construction is further progressed, the group measures such properties at cost.

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.

1.10 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.

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 that it's estimated recoverable amount.

SIGNIFICANT ACCOUNTING POLICIES

1.11 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 a 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.

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.

1.12 FINANCIAL INSTRUMENTS

Financial assets and liabilities, in respect of financial instruments, are recognised on the group's and company's statement of financial position when the group and company becomes a party to the contractual provisions of the instrument.

All financial assets and liabilities are initially measured at fair value, including transaction costs except for those classified as at fair value through profit or loss which are initially measured at fair value, excluding transaction costs.

The fair value of a financial instrument on initial recognition is normally the transaction price unless the fair value is evident from observable market data.

FINANCIAL ASSETS

Classification

The group and company classifies its financial assets in the following measurement categories:

- those measured subsequently at fair value (either through OCI or through profit or loss); and
- those measured at amortised cost.

The classification depends on the group's and company's business model for managing the financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group or company has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

The group and company reclassifies debt investments when, and only when, its business model for managing those assets changes.

Measurement

At initial recognition, the group and company measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the group's and company's business model for managing the asset and the cash flow characteristics of the asset. Currently there are two measurement categories into which the group and company classifies its debt instruments, as the group and company do not hold any debt instruments classified as FVOCI, as summarised in the table below.

Category	Financial instruments	Business model and cash flow characteristics	Movement in carrying amount	Derecognition	Impairment
Amortised cost	Trade and other receivables Loans to associates and joint ventures Other loans receivables Cash and cash equivalents Loans to subsidiaries	Financial assets that are held for collection of contractual cash flows where those cash flows are SPPI	Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are recognised in profit or loss.	Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in operating expenses.	Impairment losses are assessed in accordance with IFRS 9 based on the expected loss method. It has been presented separately on the face of the statement of comprehensive income as it was considered material

SIGNIFICANT ACCOUNTING POLICIES

1.12 FINANCIAL INSTRUMENTS (continued)

FINANCIAL ASSETS (continued)

Debt instruments (continued)

Category	Financial instruments	Business model and cash flow characteristics	Movement in carrying amount	Derecognition	Impairment
FVPL	Derivative financial assets	Financial assets that do not meet the criteria for amortised cost or FVOCI.	Gains and losses on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented on a net basis within fair value adjustments in the period in which it arises. Interest income is recognised in profit or loss.	Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in operating expenses.	Debt instruments measured at FVPL are not subject to the impairment model in terms of IFRS 9.

Equity investments

Equity investments are subsequently measured at fair value. Management has elected to present fair value gains and losses on equity investments in OCI. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as income from financial assets when the group's and company's right to receive payments is established.

Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Impairment

The group has financial assets classified and measured at amortised cost that are subject to the expected credit loss model requirements of IFRS 9. While cash and cash equivalents are classified and measured at amortised cost, and are also subject to these impairment requirements they are considered to have low credit risk, and the expected credit loss is mitigated through the groups' credit risk management policy.

The group and company assesses on both a forward-looking and historical basis the ECLs associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

At each reporting date, the group assesses whether financial assets carried at amortised cost (such as long-term loans granted) have significantly increased in credit risk. The group considers a financial asset to be in default when:
- the borrower is unlikely to pay its credit obligations to the group in full, without recourse by the group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the group in accordance with the contract and the cash flows that the group and company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Expected credit loss allowances are measured on either of the following bases:
- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The carrying amount is reduced directly by the impairment loss, with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account.

For trade receivables, the group and company apply the simplified approach permitted by IFRS 9, which requires lifetime ECLs to be recognised from initial recognition of the receivables. The ECL on trade receivables are estimated using a provision matrix with reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtor, general economic conditions of the industry in which the debtor operates and an assessment of both the current as well as the forecast direction of conditions at the reporting date such as inflation and GDP growth. The group has recognised a loss allowance of 100% against all receivables where current circumstances indicate that these receivables are generally not recoverable.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed, either directly or by adjusting the allowance account, through profit or loss. The carrying amount of the financial asset at the date the impairment loss is reversed will not exceed what the amortised cost would have been had the impairment loss not been recognised.

SIGNIFICANT ACCOUNTING POLICIES

1.12 FINANCIAL INSTRUMENTS (continued)

FINANCIAL ASSETS (continued)

Write-off policy

The group and company writes-off financial assets where there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or entered into bankruptcy proceedings.

Trade receivables are written off at the earlier of (i) management receiving legal confirmation that the outstanding amount is irrecoverable, or (ii) when a settlement has been reached with the tenant, or (iii) after a lapse of a 12-month period from initial arrears, or (iv) where the cost of going legal outweighs the benefit of recovering the arrears amount.

FINANCIAL LIABILITIES

Financial liabilities, excluding derivative financial instruments, and equity instrument

Financial liabilities consist of interest-bearing borrowings, other loans payable and trade and other payables.

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

Financial liabilities are recognised initially at fair value, net of transaction costs incurred. 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).

Subsequent to initial measurement, these instruments are measured as follows:

- Other loans and interest-bearing borrowings are subsequently stated at amortised cost, using the effective interest rate method. Any difference between the proceeds net of transaction costs and the settlement or redemption of borrowings is recognised over the term of the borrowings.
- Trade and other payables are not interest bearing and are subsequently stated at their nominal values.

Derivative financial instruments

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

The use of derivative financial instruments is governed by the group's policies approved by the Board, which provide written principles consistent with the group's risk management strategy. The group does not use derivative financial instruments for speculative purposes.

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.

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 are detailed in note 1.8.

Suretyships and guarantees

Suretyships and guarantees 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 and recognised as contingent liabilities.

Suretyships and guarantees are assessed on an individual basis to determine if there is an ECL that should be recognised for a potential default and recognised as a financial liability measured at amortised cost.

1.13 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.

Where a development property is under construction with the purpose of disposing such property for the realisation of sales proceeds, instead of being held for long term yields and capital appreciation, such property is classified as inventory.

The inventory classification shall continue post completion of the property until either such property is sold, or the purpose of such property changes to one of being held for long term yields and capital appreciation.

SIGNIFICANT ACCOUNTING POLICIES

1.14 TAXATION

Income taxation expense

Income taxation expense comprises the sum of current and deferred taxation. Income taxation is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

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 tax is the expected tax payable on taxable income, after deducting the qualifying distribution for the year of assessment, using tax rates that have been enacted or substantively enacted by the reporting dates and includes adjustments for tax payable in respect of the previous years. In accordance with the REIT status, dividends declared are treated as a qualifying distribution in terms of section 25BB of the Income Tax Act.

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.

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, joint ventures 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.

Deferred taxation is not recognised on the fair value of investment properties. These items will be realised though sale and, in accordance with the income tax requirements relating to the REIT status, capital gains tax is not applicable. Deferred taxation is not recognised for temporary differences that will form part of future qualifying distributions.

1.15 NON-CURRENT ASSETS HELD FOR SALE

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.

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.

SIGNIFICANT ACCOUNTING POLICIES

1.16 LEASES

Where the group is the lessee

The group leases leasehold land, an office building, air bridges, a small portion of retail space, printers and laptops under operating leases from non-related parties.

Recognition

Leases are recognised as a lease liability and corresponding right-of-use asset at the commencement date of the leases. Each lease payment is allocated between the settlement of the lease liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the lease liability for each period.

Lease liabilities are presented as a separate line in the consolidated statement of financial position and disclosed separately (note 22).

Right-of-use assets, classified as investment property, are measured at fair value. Fair value gains and losses are recognised in profit or loss in "fair value adjustments".

Right-of-use assets, classified as property and equipment, are depreciated on a straight-line basis from the commencement date to the end of the lease term. The lease term is the non-cancellable period of the lease plus any periods for which the group is 'reasonably certain' to exercise any extension options. If right-of-use assets are considered to be impaired, the carrying value is reduced accordingly. Depreciation is recognised in "operating expenses" and impairments, if applicable, will be recognised in "other expenses".

Right-of-use assets are recognised as part of investment property (note 16) and property and equipment (note 40).

Initial measurement

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date and are discounted using the interest rate implicit to the lease. The incremental borrowing rates of the applicable statutory entity was the appropriate rate. Lease payments included in the lease liability include fixed payments and in-substance fixed payments during the term of the lease.

Right-of-use assets are initially measured at cost which is The amount of the initial measurement of the lease liability.

Subsequent measurement

After initial recognition, the lease liability is recorded at amortised cost using the effective interest method. It is measured by:

- Increasing the carrying amount to reflect interest on the lease liability;
- Reducing the carrying amount to reflect the lease payments made;
- Changes to reflect revised in-substance fixed lease payments;
- The Group's assessment of the lease term changes; and
- Lease modifications occur that are not treated as separate leases.

Any change in the lease liability as a result of these changes also results in a corresponding change in the right-of-use asset.

Right-of-use assets, classified as investment property, are subsequently measured, applying the fair value model where the right-of-use asset falls within the scope if IAS 40: Investment Property, at fair value .

Right-of-use assets, classified as property and equipment, are subsequently measured applying the cost model where a right-of-use asset falls within the scope of IAS 16 Property, Plant and Equipment, at cost less accumulated depreciation and any accumulated impairment losses.

Rental paid for office printers and laptops is recognised in operating expenses and has been separately disclosed. The group has applied the low value expedient option in IFRS 16 for these assets and a lease liability and right-of-use asset has not been recognised for these assets. Any asset with a value of less than R80 000 is deemed to be a low value asset.

Variable rentals that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in "property expenses" or "operating expenses" in profit or loss (note 7, 9 and 22).

Where the group is the lessor

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

Contractual 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.

SIGNIFICANT ACCOUNTING POLICIES

1.17 STATED CAPITAL

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.

1.18 REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue from contracts with customers arises from transactions not associated with financial instruments, or investment properties. Revenue is recognised either when the performance obligation has been satisfied ('point in time') or as control of the goods or service is transferred to the customer ('over time'). This requires an assessment of the group's performance obligations and of when control is transferred to the customer. Where revenue is recognised over time, based on performance obligations, the group applies a revenue recognition method that faithfully depicts the group's performance in transferring control of the service to the customer. Due to the nature of the group's business, the majority of its revenue from customers is considered to be recognised 'over time'. If performance obligations in a contract do not meet the over time criteria, the group recognises revenue at a point in time. Revenue from asset management services is included in this category. This is in general due to the group performing and the customer simultaneously receiving and consuming the benefits over the life of the contract as services are rendered. For each, revenue is measured based on the consideration specified in contracts with customers. Such amounts are only included based on the expected value or most likely outcome method, and only to the extent that it is highly probable that no significant revenue reversal will occur. In assessing whether a significant reversal will occur, the group considers both the likelihood and the magnitude of the potential revenue reversal. Payment terms and conditions included in customer contracts are typically due in full within 30 days.

Details related to the nature and measurement of revenue are set out below:

Revenue type	Description	Nature, timing of satisfaction of performance obligations and measurement
Fee revenue	Management fees on assets under management.	Management fees on assets under management are recognised over the period for which the services are rendered, in accordance with the substance of the relevant agreements.
Recoveries	Recovering operating costs, such as utilities, from tenants.	Utility recoveries are recognised over the period for which the services are rendered. The Group acts as a principal on its own account when recovering operating costs, such as utilities, from tenants.
Casual parking, non-GLA income and lease cancellation fees	Parking income from retail centres, non-GLA income (advertising, promotion and exhibition) and lease cancellation fee	Casual parking income is recognised over the period for which the services are rendered. Non-GLA income and lease cancellation fees are contingent and are recorded in the period in which they are earned.
Sale of inventory	Disposal of sectional title units	Revenue from the sale of inventory is recognised on the date of registration/transfer.

Contractual rental income from lease agreements is not within the scope of IFRS 15 and has thus not been included in the table above.

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 accrual 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).

SIGNIFICANT ACCOUNTING POLICIES

1.19 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).

1.20 BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, constructing or developing 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 acquisition, constructing or developing 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 acquisition, constructing or developing 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.

1.21 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 re-translated.

1.22 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 (i.e. the reporting entity's interest in the net assets of that operation) are taken to other comprehensive income.

The average US Dollar to SA Rand conversion rate, where applicable, of $1.00: R15.64 (2019: $1.00: R14.18) 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 $1.00: R17.33 (2019: $1.00: R14.15).

The average Euro to SA Rand conversion rate, where applicable, of €1: R17.29 (2019: €1.00: R16.18) 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 €1.00: R19.45 (2019: €1.00: R16.11).

1.23 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 or retired employees.

SIGNIFICANT ACCOUNTING POLICIES

1.24 SHARE-BASED PAYMENT ARRANGEMENTS

Equity-settled share-based payments

Equity-settled shared-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.

1.25 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 nine 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;
- Retail;
- Industrial;
- Hotel;
- Waterfall Developments; and
- Head office SA.

Indirect owned real estate:
- MAS European;
- Rest of Africa; and
- Head office Global.

The office and mixed-use, retail, industrial, hotel and head office SA segments generates rental income from the underlying properties. Head office SA generate revenue from fees charged to external parties and includes the Rand denominated long-term borrowings. Waterfall Developments does not generate revenue whilst under construction. MAS European and Rest of Africa are equity accounted investments. Head office Global includes foreign denominated long-term borrowing.

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.

1.26 DIVIDENDS

Dividends and other distributions to the holders of equity instruments, in their capacity as owners, are recognised directly in equity at the date of payment.

1.27 RECONCILIATION OF EARNINGS AND DISTRIBUTABLE EARNINGS

The group has established strict guidelines regarding its distributable earnings to ensure that the distributable earnings is a fair reflection of sustainable earnings; this comprises property related income and development profits net of property related expenditure, finance costs not capitalised and administrative costs.

As distributable earnings is a measure of sustainable income, the group has applied the following specific exclusions in the determination of this metric:
- capital or non-recurring items;
- fair value on investment property and financial assets;
- straight-lining adjustments determined in line with IFRS; and
- transactions with related parties which are not at arm's length.

These guidelines align with the best practice recommendations established by the SA REIT Association.

SIGNIFICANT ACCOUNTING POLICIES

2. CRITICAL ACCOUNTING JUDGEMENTS INCLUDING THOSE INVOLVING ESTIMATIONS

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 on-going basis. Revisions to accounting estimates are recognised in the period which the estimates are 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:

2.1 Control over certain investment in associates and joint ventures

The group has certain investments in associates in which it effectively owns in excess of 20.0% 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.

Investment in MAS

It must be noted that Attacq has no right, in terms of MAS' 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 75.0% 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.

Investment in Nieuwtown and Majestic

The group had a 50.0% shareholding in Nieuwtown and Majestic in the prior year.

In the financial years prior to 30 June 2019 years, the group performed the asset management function of Nieuwtown and Majestic. The asset management agreement was relinquished in the prior year. The performance of the asset management function in conjunction with a 50.0% shareholding does not by itself result in control.

2.2 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 1.9. 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 leasehold land;
- 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 leasehold 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.

There is significant judgement involved in the determination of the fair value of investment property. The significant unobservable inputs into the property valuations are capitalisation rates, discount rates and market rental assumptions. Refer to note 16 for the details relating to the significant unobservable inputs.

<u>Valuation sensitivity analysis: significant inputs and coronavirus impact</u>

There has been no change in the valuation methodology used for investment property as a result of COVID-19. The property valuations reflect the external valuers' assessment of the impact of the COVID-19 at the valuation date, hence the increased uncertainty in these key valuation assumptions. The results of this analysis are detailed in the sensitivity tables in note 16.

The general risk environment in which the group operates has heightened in the three months prior to the reporting date, largely due to the COVID-19 pandemic. For some of the group's properties, the pandemic has had a significant impact on valuations. As at 30 June 2020, the external valuers consider that they can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. The current response to the pandemic means that external valuers are faced with an unprecedented set of circumstances on which to base a judgment. The valuations across all asset classes are therefore reported on the basis of a "material valuation uncertainty" as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to the valuations provided than would normally be the case. The external valuers have confirmed that the inclusion of the "material valuation uncertainty" declaration does not mean that valuations cannot be relied upon. Rather, the phrase is used in order to be clear and transparent with all parties, in a professional manner that – in the current extraordinary circumstances – less certainty can be attached to valuations than would otherwise be the case. In light of this material valuation uncertainty we have reviewed the ranges used in assessing the impact of changes in unobservable inputs on the fair value of the group's property portfolio.

SIGNIFICANT ACCOUNTING POLICIES

2. CRITICAL ACCOUNTING JUDGEMENTS INCLUDING THOSE INVOLVING ESTIMATIONS (continued)

2.3 Determination of valuation of the investment in MAS and the impairment thereof

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 regards to MAS. The fair value is further influenced by the accounting policies applied and appropriate adjustments are made on consolidation for differences in accounting policies.

The investment in MAS, being an associate in terms of IAS 28: *Investments in Associates and Joint Ventures* , is subject to impairment testing in terms of IAS 36: *Impairment of Assets.* The reduction in the share price, together with the current discount to NAV, was considered an indication that the investment in MAS is impaired.

Given the uncertainty related to the COVID-19 pandemic, and the uncertainty in determining the future cash flows for input into a value in use calculations, management is of the view that the fair value less cost to sell is representative of the recoverable amount.

2.4 Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and FVOCI 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.

2.5 Impairment of investment in the rest of Africa portfolio

Management has assessed the fair value of the investment in the rest of Africa portfolio, and has determined that a risk of volatility in the property values exist due to the current difficult economic climate in those countries in which the group has a presence.

Based on the above mentioned factors, management assessed this investment and incorporates that in the measurement of ECL. Refer to note 17 and 19.

2.6 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 COO, determine 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 ARC and Board bi-annually to explain the cause of fluctuations in the fair value of the assets and liabilities.

Information about the valuation techniques and inputs used in the determination of the fair value of various assets and liabilities is disclosed in notes 16, note 17 and note 18.

2.7 Fair value measurement of Waterfall leasehold land

<u>Leasehold land</u>

The valuation in respect of Waterfall's leasehold land is based on an external valuation performed on a comparable sales valuation technique (2019: residual land valuation technique). Comparable sales used by the external valuer in the following ranges were applied in the determination of the valuation: farmland between R225 and R275 per m², land and bulk rates between R1 000 and R1 300 per m² for industrial, and R2800 and R3800 per m² for mixed use. 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 leasehold land (as detailed below). Refer to note 3 for further

<u>Estimation of the future rental payments to WDC</u>

In 2009 AWIC, a subsidiary of the group, entered into a purchase of development rights and lease agreements with WDC in terms 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 (WDC), an amount equal to 6.0% of the net rentals it generates from the leasehold improvements. This obligation is deemed inseparable from the leasehold land and should therefore impact the fair value of the relevant investment property.

The 6.0% net rental obligation is calculated based on:

- staggered rental income streams based on the anticipated completion tempo, assuming a consistent commencement date at the end of the reporting period and varying periods of construction, of the various leasehold improvements; and
- discounting of anticipated cash flow streams to determine the present value of the obligation at rates between 14.03% and 15.62% (2019: 16.29% and 16.88%).

SIGNIFICANT ACCOUNTING POLICIES

2. CRITICAL ACCOUNTING JUDGEMENTS INCLUDING THOSE INVOLVING ESTIMATIONS (continued)

2.7 Fair value measurement of Waterfall leasehold land (continued)

In terms of the abovementioned agreements, AWIC has specific obligations relating to the disposal of residential developments which supersedes the net rental obligation described above.

The obligations specifically relating to the disposal of residential developments is calculated based on:

- sales price to the end user;
- difference between such sales price and a predetermined threshold set out in the agreement; and
- the difference multiplied by 5.0%.

2.8 Capitalisation of borrowing costs

As described in note 1.20, the group capitalises borrowing costs directly attributable to the construction of qualifying assets. Capitalisation of the borrowing costs relating to construction of the group's developments in Waterfall was suspended during April 2020 and May 2020, while the developments were suspended as a result of the national lock down. Capitalisation of borrowing costs recommenced in June 2020 when construction of the developments could recommence with the resumption of the activities necessary to prepare the asset for its intended use.

2.9 Share-based payments

In applying IFRS 2: *Share-Based Payment* , management has made certain judgements in respect of the fair value option pricing models to be used in determining the various share-based payment arrangements in respect of employees, as well as the variable elements used in these models. 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 distributions, development roll-out, development surplus, transformation and expected employee attrition rate.

2.10 Critical accounting judgements and key sources of estimation relating to IFRS 16 relating to rental the lease with WDC

<u>Lease identification – rental payments to WDC</u>

In 2009 AWIC, a subsidiary of the group, entered into a purchase 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 (WDC), an amount equal to 6.0% of the net rentals it generates from the leasehold improvements.

The directors of the group assessed whether or not the contract with WDC contains a lease for the leasehold land. In making the assessment, the directors have established that WDC cannot use the leasehold land for any other purposes during the course of the agreement and therefore the group does have the right to obtain substantially all of the economic benefits from the use of the leasehold land. As a result the directors concluded that the group has contracted for substantially all of the capacity of the leasehold land, and therefore the contract contains a lease.

<u>Lease term</u>

Where the group recognises a lease liability and corresponding right-of-use asset, consideration is given around the extension options of the lease, in terms of IFRS 16. An evaluation of the facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option on the remaining lease term, is performed. These include an assessment of the likelihood of renewal by the tenant situated on the leasehold land, the potential business disruption by not extending and the unrecoverable costs or penalties incurred to extend or terminate the contract. The group concluded that all lease liabilities and right-of-use assets are appropriately accounted for based on the lease term and that any significant changes or circumstances in the current year to this assessment have been account for.

<u>In substance fixed payments</u>

The in substance fixed payments are determined with reference to the underlying tenant leases, being the contractual rental per the lease agreement. Once a lease is signed the payment of the 6.0% to WDC becomes in substance fixed. In the absence of a signed lease agreement, the lease payments are contingent.

<u>Annual renewal of WDC lease</u>

The lease with WDC is a 99-year lease that is renewed annually. The directors have assessed whether the annual renewal constitutes a lease modification and have concluded that the annual renewal is not a lease modification as it has been taken into account at inception of the lease.

<u>Incremental borrowing rate</u>

The incremental borrowing rate is the rate applied at inception of the lease. The annual renewal of the lease has been assessed not to be a lease modification and the incremental borrowing rate remains the rate used at inception.

2.11 Preparation of cash flow forecasts

The application of judgement is inherent in the preparation of cash flow forecasts which are used by the group in support of the going concern assumption, the recoverability of rental income from tenants, the anticipated operational cost to be spend, capital expenditure relating to completed properties, the anticipated development spend, the servicing of interest on long-term borrowings and swaps and the ability to utilise its assessed taxation losses.

The forecasts are based on the expected cash generated / utilised from the South African portfolio, Developments at Waterfall, Investment in MAS and Rest of Africa retail investment of the group which is reviewed monthly by the executive committee and approved by the directors.

2. CRITICAL ACCOUNTING JUDGEMENTS INCLUDING THOSE INVOLVING ESTIMATIONS (continued)

2.11 Preparation of cash flow forecasts (continued)

Unique complexities associated with the preparation of the cash flow forecasting have arisen from the coronavirus pandemic. These includes estimation with respect to the rental receipts, potential rental relief granted to tenants, anticipated capital expenditure on completed properties and development under construction and the implications of the pandemic on the prevailing macroeconomic conditions and our customers. The 12 month cash flows are presented to the board for approval quarterly.

In applying IFRS 9: *Financial Instruments* , management makes judgements and assumptions in determining the impairment losses to be recognised in relation to financial assets. The expected credit loss allowances for financial assets are based on assumptions about risk of default and expected loss rate. The group and company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's and Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Refer to note 1.12 for the accounting policy regarding determination of ECL.

2.12 Financial assets

Methodology for calculation ECLs

The methods for calculating ECLs for each financial asset type depends on the underlying assets and their properties. Sometimes several techniques and models may be used within a single asset class.

The following methods were used within the group:

Category	**Type of credit loss model used**
Inter-company loans	Moody's Analytics "RiskCalc" SA financial statement PD and LGD model and data. For Property Investment Companies, the Asset Break Up value may be applied for LGD. Adjusted for items such as implied group support. Where the counterparty is an investment holding company, the PD and LGD measurement may be applied to operating subsidiaries that generate the cash flow for the counterparty.
Guarantees	Ratings or Moody's Analytics RiskCalc SA financial statement PD and LGD models, adjusted for such items as implied group support. For Property Investment Companies, the Asset Break Up value may be applied for LGD.
Sovereign risk adjustments	Foreign counterparties, where their country has a lower credit rating than South Africa, are attributed the higher of their ECL and that of their Country.
Rental debtors	Judgmental assessment of ratings and LGD's for different categories of debtors. Use of Moody's Analytics CreditEdge implied ratings for benchmark data.

Calculated through-the-cycle loss rates are converted into PIT losses and then into ECL%'s using Moody's Analytics ImpairmentCalc product and their GCorr economic forecasts and scenarios.

Management used the RiskCalc product (including its LossCalc module) to calculate PDs and LGDs based on the input of financial statements of a counterparty. Where reliable financial statements (which may include management accounts) are not available we use alternative techniques to calculate PD's and LGDs. Where a company is rated we may use that rating instead of the RiskCalc PD.

RiskCalc uses a very comprehensive multi-decade historical database of company financial information and default events to calculate PD and LGD.

CreditEdge is used to derive implied ratings on listed companies. The model applies the theories of a Merton measure of distance to default along with Moody's proprietary methodology to measure an Expected Default Frequency (EDF) which is a proxy for a PD. These are mapped within CreditEdge to implied ratings. CreditEdge covers over 38 000 global listed firms including most South African listed companies. Moody's Analytics has published several research papers on the accuracy of the model. It is in widespread use by lenders and fixed income managers.

The output from RiskCalc is a through-the-cycle measure of PD and LGD and from CreditEdge implied ratings which have to be converted to Point-in-time measures (at measurement date) and then conditioned into a forward looking measure, using forward looking indicators and scenarios to arrive at an IFRS 9 compliant ECL.

Management used the ImpairmentCalc product to convert (or condition) through-the-cycle PDs and LGDs as well as ratings into ECLs through the use of forward-looking information. ImpairmentCalc uses the Moody's multi-factor GCorr credit risk model, validated historic macro-economic data and forecast macro-economic data and scenarios with recommended weightings.

The output of ImpairmentCalc is a term ECL (i.e. 12 months, Lifetime or a specific period in between).

Ratings, measured PD and LGD's are converted from TTC to PIT measures using Moody's Analytics ImpairmentCalc product. ImpairmentCalc then converts (or "conditions") these historic or PIT measures into forward looking measures that constitute the ECL. This conditioning utilises their proprietary models, their database of validated historic macroeconomic and default data and forecast scenarios and recommended weightings of scenarios.

SIGNIFICANT ACCOUNTING POLICIES

2. CRITICAL ACCOUNTING JUDGEMENTS INCLUDING THOSE INVOLVING ESTIMATIONS (continued)

2.12 Financial assets (continued)

This is consistent with the methodology applied in prior periods.

Moody's Analytics produces a set of macroeconomic forecasts for South Africa that considers the historical accuracy of various forecasters to identify reliable sources. These are incorporated into their GCorr macroeconomic forecast set. Based on research conducted by Moody's Analytics they recommend the use of their Baseline, Stronger Near-Term Rebound (S1), and Moderate Recession (S3) forecast sets weighted 40.0%, 30.0%, 30.0% respectively for a forward looking adjustment for the purposes of IFRS 9. They consider both public and private South African company defaults in this research. The methodology does consider the industry of the asset and includes in the calculations likely volatility of that industry to the average impact of the South African economy.

The advent of COVID-19 has had a fundamental impact on the economy in general with an exaggerated impact on credit risk. Moody's Analytics updated their forecasts to reflect this risk by taking into account the possible spread of the epidemic through the country, the economic impact of the epidemic including measures taken to prevent its spread and measures taken by the government to ameliorate the economic impact. They recommend continuing to apply the Baseline, S1 and S3 GCorr scenarios weighted 40.0%, 30.0%, 30.0% (these scenarios have been adjusted to reflect the change in risk).

Moody's Analytics do not disclose the specific macroeconomic variables that they have found to be best predictive of changes in credit risk in South Africa but do provide indicators of the impact of certain of their measures. Under all three scenarios, South Africa will experience a contraction of GDP with their S1 scenario forecasting economic growth to return quicker than the Baseline and S3 scenarios. The fourth quarter 2019 GDP level is achieved between the third quarter of 2021 and the third quarter of 2023 under the three scenarios. The Baseline forecast reflects a contraction of more than 8.0% in GDP between the fourth quarter of 2019 and the fourth quarter of 2020. By comparison, S1 shows a 6.0% contraction and S3 12.0% contraction. GDP is not the only factor that determines the extent of the adjustment but is described here to illustrate the extent of impact on the general economy that is being taken into account.

<u>Inter-company and related party loans</u>

The loans between group companies (inter-company loans) and any related party loans were valued based on the risk of the counterparty on the comprehensive method.

Management determined the staging of each asset in terms of the accounting policy detailed in 1.12.

Calculated ECL's and asset values were put through Moody's Analytics ImpairmentCalc which incorporates their GC or macroeconomic data, forecasts, weightings and correlations to convert historic credit losses to forward looking ECL's except where the measurement of the risk was inherently forward looking.

Where a loan has been subordinated or been restricted terms of repayment, the term of the loan is extended to the estimated date that such restriction on repayment is likely to end and it is treated as a loan with a fixed term regardless of the stated term. Where the period of the restriction is uncertain or dependent on a future event, we estimate its likely period.

Where a loan has a fixed term or a minimum term, this term is applied to the calculation of the ECL and a 1 year or lifetime ECL is applied depending on the staging of the loan.

Where a loan is repayable on demand, an assessment is made of the debtor's ability to repay if demand for immediate repayment is made. If there are:

- Sufficient cash and near cash investments to make repayment, it is assumed that the risk is negligible and no ECL is raised.
- Insufficient cash resources, the term of a loan is estimated by assessing how long it will take to repay in the normal course of business with reference to the cash flow of the debtor entity. The cash flow is estimated using the most recent financial year's financial statements or management accounts. Management used a Debt Service Cover ratio calculation to estimate the available cash flow and assume that this can be used to repay the loan. Where the cash flow is negative or very low, a repayment period was assumed based on management's strategic plans for the business.

Where a loan is in stage 1, a 1 year ECL is applied.

Where a loan is in stage 2 or 3, the lifetime loss is applied. The term of such a loan is estimated by assessing how long it will take to repay in the normal course of business.

The policy is to allow the debtor to realise assets in the ordinary course of business. Managements' experience indicates that the time it takes from the point of decision to sell, to receipt of the proceeds of sale, it takes:

- South African properties excluding vacant land - 6 months;
- Vacant land - 12 months; and
- African properties outside of South Africa - 12 months.

The interest rates used are the stated rates of each loan. ECL calculations include the interest rate of each loan.

Where the nature of the counterparty is an investment holding company holding shares for the purposes of long term investment, we look at the underlying investments to determine the risk.

Where the nature of the counterparty is one that has investments in assets that can be easily realised at an objective market value, the PD is derived by RiskCalc. The LGD is based on the value of the assets. Where an asset is real estate, the property valuation is used with the application of a haircut to take into account the recovery rates typically achieved by the South African banking industry for the relevant property class.

<u>Suretyships and guarantees</u>

The group, through Attacq, AWIC, ARF, Lynnwood Bridge and AIM has issued various suretyships and guarantees to support borrowings by subsidiaries from financial institutions. A further suretyships and guarantees has been issued for a joint development partner.

SIGNIFICANT ACCOUNTING POLICIES

2. CRITICAL ACCOUNTING JUDGEMENTS INCLUDING THOSE INVOLVING ESTIMATIONS (continued)

2.12 Financial assets (continued)

The risk of the suretyships and guarantees is measured at the date of issue and amortised to the financial period end date. This amortised cost is compared to the ECL measured on a one year or lifetime basis depending on the Stage and the higher of the two is recognised.

The risk of the surety on date of issue is determined by the cost of the suretyships and guarantees where an arm's length price was paid. Where no payment was made, the cost is determined by the saving in interest rate that was achieved by the issuance of surety where such a suretyship and guarantee is supporting a lending transaction. In the absence of either of these, the risk of the suretyship and guarantee is determined as the expected credit losses that will be incurred over the lifetime of the suretyship and guarantee, which is the case the group this situation.

Suretyships and guarantees were valued based on the risk of the counter-party whose obligations have been guaranteed. Where cross suretyships and guarantees have been issued by a number of group companies, the risk lies with the group.

The inputs into the models are the historical AFS of the Group or management accounts. These include revaluations of properties. Valuations are carried out by independent professional valuers. The output is a historic PD or estimated rating and LGD.

Lease receivables

The group applies the IFRS 9 simplified approach in measuring expected credit losses (ECL) on lease receivables, which requires a lifetime loss allowance.

The group has applied specific ECLs to trade and other receivables balances based on managements' judgement as well as a general ECL.

To measure the general ECL, the rental debtors have been grouped based on shared credit risk characteristics and into common ageing buckets. Our divisional structure reflects our exposure to different tenant groups, and we have disclosed each's ECL rate.

The calculation of ECL rates, which is a forward-looking measure, is based on:
- A rating that is mapped to a probability of default (PD) rate; multiplied by
- The expected exposure at default; multiplied by
- The % of defaulted amounts that were irrecoverable (LGD);
- Adjusted by a factor to convert historical loss experience to future credit loss expectations, using multiple macroeconomic scenarios.

Sovereign ratings

We have used the ratings of Moody's Investor Services where available. For countries not rated by Moody's, we have used those of S&P Global or Fitch Ratings and mapped them to the equivalent Moody's rating. Where the country is not rated by any of the major international rating agencies, we have estimated the rating based on risk assessments produced by COFACE or the Economist Intelligence Unit.

2.13 Recognition of rental income and straight-line lease income adjustment

Due to the COVID-19 pandemic and the national lock down, many of Attacq's tenants were not permitted to trade at their business premises. This had an impact on the tenant's ability to pay rental.

Management has entered into negotiations with tenant in order to offer rental relief in the form of rental deferrals and rental discounts.

The recognition of rental income is an area involving management judgement, requiring assessment as to whether it will be highly probable that a rental discount will be granted. To the extent that management's assessment indicates that it will be highly probable that a discount will be granted, the revenue will not be recognised.

Given the temporary nature of the majority of the rental relief package offered to tenants, management has not treated these rental relief package as lease modifications.

2.14 Intangible assets and goodwill impairment

Management undertakes an annual impairment test for goodwill and intangible assets. For assets with finite useful lives, impairment testing is performed if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Impairment testing is an area involving management judgement, requiring assessment as to whether the carrying amounts of assets can be supported by the higher of their fair value less costs of disposal and value in use.

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:
- Growth in property management fee income given the reduced collections due to COVID-19;
- Growth in asset management fee income given the reduction in property valuations;
- Increase in property and asset management expenses;
- Increase or decrease in property valuations;
- Long-term growth rates; and
- The selection of appropriate discount rates to reflect the risks involved.

Details of the basis for determining values assigned to key assumptions are provided in note 23 and note 24 .

Changing the assumptions selected by management, in particular the discount rate and growth rate assumptions used in the projections, could significantly affect the group's impairment evaluation and consequently its results.

The group's review includes a sensitivity analysis of the key assumptions related to the cash flow projections as disclosed in note 23 and note 24.

SIGNIFICANT ACCOUNTING POLICIES

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES AND CHANGES IN ESTIMATES

3.1 New Accounting Standards, Amendments To Published Standards And Interpretations

On 1 July 2019 the group adopted the *IFRS 16: Leases,* which has been issued by the IASB. Details of the impact of adoption are provided in 3.3. In addition the following new accounting pronouncements, none of which were considered by the group as significant on adoption, were adopted by the group to comply with amendments to IFRS.

Other standards, amendments or interpretations	**Impact on the financial statements**
• Amendments to IAS 28: *Investments in associates and joint ventures* - Long-term Interests in Associates and Joint Ventures	No significant impact on the AFS
• Amendments to IAS 19: *Employee Benefits* - Plan Amendment, Curtailment or Settlement	No significant impact on the AFS
• Amendments to IFRS 9: *Financial Instruments* - Prepayment Features with Negative Compensation	No significant impact on the AFS
• IFRIC 23: *Uncertainty over Income Tax Treatments*	No significant impact on the AFS
• Amendments to IFRS 3: *Business Combinations* and IFRS 11: *Joint Arrangements* (part of Improvements to IFRS 2015-2017 Cycle);	No significant impact on the AFS
• Amendments to IAS 12: *Income Taxes* (part of Improvements to IFRS 2015-2017 Cycle);	No significant impact on the AFS
• Amendments to IAS 23: *Borrowing costs* (part of Improvements to IFRS 2015-2017 Cycle);	No significant impact on the AFS

3.2 New Accounting Standards, Amendments To Published Standards And Interpretations not yet affective and not early adopted

The following pronouncements, which have also been issued by the IASB, are effective for periods commencing on or after 1 January 2020. The group's financial reporting will be presented in accordance with these new standards, which are not expected to have a material impact on the consolidated income statement and consolidated statement of financial position from 1 July 2020.

Amendments to References to the *Conceptual Framework* in IFRS Standards

Together with the revised Conceptual Framework published in March 2018, the IASB also issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32. Not all amendments, however update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the framework they are referencing to (the IASC framework adopted by the IASB in 2001, the IASB framework of 2010, or the new revised framework of 2018) or to indicate that definitions in the standard have not been updated with the new definitions developed in the revised Conceptual Framework.

The group currently believes the adoption of the pronouncement above will not have a material impact on the AFS.

Amendments to IFRS 3: *Business Combinations* - Definition of a Business

The amendments in Definition of a Business (Amendments to IFRS 3) are changes to Appendix A Defined terms, the application guidance, and the illustrative examples of IFRS 3 only. They:

- clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;
- narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs;
- add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;
- remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; and
- add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

The group currently believes the adoption of the pronouncement above will not have a material impact on the AFS.

Amendments to IAS 1: *Presentation of Financial Statements* and IAS 8: *Accounting Policies, Changes in Accounting Estimates and Errors* - Definition of Material

The amendments in Definition of Material (Amendments to IAS 1 and IAS 8) clarify the definition of 'material' and align the definition used in the Conceptual Framework and the standards.

The group currently believes the adoption of the pronouncement above will not have a material impact on the AFS.

Amendments to IFRS 9: *Financial Instruments*, IAS 39: *Financial Instruments: Recognition and Measurement* and IFRS 7: *Financial Instruments: Disclosure* - Interest Rate Benchmark Reform

The amendments in Interest Rate Benchmark Reform clarify that entities would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform.

The group currently believes the adoption of the interpretation above will not have a material impact on the AFS.

Amendment to IFRS 16: *Leases* - COVID-19-Related Rent Concessions

The amendment provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.

The group currently believes the adoption of the pronouncement above will not have a material impact on the AFS.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

3.3 IMPACT OF ADOPTING *IFRS 16: LEASES* (IFRS 16)

The group adopted the new, revised or amended accounting pronouncements as issued by the IASB, which were effective and applicable to the group from 1 July 2019. The accounting pronouncement considered by the group as significant on adoption is IFRS 16 as set out below.

IFRS 16 was adopted by the group on 1 July 2019 with the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17.

The group has applied the following expedients in relation to the adoption of IFRS 16, in terms of the transitional provisions of that standard:
- The right of use assets were measured at an amount equal to the lease liability at adoption;
- A single discount rate was applied to a portfolio of leases with reasonably similar characteristics, such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment;
- Leases of low-value assets were excluded as the exemption to not apply lease accounting to these leases from 1 July 2019 was elected; and
- Leases with a lease term of less than 12 months on initial application were excluded and accounted for as short-term leases from 1 July 2019 (recognised through profit or loss on a straight-line basis).

Primary impacts of applying the IFRS 16 accounting policy

The primary impacts on the group's primary financial statements, and the key causes of the movements recorded in the consolidated statement of financial position on 1 July 2019, as a result of applying the IFRS 16 accounting policy in place of the previous policy under IAS 17

Transition disclosures

The lease liability recognised at adoption was measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate of the respective statutory entities at 1 July 2019.

The weighted average incremental borrowing rate applied to the statutory entities' lease liabilities recognised in the statement of financial position at 1 July 2019 was as follows:
- Adamax bridge rental: 9.50%;
- AMS office rental: 8.95%;
- AWIC lease with WDC: 8.99%;
- Brooklyn Bridge retail rental: 9.50%; and
- Lynnwood Bridge bridge rental: 8.50%.

Rental paid for office printers and laptops is recognised in operating expenses and has been separately disclosed. The group has applied the low value expedient option in IFRS 16 for these assets and a lease liability and right-of-use asset has not been recognised for these assets. Any asset with a value of less than R80 000 is deemed to be a low value asset.

The group's undiscounted operating lease commitments at 30 June 2019 were R402.2 million; the most significant differences between the IAS 17 lease commitments and the lease liabilities recognised on transition to IFRS 16 are set out below:

GROUP	R'000
Operating lease commitment at 30 June 2019	402 166
Less effect of discounting on payments included in the operating lease commitment	(150 032)
Lease liability opening balance reported at 1 July 2019	**252 134**
Current	24 059
Non-current	228 075
Lease liability opening balance reported at 1 July 2019	**252 134**

SIGNIFICANT ACCOUNTING POLICIES

3.3 IMPACT OF ADOPTING *IFRS 16: LEASES* (IFRS 16) (continued)

Transition disclosures (continued)

Adjustments recognised in the consolidated statement of financial position

The adjustments below were recognised on 1 July 2019 for the first-time adoption of IFRS 16:

	30 June 2019 As reported	IFRS 16 adjustment	1 July 2019 As stated
ASSETS			
NON-CURRENT ASSETS			
Investment property	20 081 544	240 342	20 321 886
Per valuation	21 120 691	240 342	21 361 033
Property and equipment	10 069	11 792	21 861
TOTAL NON-CURRENT ASSETS	25 874 436	252 134	26 126 570
TOTAL ASSETS	27 050 401	252 134	27 302 535
EQUITY AND LIABILITIES			
NON-CURRENT LIABILITIES			
Lease liability	-	228 075	228 075
TOTAL NON-CURRENT LIABILITIES	10 710 322	228 075	10 938 397
CURRENT LIABILITIES			
Lease liability	-	24 059	24 059
TOTAL CURRENT LIABILITIES	698 361	24 059	722 420
TOTAL LIABILITIES	11 462 669	252 134	11 714 803
TOTAL EQUITY AND LIABILITIES	27 050 401	252 134	27 302 535

Impact of the first-time adoption of IFRS 16 on the AFS at 30 June 2020

The table below indicates the differences in the presentation in the AFS between the 30 June 2019 and 30 June 2020 financial year:

	30 June 2020 R'000	30 June 2019 R'000
Impact on the statement of profit or loss and other comprehensive income		
Property expenses		
Rental paid	(11 878)	(46 999)
Operating expenses		
Rental paid	(999)	(3 119)
Depreciation on right-of-use asset	(2 252)	-
Finance costs		
Interest expense on lease liability	(22 639)	-
Fair value adjustments		
Fair value adjustment on right-of-use asset	(22 570)	-
Impact on the earnings per share and dilutive earnings per share		
Earnings per share	(8,6)	(7,1)
Dilutive earning per share	(8,5)	(7,1)
Impact on the statement of financial position		
Non-current assets		
Investment property	265 915	-
Property and equipment	9 215	-
Non-current liabilities		
Lease liability	247 803	-
Current assets		
Lease liability	28 146	-
Impact on the statement of cash flows		-
Cash flow from operating activities		
Rental paid (cash from operations)	(12 877)	(50 118)
Finance costs on lease liability	(22 435)	-
Cash flow from financing activities		
Repayment of lease liability	(21 861)	-

SIGNIFICANT ACCOUNTING POLICIES

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

3.4 CHANGE IN ACCOUNTING ESTIMATE: LEASEHOLD LAND VALUATION TECHNIQUE

Leasehold land, encompassing both development rights and infrastructure, relates to the notarially secured leasehold rights in respect of Waterfall, held by AWIC, a 100.0% subsidiary of Attacq.

The group's leasehold land, is classified as investment property and is measured using the fair value model in terms of IAS 40: *Investment Property* .

The group carries leasehold land, at fair value. The group has previously determined fair value with reference to a residual land valuation technique which is dependent upon several inputs and underlying assumptions. With effect from the financial year ended 30 June 2020, the group has adopted a comparable sales valuation technique for leasehold land which is more in line with international best practice. The comparable sales technique is an internationally accepted technique to assess the fair value of land. The adoption of this valuation technique is a change in estimate in terms of IAS 8: *Accounting Policies, Changes in Accounting Estimates and Errors* .

The group performed both the comparable sales valuation technique and the residual land valuation technique during the period ended 31 December 2020. The change in accounting estimate resulted in a R18.0 million decrease in the valuation of the leasehold land. The residual land valuation technique was not performed for the year ended 30 June 2020. Management is of the view that the outcome would not have been materially different if the residual land valuation technique was applied at 30 June 2020.

The determination of the effect in future periods has not been disclosed due to the fact that estimating it is impracticable.

For the application of the comparable sales technique, the leasehold land has been categorised into two different categories and valued accordingly. The below table summarises the application:

Category	Characteristics	Valuation
Unserviced leasehold land	Unserviced leasehold land with development potential	Land area multiplied by market rate per m^2 for unserviced land
Partially or fully serviced leasehold land	Leasehold land with section 82 certificates, a small measure of costs to complete	Land/bulk area multiplied by market rate per m^2 of serviced bulk, reduced by future costs of servicing and leasehold liability

The change in estimate relating to the change in the valuation technique of leasehold land will be applied prospectively.

The output of the comparable sales valuation technique determines the valuation of leasehold land, being in aggregate development rights together with infrastructure and services. For the reporting period, leasehold land has increased in value by R19.1 million (30 June 2019: R384.1 million decrease in value). This valuation represents an independent external valuation, on a comparable sales basis.

NOTES TO THE FINANCIAL STATEMENTS

4 SEGMENTAL REPORTING

GROUP 2020

Figures in R'000s	Retail	Office and mixed use	Industrial	Hotel	Waterfall developments	Head office SA	Total SA	MAS European	Rest of Africa	Head office Global	Total
STATEMENT OF FINANCIAL POSITION											
Investment property	8 834 374	7 189 359	1 453 433	347 793	-	-	17 824 959	-	-	-	17 824 959
Waterfall developments	-	-	-	-	1 549 462	-	1 549 462	-	-	-	1 549 462
Developments under construction	-	-	-	-	198 172	-	198 172	-	-	-	198 172
Leasehold land	-	-	-	-	1 351 290	-	1 351 290	-	-	-	1 351 290
Straight-line lease debtor	249 717	599 235	159 401	8 188	-	-	1 016 541	-	-	-	1 016 541
Intangible assets and goodwill	-	-	-	-	-	-	-	-	-	-	-
Investments in associates and joint ventures	32 642	1 097	-	-	-	776	34 515	1 915 641	-	-	1 950 156
Other financial assets	12 497	342 242	6 698	-	-	57 133	418 570	-	-	-	418 570
Loans to associates and joint ventures	-	-	-	-	90 855	3 768	94 623	-	416 059	-	510 682
Trade and other receivables	51 952	116 364	7 911	3 762	22 641	17 674	220 304	-	-	41	220 345
Cash and cash equivalents	70 540	147 317	2 463	2	1 565	482 091	703 978	-	-	68 569	772 547
Inventory	-	76 205	-	-	43 722	-	119 927	-	-	-	119 927
Non-current assets held for sale	-	77 404	-	-	-	132	77 536	-	-	-	77 536
Deferred tax assets	-	-	-	-	-	68 941	68 941	-	-	-	68 941
Other assets	-	1 839	-	-	-	21 224	23 063	-	-	-	23 063
Total assets	9 251 722	8 551 062	1 629 906	359 745	1 708 245	651 739	22 152 419	1 915 641	416 059	68 610	24 552 729
Long-term borrowings	-	-	-	-	-	9 988 721	9 988 721	-	-	1 435 547	11 424 268
Other financial liabilities	-	5 675	-	-	-	821 687	827 362	15 594	-	-	842 956
Deferred tax liabilities	-	-	-	-	-	29 800	29 800	-	-	-	29 800
Trade and other payables	160 588	110 401	12 859	1 589	24 918	59 953	370 308	-	-	144	370 452
Liabilities associated with non-current assets held for sale	-	1 824	-	-	-	-	1 824	-	-	-	1 824
Lease liability	44 778	168 154	50 874	2 111	-	10 032	275 949	-	-	-	275 949
Other liabilities	-	-	-	-	15 550	10 359	25 909	-	-	-	25 909
Total liabilities	205 366	286 054	63 733	3 700	40 468	10 920 552	11 519 873	15 594	-	1 435 691	12 971 158

NOTES TO THE FINANCIAL STATEMENTS

4 SEGMENTAL REPORTING

Figures in R'000s	Retail	Office and mixed use	Industrial	Hotel	Waterfall developments	GROUP 2020 Head office SA	Total SA	MAS European	Rest of Africa	Head office Global	Total
STATEMENT OF COMPREHENSIVE INCOME											
Rental income	1 039 018	939 054	187 706	35 274	-	8 104	2 209 156	-	-	-	2 209 156
Straight-line lease income adjustment	17 694	(71 381)	35 472	(4 391)	-	-	(22 606)	-	-	-	(22 606)
Sale of sectional title units	-	5 836	-	-	-	-	5 836	-	-	-	5 836
Property expenses / PM fee income	(439 496)	(241 988)	(48 305)	(11 384)	-	5 282	(735 891)	-	-	-	(735 891)
ECL on trade and other receivables	(26 993)	(4 923)	(562)	(308)	-	-	(32 786)	-	-	-	(32 786)
Net profit from property operations	590 223	626 598	174 311	19 191	-	13 386	1 423 709	-	-	-	1 423 709
Other income	-	2 587	198	-	-	22 497	25 282	2 749	37 565	-	65 596
Operating expenses	(34 343)	(32 643)	(7 918)	(1 771)	-	(83 640)	(160 315)	-	-	-	(160 315)
ECL on loans to associates and suretyships	(61)	(7 138)	(91)	-	(36 137)	(264 051)	(307 478)	-	(286 667)	-	(594 145)
Impairment of investment in associates	-	-	-	-	-	-	-	(1 312 012)	-	-	(1 312 012)
Impairment of goodwill and intangible assets	-	-	-	-	-	(232 477)	(232 477)	-	-	-	(232 477)
Other expenses	-	-	(2)	-	(31 885)	(19 366)	(51 253)	(25 078)	(101 594)	-	(177 925)
Operating profit (loss)	555 819	589 404	166 498	17 420	(68 022)	(563 651)	697 468	(1 334 341)	(350 696)	-	(987 569)
Amortisation of intangible assets	-	-	-	-	-	(19 964)	(19 964)	-	-	-	(19 964)
Fair value adjustments	(1 010 853)	(672 844)	(46 686)	11 123	131 924	(530 130)	(2 117 466)	-	-	-	(2 117 466)
Net income (loss) from associates	637	75	-	-	-	(1 882)	(1 170)	(88 937)	-	-	(90 107)
Investment income	7 167	38 891	1 114	10	-	17 441	64 623	-	32 239	235	97 097
Finance costs	(4 680)	(12 079)	(4 781)	(210)	-	(852 280)	(874 030)	-	-	(30 920)	(904 950)
(Loss) profit before tax	(451 910)	(56 553)	116 145	28 343	63 902	(1 950 466)	(2 250 539)	(1 423 278)	(318 457)	(30 685)	(4 022 959)
Taxation	-	-	-	-	-	117 860	117 860	138 520	-	(1 276)	255 104
(Loss) profit for the year attributable to owners	(451 910)	(56 553)	116 145	28 343	63 902	(1 832 606)	(2 132 679)	(1 284 758)	(318 457)	(31 961)	(3 767 855)

NOTES TO THE FINANCIAL STATEMENTS

4 SEGMENTAL REPORTING

GROUP 2019

Figures in R'000s	Retail	Office and mixed use	Industrial	Hotel	Waterfall developments	Head office SA	Total SA	MAS European	Rest of Africa	Head office Global	Total
STATEMENT OF FINANCIAL POSITION											
Investment property	9 686 888	6 568 929	1 436 998	334 294	-	5 000	18 032 109	-	-	-	18 032 109
Waterfall developments	-	-	-	-	2 049 435	-	2 049 435	-	-	-	2 049 435
Developments under construction	-	-	-	-	791 276	-	791 276	-	-	-	791 276
Leasehold land	-	-	-	-	1 258 159	-	1 258 159	-	-	-	1 258 159
Straight-line lease debtor	232 022	670 618	123 927	12 580	-	-	1 039 147	-	-	-	1 039 147
Intangible assets and goodwill	-	-	-	-	-	252 441	252 441	-	-	-	252 441
Investments in associates and joint ventures	32 004	1 022	-	-	-	1 191	34 217	3 183 494	-	-	3 217 711
Other financial assets	24 320	343 035	9 289	-	-	33 237	409 881	9 484	-	-	419 365
Loans to associates and joint ventures	-	-	-	-	111 620	242 540	354 160	-	639 444	-	993 604
Trade and other receivables	57 128	37 177	7 700	1 001	97 018	3 354	203 378	-	-	72	203 450
Cash and cash equivalents	90 760	344 698	5 762	21	971	50 650	492 862	-	-	180 624	673 486
Inventory	-	-	-	-	51 137	-	51 137	-	-	-	51 137
Non-current assets held for sale	-	-	77 000	-	19 018	763	96 781	-	-	-	96 781
Other assets	-	2 173	-	-	-	19 562	21 735	-	-	-	21 735
Total assets	10 123 122	7 967 652	1 660 676	347 896	2 329 199	608 738	23 037 283	3 192 978	639 444	180 696	27 050 401
Long-term borrowings	-	-	-	-	-	9 007 294	9 007 294	-	-	1 455 451	10 462 745
Other financial liabilities	-	-	-	-	-	297 551	297 551	-	-	-	297 551
Deferred tax liabilities	-	-	-	-	-	100 019	100 019	138 520	-	-	238 539
Trade and other payables	143 902	121 765	12 435	1 712	62 752	30 906	373 472	-	16 218	-	389 690
Liabilities associated with non-current assets held for sale	-	-	-	-	-	53 986	53 986	-	-	-	53 986
Other liabilities	-	-	-	-	10 925	7 978	18 903	-	-	1 255	20 158
Total liabilities	143 902	121 765	12 435	1 712	73 677	9 497 734	9 851 225	138 520	16 218	1 456 706	11 462 669

NOTES TO THE FINANCIAL STATEMENTS

4 SEGMENTAL REPORTING

GROUP 2019

Figures in R'000s	Retail	Office and mixed use	Industrial	Hotel	Waterfall developments	Head office SA	Total SA	MAS European	Rest of Africa	Head office Global	Total
STATEMENT OF COMPREHENSIVE INCOME											
Rental income	1 114 314	739 065	156 860	38 213	-	9 096	2 057 548	-	-	-	2 057 548
Straight-line lease income adjustment	(3 645)	179 189	24 351	(2 771)	-	-	197 124	-	-	-	197 124
Sale of sectional title units	-	39 093	(10 521)	-	-	-	28 572	-	-	-	28 572
Property expenses / PM fee income	(443 946)	(241 472)	(47 273)	(11 762)	-	3 348	(741 105)	-	-	-	(741 105)
ECL on trade and other receivables	(4 885)	(3 153)	-	-	-	-	(8 038)	-	-	-	(8 038)
Cost of sales of sectional title units	-	(39 943)	8 396	-	-	-	(31 547)	-	-	-	(31 547)
Net profit from property operations	661 838	672 779	131 813	23 680	-	12 444	1 502 554	-	-	-	1 502 554
Other income	-	406	28 571	-	-	3 898	32 875	21 164	33 313	2 180	89 532
Operating expenses	(32 869)	(33 632)	(7 530)	(764)	-	(80 690)	(155 485)	-	-	-	(155 485)
Expected credit losses on loans to associates	-	-	-	-	(29 975)	(55 865)	(85 840)	-	(419 308)	-	(505 148)
Impairment of investment in associates	-	-	-	-	-	-	-	-	(48 159)	-	(48 159)
Impairment of intangible assets	-	-	-	-	-	(61 871)	(61 871)	-	-	-	(61 871)
Other expenses	(930)	-	(86)	-	(26 589)	(4 952)	(32 557)	-	(27 551)	-	(60 108)
Operating profit (loss)	628 039	639 553	152 768	22 916	(56 564)	(187 036)	1 199 676	21 164	(461 705)	2 180	761 315
Amortisation of intangible assets	-	-	-	-	-	(19 964)	(19 964)	-	-	-	(19 964)
Fair value adjustments	(86 608)	(267 082)	(41 323)	21 816	(291 913)	(137 979)	(803 089)	-	-	1 354	(801 735)
Net (loss) income from associates	(8 117)	69	(759)	-	(1 758)	(67 380)	(77 945)	204 037	(1 322)	-	124 770
Investment income	6 529	38 104	199	17	-	66 760	111 609	-	118 940	-	230 549
Finance costs	-	-	-	-	-	(820 681)	(820 681)	(1 003)	-	(33 781)	(855 465)
Profit (loss) before tax	539 843	410 644	110 885	44 749	(350 235)	(1 166 280)	(410 394)	224 198	(344 087)	(30 247)	(560 530)
Taxation	-	-	-	-	-	(26 111)	(26 111)	(14 287)	-	(1 660)	(42 058)
Profit (loss) for the year attributable to owners	539 843	410 644	110 885	44 749	(350 235)	(1 192 391)	(436 505)	209 911	(344 087)	(31 907)	(602 588)

NOTES TO THE FINANCIAL STATEMENTS

5 RENTAL INCOME

	GROUP		COMPANY	
Figures in R'000s	**2020**	**2019**	**2020**	**2019**
Contractual rental income	**1 620 988**	1 499 191	**-**	-
COVID-19 rental income deferrals	**10 910**	-	**-**	-
COVID-19 rental income discounts	**(102 949)**	-	**-**	-
Recoveries	**496 811**	464 096	**-**	-
Casual parking income	**53 007**	59 275	**-**	-
Turnover rental	**12 935**	12 564	**-**	-
Non-GLA income	**12 527**	11 945	**-**	-
Fee income	**7 476**	8 566	**-**	-
Lease cancellation fee	**97 451**	1 911	**-**	-
TOTAL	**2 209 156**	2 057 548	**-**	-

In response to the COVID-19 pandemic and specifically the economic effects of the national lockdown on the group's tenants (taking into consideration guidelines and details issued by the PI group, on financial assistance for tenants in SA), the group has negotiated certain rental relief packages with tenants. These rental relief packages include:

- Rental deferrals of R10.9 million; and
- Rental discounts of R102.9 million.

Lease cancellation fees relates to a tenant in the office and mixed-use segment of R75.0 million and a tenant in the industrial segment of R15.0 million.

There are no other performance obligations that are not satisfied (or partially unsatisfied) as at the end of the reporting period.

6 STRAIGHT-LINE LEASE INCOME ADJUSTMENT

	GROUP		COMPANY	
Figures in R'000s	**2020**	**2019**	**2020**	**2019**
Balance at 1 July	**1 039 147**	842 023	**-**	-
Current year movement	**(22 606)**	197 124	**-**	-
Balance at 30 June	**1 016 541**	1 039 147	**-**	-

7 PROPERTY EXPENSES

	GROUP		COMPANY	
Figures in R'000s	**2020**	**2019**	**2020**	**2019**
Municipal charges	**(499 645)**	(467 121)	**-**	71
Operating costs	**(66 201)**	(66 068)	**(11)**	(21)
Staff expenses	**(37 806)**	(35 995)	**-**	-
Rental paid	**(11 878)**	(46 999)	**-**	-
Security expenses	**(32 836)**	(32 376)	**-**	-
Levies	**(21 365)**	(16 343)	**-**	-
Cleaning	**(19 855)**	(19 307)	**-**	-
Exhibition expenses	**(9 349)**	(11 916)	**-**	-
Repairs and maintenance	**(20 927)**	(30 640)	**-**	-
Trade and other receivables written off	**(4 628)**	(1 233)	**-**	-
Deferred leasing expenditure	**(6 077)**	(4 343)	**-**	-
Depreciation	**(5 324)**	(8 764)	**-**	-
SUBTOTAL	**(735 891)**	(741 105)	**(11)**	50
ECL provisions for trade and other receivables	**(32 786)**	(8 038)	**-**	-
TOTAL	**(768 677)**	(749 143)	**(11)**	**50**

The reduction in rental paid relates to the implementation of IFRS 16: *Leases* . Refer to note 3.3. The remaining rental paid relates to payments that is not in-substance fixed, hence variable lease payments.

NOTES TO THE FINANCIAL STATEMENTS

8 OTHER INCOME

	GROUP		COMPANY	
Figures in R'000s	**2020**	**2019**	**2020**	**2019**
Profit on disposal of investment properties	**2 459**	11 095	**-**	-
Foreign exchange gain unrealised	**4 857**	11 199	**4 857**	1 715
Foreign exchange gain realised	**32 311**	43 278	**-**	-
Sundry income	**1 932**	5 720	**1 675**	-
Reversal of impairment of investment in other	**-**	20	**-**	20
Reversal of impairment of loans in other	**70**	3 333	**1**	1
Reversal of impairment of loans to subsidiaries	**-**	-	**133**	44 906
Reversal of impairment of loans to associates	**-**	3	**-**	3
Reversal of bad debt provision of other receivables	**909**	-	**-**	-
POA income	**17 664**	-	**-**	-
Profit on disposal of associate	**-**	14 550	**-**	-
Forgiveness of loan (note 18)	**2 248**	-	**-**	-
Profit on disposal of other assets	**3 146**	334	**-**	-
TOTAL	**65 596**	89 532	**6 666**	46 645

9 OPERATING EXPENSES

	GROUP		COMPANY	
Figures in R'000s	**2020**	**2019**	**2020**	**2019**
Auditor's remuneration	**(6 422)**	(4 914)	**-**	-
Audit services rendered	**(6 422)**	(4 914)	**-**	-
Deferred leasing expense	**(1 604)**	(1 608)	**-**	-
Depreciation	**(1 301)**	(2 347)	**-**	-
Employee remuneration	**(71 452)**	(68 061)	**-**	-
Non-executive directors' remuneration	**(3 441)**	(3 867)	**(3 441)**	(3 867)
Share-based payment expense	**(24 095)**	(20 885)	**-**	-
Executive directors' share-based payments	**(12 508)**	(12 156)	**-**	-
Prescribed officers' share-based payments	**(4 187)**	(3 756)	**-**	-
Staff share-based payments	**(7 508)**	(4 973)	**-**	-
Fund management expenses	**(52 000)**	(53 803)	**(1 424)**	(2 198)
TOTAL	**(160 315)**	(155 485)	**(4 865)**	(6 065)

10 OTHER EXPENSES

	GROUP		COMPANY	
Figures in R'000s	**2020**	**2019**	**2020**	**2019**
Loss on disposal of subsidiaries (note 41)	**(3 221)**	-	**(3 221)**	-
Loss on disposal of associates (note 17)	**(83)**	-	**(83)**	-
Loss on disposal of other asset	**(3)**	(3)	**-**	-
Foreign exchange loss unrealised	**(126 672)**	(11 130)	**(89 002)**	(2 756)
Pemba profit share	**-**	(16 108)	**-**	-
Write-off of loans to associates (note 19)	**-**	(93)	**-**	-
Write-off of loans to subsidiaries (note 42)	**-**	-	**-**	(42 046)
Write-off of infrastructure costs	**(2 514)**	(923)	**-**	-
Land holding costs#	**(29 371)**	(26 589)	**-**	-
POA expenses	**(16 061)**	-	**-**	-
ECL provision for other receivables	**-**	(5 262)	**-**	-
SUBTOTAL	**(177 925)**	(60 108)	**(92 306)**	(44 802)
ECL on loans to associates, subsidiaries and suretyships and guarantees*	**(594 145)**	(505 148)	**(1 094 835)**	(56 677)
Impairment of investment in associates (note 17)	**(1 312 012)**	(48 159)	**-**	-
Impairment of goodwill (note 23) and intangible assets (note 24)	**(232 477)**	(61 871)	**-**	-
TOTAL	**(2 316 559)**	(675 286)	**(1 187 141)**	**(101 479)**

Includes rates and taxes, POA levies, marketing and security costs relating to the leasehold land.

* ECL on loans to associates relates mainly to the impairment of the loan to Nieuwtown of R262.4 million (2019: R54.7 million), JV115 of R36.1 million (2019: R30.0 million), AttAfrica of R144.6 million (2019: R419.3 million) and Gruppo of R142.1 million (2019: Rnil) (note 19).

* ECL on loans to subsidiaries for the company relates mainly to the impairment of the loan to AMS of R116.5 million (2019: R0.9 million) (note 43).

* ECL on suretyships and guarantees for the group relates to the suretyship and guarantee provided relating to fund advanced by funders to the Moolman group of R5.7 million (2019: Rnil) (note 18 and 35).

* ECL on suretyships and guarantees for the company relates to the suretyship and guarantee provided relating to fund advanced by various funders to the AWIC, ARF, Lynnwood Bridge, Brooklyn Bridge, Lynnaur and AIH International of R705.8 million (2019: Rnil) (note 18 and 35).

NOTES TO THE FINANCIAL STATEMENTS

11 INVESTMENT INCOME

Figures in R'000s	GROUP 2020	GROUP 2019	COMPANY 2020	COMPANY 2019
Dividend income	**-**	-	**412 896**	489 140
Dividends - Local	**-**	-	**412 896**	489 140
Interest income	**97 097**	230 549	**397 938**	455 472
Loans to associates	**38 927**	147 974	**6 688**	29 034
Loans to subsidiaries	**-**	-	**387 458**	424 442
Bank	**15 501**	41 002	**3 494**	1 712
Other interest	**42 669**	41 573	**298**	284
TOTAL	**97 097**	230 549	**810 834**	944 612

12 FINANCE COSTS

Figures in R'000s	GROUP 2020	GROUP 2019	COMPANY 2020	COMPANY 2019
Long-term borrowings	**(784 411)**	(781 338)	**-**	-
Derivative financial liabilities	**(97 031)**	(73 990)	**-**	-
Lease liability	**(22 639)**	-	**-**	-
Loans from subsidiaries	**-**	-	**(7 876)**	(9 340)
Other	**(869)**	(137)	**-**	-
TOTAL	**(904 950)**	(855 465)	**(7 876)**	(9 340)

Finance cost on the lease liability relates to the implementation of IFRS 16: *Leases* . Refer to note 3.3.

NOTES TO THE FINANCIAL STATEMENTS

13 INCOME TAX (CREDIT) EXPENSE

	GROUP		COMPANY	
Figures in R'000s	**2020**	**2019**	**2020**	**2019**
Major components of the tax expense (credit)				
Current				
Current tax	**(19 843)**	(9 997)	**-**	2 867
Local income tax - current year	**(19 843)**	(9 997)	**-**	2 867
Deferred				
Originating and reversing temporary differences	**274 947**	(59 627)	**-**	74 219
Deferred tax	**274 947**	(32 061)	**-**	(18 825)
Taxation relating to components of other comprehensive income	**-**	(27 566)	**-**	93 044
Total	**255 104**	(69 624)	**-**	77 086
Reconciliation of the tax expense				
Applicable tax rate (South African corporate tax rate)	**28,00%**	28,00%	**28,00%**	28,00%
Adjusted for:				
• Non-deductible expenditure*	**(5,56%)**	(29,93%)	**(82,51%)**	(13,81%)
• Non-taxable income received^	**(0,06%)**	(1,18%)	**-**	(5,84%)
• Fair value adjustments on investment property	**(10,50%)**	(33,04%)	**-**	-
• Notional interest on loans to subsidiaries	**-**	-	**28,06%**	50,34%
• Capital gains tax loss carried forward	**1,04%**	1,59%	**10,90%**	12,47%
• Deferred tax asset not recognised	**(6,61%)**	(17,53%)	**(13,26%)**	(41,58%)
• CFC income not included in profit before tax	**(0,12%)**	(4,01%)	**(1,26%)**	(10,10%)
• Impairment of intangible asset	**-**	(2,93%)	**-**	-
• Straight-lining not recognised	**(0,15%)**	9,32%	**-**	-
• Qualifying dividend distribution in terms of section 25BB	**0,41%**	28,97%	**20,01%**	72,94%
• Tax base cost adjustment transferred to AWIC#	**-**	-	**-**	76,38%
• Investments in associates	**(1,20%)**	-	**-**	-
• Investments in subsidiaries	**-**	-	**-**	(137,51%)
• Foreign business establishment	**-**	5,27%	**-**	-
• Section 24J allowance per Income Tax Act	**1,24%**	-	**10,52%**	-
• Other~	**(0,15%)**	3,18%	**(0,46%)**	1,58%
Effective tax rate	**6,34%**	(12,29%)	**0,00%**	32,86%

* Relates mainly to the ECL on the loans to associates, investments in associates and impairment of goodwill
^ Relates to accounting profits relating to the POAs and forgiveness of loan from APD
# Relates mainly to the MAS base cost derecognised as a result of the disposal of the investment to AWIC in terms of section 42 roll-over
~ Relates mainly to section 11(a) allowances on investment property and stage 3 loans interest not recognised

NOTES TO THE FINANCIAL STATEMENTS

14 DIRECTORS' AND PRESCRIBED OFFFICERS' REMUNERATION

Figures in R'000s	Basic salary	Bonus	Pension fund contributions	Other benefits	Benefit arising form the exercise of options	Total
	GROUP AND COMPANY					
2020						
Executive directors						
M Hamman	**4 189**	**2 272**	**161**	**85**	**1 022**	**7 729**
R Nana	**2 528**	**1 352**	**121**	**70**	**245**	**4 316**
JR van Niekerk	**2 544**	**1 408**	**142**	**54**	**-**	**4 148**
Total Executive directors	**9 261**	**5 032**	**424**	**209**	**1 267**	**16 193**
Prescribed officers						
MW Clampett	**1 324**	**250**	**63**	**47**	**182**	**1 866**
D Theron	**1 611**	**280**	**76**	**666**	**136**	**2 769**
GE Pendelton	**2 834**	**787**	**159**	**273**	**-**	**4 053**
PL de Villiers	**1 792**	**760**	**85**	**46**	**109**	**2 792**
Total Prescribed officers	**7 561**	**2 077**	**383**	**1 032**	**427**	**11 480**
Total	**16 822**	**7 109**	**807**	**1 241**	**1 694**	**27 673**
2019						
Executive directors						
M Hamman	4 351	3 094	161	97	3 726	11 429
R Nana	2 278	1 000	92	64	623	4 057
JR van Niekerk	2 450	850	137	51	-	3 488
Total Executive directors	9 079	4 944	390	212	4 349	18 974
Prescribed officers						
MW Clampett	1 245	350	49	35	2 320	3 999
D Theron	1 543	381	62	58	493	2 537
GE Pendelton	2 763	300	155	55	-	3 273
PL de Villiers	1 741	750	70	51	493	3 105
Total Prescribed officers	7 292	1 781	336	199	3 306	12 914
Total	16 371	6 725	726	411	7 655	31 888

Figures in R'000s	GROUP 2020	GROUP 2019	COMPANY 2020	COMPANY 2019
Non-executive directors - fees for services as directors				
P Tredoux	**661**	675	**661**	675
MM du Toit (resigned 14 November 2019)	**227**	375	**227**	375
HR El Haimer	**578**	539	**578**	539
IN Mkhari	**359**	311	**359**	311
KR Moloko (resigned 2 April 2019)	**-**	311	**-**	311
BT Nagle	**594**	595	**594**	595
S Shaw-Taylor	**625**	667	**625**	667
JHP van der Merwe	**397**	394	**397**	394
Total	**3 441**	3 867	**3 441**	3 867

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

Except for the above, all non-executive directors' fees were paid to the individuals in their personal capacity.

NOTES TO THE FINANCIAL STATEMENTS

14 DIRECTORS' AND PRESCRIBED OFFFICERS' REMUNERATION (continued)

Share options granted to Executive Directors

The following options and rights in shares in the Group were exercised or are outstanding in favour of directors and prescribed officers of the Group under the Groups' share option schemes:

	GROUP AND COMPANY					
Number of options	**Opening balance**	**Granted**	**Vested**	**Forfeited**	**Expired**	**Total**
2020						
Executive directors						
M Hamman	**1 539**	**295**	**(79)**	**(79)**	**(92)**	**1 584**
R Nana	**673**	**224**	**(19)**	**(19)**	**-**	**859**
JR van Niekerk	**1 354**	**78**	**-**	**-**	**-**	**1 432**
Total Executive directors	**3 566**	**597**	**(98)**	**(98)**	**(92)**	**3 875**
Prescribed officers						
MW Clampett	**155**	**40**	**(14)**	**(14)**	**-**	**167**
D Theron	**307**	**60**	**(11)**	**(11)**	**(80)**	**265**
GE Pendelton	**398**	**80**	**-**	**-**	**-**	**478**
PL de Villiers	**531**	**60**	**(8)**	**(8)**	**(70)**	**505**
Total Prescribed officers	**1 391**	**240**	**(33)**	**(33)**	**(150)**	**1 415**
Total	**4 957**	**837**	**(131)**	**(131)**	**(242)**	**5 290**
2019						
Executive directors						
M Hamman	1 470	1 000	(660)	(271)	-	1 539
R Nana	219	500	(41)	(5)	-	673
JR van Niekerk	854	500	-	-	-	1 354
Total Executive directors	2 543	2 000	(701)	(276)	-	3 566
Prescribed officers						
MW Clampett	281	35	(141)	(20)	-	155
D Theron	338	33	(33)	(31)	-	307
GE Pendelton	360	38	-	-	-	398
PL de Villiers	295	300	(33)	(31)	-	531
Total Prescribed officers	1 274	406	(207)	(82)	-	1 391
Total	3 817	2 406	(908)	(358)	-	4 957

Executive directors

In the current year, the Remco approved the grant to M Hamman (294 797 LTIPs), R Nana (224 064 LTIPs) and JR van Niekerk (77 982 LTIPs). The options may be exercised as to 60.0% on 14 October 2022, 20.0% on 14 October 2023 and 20.0% on 14 October 2024. Non-market financial performance conditions apply to 45.0%, with non-financial performance conditions applicable to 20.0% of the benefits and market financial performance conditions to 35% of the benefit. For vesting to occur, M Hamman, R Nana and JR van Nierkerk have to remain in the employ of the Group.

In the current year, the Remco approved the grant to MW Clampett (40 000 LTIPs), D Theron (60 000 LTIPs), GE Pendelton (80 000 LTIPs) and PL de Villiers (60 000 LTIPs). The options may be exercised as to 60.0% on 14 October 2022, 20.0% on 14 October 2023 and 20.0% on 14 October 2024. For vesting to occur, the MW Clampett, D Theron, GE Pendelton and PL de Villiers have to remain in the employ of the Group.

In the prior year, the Remco approved the grant to executive directors consisting of 2 000 000 retention options. The options may be exercised on 14 October 2021. For vesting to occur, the executive directors have to remain in the employ of the Group.

For the 2 0000 000 retention options issued to executive directors, financial performance conditions apply to 75.0% of the benefits with non-financial performance conditions applicable to 25.0% of the benefits.

In the prior year, the Remco approved the grant to prescribed officers consisting of 250 000 retention options and 156 000 LTIPs. The retention options may be exercised on 14 October 2021 and the LTIPs may be exercised as to 60.0% on 14 October 2021, 20.0% on 14 October 2022 and 20.0% on 14 October 2023. For vesting to occur, the prescribed officers have to remain in the employ of the Group.

For the retention share options granted financial performance conditions apply to 75.0% of the benefits with non-financial performance conditions applicable to 25.0% of the benefits. For the LTIPs granted, non-market financial performance conditions apply to 45.0%, with non-financial performance conditions applicable to 20.0% of the benefits and market financial performance conditions to 35.0% of the benefit.

Options forfeited in the current year are due to performance conditions not being fully met.

Options expired in the current year are due to the options being out of the money as a result of the strike price exceeding the share price.

Each option converts into one ordinary share in Attacq upon 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.

NOTES TO THE FINANCIAL STATEMENTS

15 EARNINGS, HEADLINE EARNINGS AND NET ASSET VALUE PER SHARE

At 30 June 2020 the group had **703 906 577** shares in issue after adjusting for treasury shares, refer to note 30.

The calculation of headline earnings have been performed in accordance with Circular 1/2019 for which early adoption is permitted.

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

	2020			2019 Restated (note 44)		
Figures in R'000s	**Gross**	**Tax effect of the adjustments**	**Total**	**Gross**	**Tax effect of the adjustments**	**Total**
Loss for the purpose of earnings per share	**(3 767 855)**	**-**	**(3 767 855)**	(602 588)	-	(602 588)
Number of shares						
Weighted average number of ordinary shares for the purpose of earnings per share	**703 787 442**	**-**	**703 787 442**	703 311 279	-	703 311 279
Effect of dilutive potential ordinary shares : Share options	**8 465 163**	**-**	**8 465 163**	7 301 744	-	7 301 744
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**712 252 605**	**-**	**712 252 605**	710 613 023	-	710 613 023
Loss per share (cents)						
Basic	**(535,4)**	**-**	**(535,4)**	(85,7)	-	(85,7)
Diluted#	**(535,4)**	**-**	**(535,4)**	(85,7)	-	(85,7)
Headline (loss) profit for the purpose of headline earnings per share						
Loss attributable to ordinary shareholders	**(3 767 855)**	**-**	**(3 767 855)**	(602 588)	-	(602 588)
Profit on disposal of associates and other assets	**(3 146)**	**-**	**(3 146)**	(14 550)	-	(14 550)
Profit on disposal of investment property	**(2 457)**	**-**	**(2 457)**	(11 095)	-	(11 095)
Impairment of investment in associates	**1 312 012**	**91 854**	**1 403 866**	48 159	(10 788)	37 371
Impairment of goodwill	**67 774**	**-**	**67 774**	-	-	-
Fair value adjustments	**1 590 476**	**-**	**1 590 476**	665 974	(194)	665 780
Adjustments of measurements, included in the equity-accounted earnings of associates	**130 004**	**(28 859)**	**101 145**	(46 995)	41 205	(5 790)
Loss on disposal of subsidiary	**3 221**	**(722)**	**2 499**	-	-	-
Impairment of intangible asset	**164 703**	**(46 117)**	**118 586**	61 871	(17 324)	44 547
Headline (loss) profit for the purpose of basic and diluted headline profit per share	**(505 268)**	**16 156**	**(489 112)**	100 776	12 899	113 675
Headline (loss) earnings per share (cents)						
Basic			**(69,5)**			16,2
Diluted			**(69,5)**			16,0

Due to the fact that the group has generated a loss for the current and prior year, the share options have an anti-dilutive impact, hence diluted earnings per share equates basic earnings per share.

	2020	2019
Net asset value per share (cents)		
Closing number of shares (adjusted for treasury shares)	**703 906 577**	703 495 224
NAVPS (adjusted for treasury shares) (cents)*	**1 645**	2 216

* Prior to converting to a REIT on 29 May 2018, Attacq used adjusted NAVPS as its key performance measurement. Subsequent to REIT conversion, the key performance measurement consequently changes to DEPS (refer to supplementary information).

NOTES TO THE FINANCIAL STATEMENTS

GROUP

Figures in R'000s

16 INVESTMENT PROPERTY

	Leasehold land	Land	Developments under construction	Completed developments	Total
2020					
Cost					
Balance at 1 July 2019	**1 271 589**	**37 508**	**677 314**	**12 739 859**	**14 726 270**
Additions	**86 212**	**140**	**412 048**	**169 526**	**667 926**
Capital expenditure	**86 212**	**140**	**382 335**	**169 526**	**638 213**
Borrowing cost capitalised	**-**	**-**	**29 713**	**-**	**29 713**
Additions to right-of-use assets	**-**	**-**	**-**	**288 485**	**288 485**
Disposals	**-**	**(37 648)**	**-**	**-**	**(37 648)**
Transfer to provision for committed infrastructure	**(6 055)**	**-**	**-**	**-**	**(6 055)**
Transfer between components	**(12 862)**	**-**	**(927 297)**	**940 159**	**-**
Write off of infrastructure costs	**(2 514)**	**-**	**-**	**-**	**(2 514)**
Transfer to non-current assets held for sale	**-**	**-**	**-**	**(375 840)**	**(375 840)**
Balance at 30 June 2020	**1 336 370**	**-**	**162 065**	**13 762 189**	**15 260 624**
Fair value adjustment					
Balance at 1 July 2019	**(13 430)**	**(32 508)**	**113 962**	**5 287 250**	**5 355 274**
Gain (loss) fair value adjustment	**19 119**	**(3 140)**	**112 805**	**(1 719 260)**	**(1 590 476)**
Disposals	**-**	**35 648**	**-**	**-**	**35 648**
Transfer between components	**(3 906)**	**-**	**(190 660)**	**194 566**	**-**
Transfer from inventory	**13 137**	**-**	**-**	**-**	**13 137**
Transfer to non-current assets held for sale	**-**	**-**	**-**	**300 214**	**300 214**
Balance at 30 June 2020	**14 920**	**-**	**36 107**	**4 062 770**	**4 113 797**
Carrying amount at 30 June 2019	**1 258 159**	**5 000**	**791 276**	**18 027 109**	**20 081 544**
Carrying amount at 30 June 2020	**1 351 290**	**-**	**198 172**	**17 824 959**	**19 374 421**
2019					
Cost					
Balance at 1 July 2018	1 156 013	37 508	271 199	12 331 890	13 796 610
Additions	99 549	-	690 244	160 623	950 416
Capital expenditure	99 549	-	647 158	160 623	907 330
Borrowing cost capitalised	-	-	43 086	-	43 086
Transfer from provision for committed infrastructure	14 551	-	-	-	14 551
Transfer between components	(15 068)	-	(295 296)	310 364	-
Write off of infrastructure costs	(923)	-	-	-	(923)
Transfer from PPE	-	-	-	23 700	23 700
Transfer from inventory	-	-	64 184	-	64 184
Transfer from (to) non-current assets held for sale	17 467	-	(53 017)	(86 718)	(122 268)
Balance at 30 June 2019	1 271 589	37 508	677 314	12 739 859	14 726 270
Fair value adjustment					
Balance at 1 July 2018	370 165	(32 508)	75 242	5 581 636	5 994 535
(Loss) gain fair value adjustment	(384 119)	-	92 206	(373 197)	(665 110)
Transfer between components	(9 652)	-	(59 441)	69 093	-
Transfer from inventory	-		5 955	-	5 955
Transfer from (to) non-current assets held for sale	10 176	-	-	9 718	19 894
Balance at 30 June 2019	(13 430)	(32 508)	113 962	5 287 250	5 355 274
Carrying amount at 30 June 2018	1 526 178	5 000	346 441	17 913 526	19 791 145
Carrying amount at 30 June 2019	1 258 159	5 000	791 276	18 027 109	20 081 544

The investment property are encumbered as per note 20.

The capitalisation rate used for capitalised borrowings costs ranges between 6.9% and 9.1% (2019: 9.1% to 9.4%).

The prior year value for leasehold land, consists of development rights and infrastructure and services which was disclosed separately. Upon the change in accounting estimate, the leasehold land is valued and disclosed on an aggregate basis.

The group's right-of-use assets relating to the WDC lease, has been classified as investment property under completed developments which is externally fair valued together with the completed properties. The fair value of the completed property takes into account the future lease payments to be made to WDC.

NOTES TO THE FINANCIAL STATEMENTS

16 INVESTMENT PROPERTY (continued)

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

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

Figures in R'000s	GROUP 2020	2019
Leasehold land (AWIC)		
Gross valuation before held for sale	**1 913 250**	1 762 366
Transfer to assets held for sale	**-**	(27 643)
Independent gross valuers' valuation	**1 913 250**	1 734 723
Adjusted for - against fair value		
Cost to complete	**(162 015)**	(269 824)
Adjustment relating to the future rental obligation	**(399 944)**	(206 740)
Independent valuers' valuation - adjusted	**1 351 290**	1 258 159
The carrying amount of leasehold land are reconciled as follows:		
Balance at the beginning of the year	**1 258 159**	1 526 178
Additions	**86 212**	99 549
Net gain (loss) from fair value adjustment	**19 119**	(384 119)
Transfer to developments under construction	**(16 768)**	(24 720)
Transfer to provision for committed infrastructure	**(6 055)**	14 551
Transfer to inventory	**13 137**	-
Transfer from non-current assets held for sale	**-**	27 643
Write off of infrastructure costs	**(2 514)**	(923)
Balance at the end of the year	**1 351 290**	1 258 159

In 2009 AWIC entered into a purchase of leasehold land 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).

During the current year, the group changed its valuation technique with respect to the measurement of Waterfall leasehold land, encompassing development rights and infrastructure and services. The group has previously determined fair value with reference to a residual land valuation technique which is dependent upon several inputs and underlying assumptions. With effect from the financial year ending 30 June 2020, the group has adopted a comparable sales valuation technique for leasehold land which is more in line with international best practice. The comparable sales technique is an internationally accepted technique to assess the fair value of land. The adoption of this valuation technique is a change in estimate in terms of IAS 8: *Accounting Policies, Changes in Accounting Estimates and Errors* . Refer to note 3.4 for further details with regards to the change in accounting estimate.

The prior year value for leasehold land, consists of development rights and infrastructure and services which was disclosed separately. Upon the change in accounting estimate, the leasehold land is valued and disclosed on an aggregate basis.

The independent valuer's valuation was performed as at 30 June 2020 by applying the comparable sales valuation technique (2019: residual-land valuation technique), taking into account obligations pursuant to the leasehold nature of the leasehold land.

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

The following unobservable inputs were used in the current year by the independent valuer in estimating the fair value of the leasehold land:

- serviced land prices between R1 000 and R3 800 per bulk / land area square metre;
- unserviced farmland prices between R225 and R275 per land area square metre;
- estimated capital outlays and professional fees as per independent quantity surveyor;
- discount rates for present value calculations between 14.03% and 15.62%;
- rental escalation rates for future rental obligation assessment between 4.53% and 5.17%;
- cap rates for future rental obligation assessment between 7.50% and 9.00%;
- estimated construction times of developments between 18 and 48 months;

NOTES TO THE FINANCIAL STATEMENTS

16 INVESTMENT PROPERTY (continued)

The following unobservable inputs were used in the prior year by the independent valuer in estimating the fair value of the leasehold land:

- serviced land prices between R1 200 and R3 500 per bulk / land area 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 21 years; and
- discount rates for present value calculations between 16.29% and 16.88%.

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

Figures in R'000s	GROUP 2020	2019
• An extension by one year of the estimated construction time (2019: development plan)	**38 100**	(69 999)
• An increase of 100 basis points in the discount rate:	**13 000**	(25 780)
gross valuation of leasehold land	**-**	(50 592)
present value of the future rental obligation	**13 000**	24 812
• A 10.0% increase in the serviced land prices	**168 012**	95 907
• A 10.0% increase in the estimated capital outlays	**(16 550)**	(26 984)

The effective date of the valuation on the leasehold land was 30 June 2020. All independent valuers were registered in terms of section 19 of the Property Valuers Professional Act, Act No 47 of 2000. The valuers were as follows:

Vallun Properties Proprietary Limited t/a Valquest Property Valuers & Consultants

- F Thevenau - Professional Associated with SA Council for the Property Valuers Profession Valuer Reg No 3415, Fellow of the SA Institute of Valuers, Nat Cert in Architecture, Nat Cert in Building, FIVSA
- Adrian Vallun (Professional Valuer) Fellow of the South African Institute of Valuers, National Diploma in Property Valuation . Registered as a Professional Valuer at the S A Council for the Property Valuers Profession (Reg no 2963), FIVSA

Sterling Valuation Specialists Closed Corporation

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

F Thevenau, Valluan Properties Proprietary Limited, AS Smith, B Eastman and Sterling Valuation Specialists are not connected to the group.

The valuation technique has changed from the prior year as detailed in note 3.4. The fair value of leasehold land is deemed to be Level 3 as defined by *IFRS 13: Fair Value Measurements.*

For both years presented, Waterfall comprise remaining undeveloped leasehold land 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; and
- remainder of LP 22 of Portion 78 of the Farm Waterfall No. 5.

For the prior year, the following leasehold land were classified as held for sale as per note 29:

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

Figures in R'000s	GROUP 2020	2019
Land (Le Chateau)		
Director's valuation	**-**	5 000

The property was disposed of for R2.0 million on 29 June 2020.

NOTES TO THE FINANCIAL STATEMENTS

16 INVESTMENT PROPERTY (continued)

Figures in R'000s	GROUP 2020	GROUP 2019
Developments under construction		
The carrying amount of developments under construction are reconciled as follows:		
Balance at the beginning of the year	**791 276**	346 441
Transfer of cost from leasehold land	**12 862**	15 068
Transfer of fair value from leasehold land	**3 906**	9 652
Additions	**412 048**	690 244
Net gain from fair value adjustment	**153 255**	674 641
Transfer to assets held for sale	**-**	(53 017)
Transfer from inventory	**-**	70 139
Transfer to completed developments	**(1 134 725)**	(379 457)
Independent valuers' valuation	**238 622**	1 373 711
Adjusted for - against fair value		
Cost to complete and stage of completion	**(40 450)**	(582 435)
Independent valuers' valuation - adjusted	**198 172**	791 276
Reconciled as follows:		
Cost	**162 065**	677 314
Fair value adjustments	**36 107**	113 962
Adjusted valuation	**198 172**	791 276

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

Unobservable inputs (%)	GROUP 2020	GROUP 2019
• Discount rate	**13.00% - 13.25%**	13.00% - 13.50%
• Reversionary discount rate	**13.00% - 13.25%**	13.00% - 13.50%
• Market capitalisation rate	**8.00%**	7.50% - 8.00%
• Reversionary capitalisation rate	**8.50% - 8.75%**	7.50% - 8.00%
• Expense growth	**6.00% - 7.00%**	6.50%
• Income growth	**5.00% - 5.25%**	5.50%
• Vacancy period	**1 - 6 months**	1 - 2 months
• Long term vacancy rate	**1.00%**	0.50% - 2.00%

The recent outbreak of COVID-19 has significantly affected the South African economy and the property industry. The virus and the resultant uncertain economic outlook for the period of (and post) the lockdown is expected to have a material adverse effect on the group's tenants' operations; the viability of their business and their ability to meet their rental obligations. This uncertainty is factored into the valuation of our investment property, specifically in the discount rate, exit capitalisation rate, growth rates, vacancy periods and long-term vacancy rates, all of which are significant inputs into the fair value determination.

Given the current uncertainty, additional changes in significant unobservable inputs and the estimated impact thereof have been included in the current year.

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

Figures in R'000s	GROUP 2020	GROUP 2019
Significant unobservable inputs		
• A decrease of 50 basis points in the discount rate	**9 523**	53 633
• An increase of 50 basis points in the discount rate	**(8 971)**	(50 792)
• A decrease of 50 basis points in the reversionary capitalisation rate	**4 116**	34 109
• An increase of 50 basis points in the reversionary capitalisation rate	**(3 666)**	(29 921)
• A decrease of 100 basis points in the market rental	**11 381**	-
• An increase of 100 basis points in the market rental	**(10 039)**	-
Other unobservable inputs		
• A decrease of 1 month in vacancy	**578**	-
• An increase of 1 month in vacancy	**(601)**	-
• A decrease of 100 basis points in the long-term vacancy rate	**730**	-
• An increase of 100 basis points in the long-term vacancy rate	**(730)**	-

NOTES TO THE FINANCIAL STATEMENTS

16 INVESTMENT PROPERTY (continued)

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

- Corporate Campus Phase 2 - 50.0%. The balance is held by Zenprop (which has been completed in the prior year);
- Cummins DC - 50.0%. The balance held by Zenprop was classified as held for sale in the prior year (which has been completed in the prior year) (which has been completed in the prior year);
- Zimmer Biomet - 50.0%. The balance held by Sanlam Life was classified as held for sale in the prior year (which has been completed in the current year) (which has been completed in the prior year); and
- Corporate Campus Phase 3 - 50.0%. The balance is held by Zenprop (which has been completed in the current year);
- Deloitte - 50.0%. The balance is held by Dale Creek Investments (which has been completed in the current year).

Developments under construction are initially recognised at cost and subsequently remeasured to fair value. The fair value of development property is not always reliably determinable due to the properties being in the early stages of construction or where construction has not yet begun. Where fair value cannot be reliably determined, but the group expects that the fair value will be reliably determinable when construction is further progressed, the group measures such properties at cost.

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 valuer's 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 leasehold land.

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

As mentioned in the accounting policies, per 1.9, if the fair value of a development under construction is not determinable, it is measured at cost until the earlier of the date it becomes determinable or such construction is complete. In accordance with this, given the infancy of the following developments under construction, such developments were carried at cost:

- Waterfall Corporate Campus phase 4.

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

Excluding the abovementioned development in the current year, developments under construction were fair valued as at 30 June 2020 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, Act No 47 of 2000. For both years, the valuers were as follows:

Mills Fitchet Cape (Proprietary) Limited (formerly Wolffs Valuation Services (Proprietary) Limited)

- SA Wolffs - Professional Associated Valuer, Nat Dip Prop Val SAIV SACPVP

Sterling Valuation Specialists Closed Corporation

- AS Smith - BSc Honours (Property Studies) Registered Professional Associated Valuer No. 6937, MIVSA

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

16 INVESTMENT PROPERTY (continued)

Figures in R'000s	GROUP 2020	2019
Completed developments		
The carrying amount of completed developments are reconciled as follows:		
Balance at the beginning of the year	**18 027 109**	17 913 526
Transfer from developments under construction	**1 134 725**	379 457
Transfer from PPE	**-**	23 700
Additions	**169 526**	160 623
Net loss from fair value adjustment	**(1 588 380)**	(176 073)
Straight-line lease income adjustment against fair value	**22 606**	(197 124)
Independent valuers' valuation after straight-lining	**17 765 586**	**18 104 109**
Adjusted for		
Transfer to non-current assets held for sale	**(75 626)**	(77 000)
Cost to complete and stage of completion	**(130 916)**	-
Additions of right-of-use asset (note 22)	**288 485**	-
Net loss from fair value adjustment of right-of-use asset (note 22)	**(22 570)**	-
Independent valuers' valuation after straight-lining - adjusted	**17 824 959**	18 027 109
Reconciled as follows:		
Cost	**13 762 189**	12 739 859
Fair value adjustments	**4 062 770**	5 287 250
Adjusted valuation	**17 824 959**	18 027 109
The independent valuation for retail is as follows:		
Independent valuers' valuation after straight-lining	**17 765 586**	18 104 109
Straight-line lease debtor	**1 016 541**	1 039 147
Independent valuers' valuation	**18 782 127**	19 143 256

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

Unobservable inputs (%)	GROUP 2020	2019
• Discount rate	**11.50% - 13.75%**	11.75% - 14.00%
• Reversionary discount rate	**11.50% - 13.75%**	11.75% - 14.00%
• Market capitalisation rate	**6.50% - 8.75%**	6.25% - 9.75%
• Reversionary capitalisation rate	**6.50% - 9.75%**	6.25% - 9.75%
• Income growth	**4.00% - 5.25%**	2.00% - 6.00%
• Expense growth	**6.00% - 7.00%**	6.00% - 7.50%
• Vacancy period	**1 - 8 months**	1 - 8 months
• Long term vacancy rate	**1.00% - 5.00%**	0.00% - 10.00%

The recent outbreak of COVID-19 has significantly affected the South African economy and the property industry. The virus and the resultant uncertain economic outlook for the period of (and post) the lockdown is expected to have a material adverse effect on the group's tenants' operations; the viability of their business and their ability to meet their rental obligations. This uncertainty is factored into the valuation of our investment property, specifically in the discount rate, exit capitalisation rate, growth rates, vacancy periods and long-term vacancy rates, all of which are significant inputs into the fair value determination.

Given the current uncertainty, additional changes in significant unobservable inputs and the estimated impact thereof have been included in the current year.

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

Figures in R'000s	GROUP 2020	2019
Significant unobservable inputs		
• A decrease of 50 basis points in the discount rate	**551 169**	565 938
• An increase of 50 basis points in the discount rate	**(528 436)**	(542 767)
• A decrease of 50 basis points in the reversionary capitalisation rate	**591 584**	693 271
• An increase of 50 basis points in the reversionary capitalisation rate	**(519 961)**	(604 953)
• A decrease of 100 basis points in the market rental	**987 932**	-
• An increase of 100 basis points in the market rental	**(931 222)**	-
Other unobservable inputs		
• A decrease of 1 month in vacancy	**61 180**	-
• An increase of 1 month in vacancy	**(107 116)**	-
• A decrease of 100 basis points in the long-term vacancy rate	**101 274**	-
• An increase of 100 basis points in the long-term vacancy rate	**(102 176)**	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

16 INVESTMENT PROPERTY (continued)

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

- Maxwell Office Park - 50.0%. The balance is held by The Moolman Group;
- Mall of Africa - 80.0%. The balance is held by ATT MOA 20 (a group entity of APH);
- PwC Tower - 75.0%. The balance is held by PwC Waterfall Property Partnership;
- Corporate Campus Phase 1 - 50.0%. The balance is held by Zenprop;
- Corporate Campus Phase 2 - 50.0%. The balance is held by Zenprop (which has been completed in the prior year);
- Corporate Campus Phase 3 - 50.0%. The balance is held by Zenprop (which has been completed in the current year);
- Cummins DC - 50.0%. The balance is held by Zenprop (which has been completed in the prior year);
- Zimmer Biomet - 50.0%. The balance is held by Sanlam Life (which has been completed in the prior year);
- River Creek JV - Deloitte head office - 50.0%. The balance is held by Dale Creek (a group company op APH) (which has been completed in the current year);
- Eikestad Mall - 80.0%. The balance is held by Key Capital; and
- Brooklyn Mall - 25.0%. The balance is held by Growthpoint.

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 2020 using discounted cash flow of the future income streams method by independent valuers, with the exception of the following:

- Brooklyn Mall, that was valued using external discounted cash flow of the future income streams method by independent valuers and adjusted by the directors, to reflect a more conservative view of the valuation of the property;
- Lynnwood Bridge City Lodge, that was valued using external discounted cash flow of the future income streams method by independent valuers and adjusted by the directors, to reflect a more conservative view of the valuation of the property;
- 2 Eglin, Sunninghill, that was valued using an income capitalisation for the prior year, 2 Eglin Sunninghill that was measured at the realisable value in the current year and classified as held for sale (note 29); and
- Torre Industries building that was measured at the realisable value in the prior year.

Save for Brooklyn Mall, Lynnwood Bridge City Lodge, 2 Eglin, Sunninghill and the Torre Industries building, this is in line with the prior year.

Completed developments include right-of-use assets of R265.9 million. Refer to note 22 for details of the right-of-use assets.

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.

All independent valuers were registered in terms of section 19 of the Property Valuers Professional Act, Act No 47 of 2000. For both years, the valuers were as follows:

Mills Fitchet Cape (Proprietary) Limited (formerly Wolffs Valuation Services (Proprietary) Limited)

- SA Wolffs - Professional Associated Valuer, Nat Dip Prop Val SAIV SACPVP
- T Bate - Professional Associated Valuer, Registration No 2276/1, BSc Land Econ, MSc (UK), MRICS, MIV (SA)

Sterling Valuation Specialists Closed Corporation

- M Smit - Nat Dip (Property Valuation) Registered Professional Valuer No. 3420, MIVSA
- B Eastman - Nat Dip (Property Valuation) Registered Professional Associated Valuer No. 4582, MIVSA
- AS Smith - BSc Honours (Property Studies) Registered Professional Associated Valuer No. 6937, MIVSA

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

16 INVESTMENT PROPERTY (continued)

Figures in R'000s	GROUP 2020	2019
Completed developments: Retail		
The carrying amount of completed developments are reconciled as follows:		
Balance at the beginning of the year	**9 686 888**	9 639 616
Transfer from PPE	**-**	23 700
Additions	**101 574**	110 180
Net loss from fair value adjustment	**(1 010 663)**	(82 963)
Straight-line lease income adjustment against fair value	**17 694**	(3 645)
Independent valuers' valuation after straight-lining	**8 795 493**	9 686 888
Adjusted for		
Cost to complete and stage of completion	**(12 315)**	-
Additions of right-of-use asset (note 22)	**56 765**	-
Net loss from fair value adjustment of right-of-use asset (note 22)	**(5 569)**	-
Independent valuers' valuation after straight-lining - adjusted	**8 834 374**	9 686 888
Reconciled as follows:		
Cost	**6 371 711**	6 213 372
Fair value adjustments	**2 462 663**	3 473 516
Adjusted valuation	**8 834 374**	9 686 888
The independent valuation for retail properties are as follows:		
Independent valuers' valuation after straight-lining	**8 795 493**	9 686 888
Straight-line lease debtor	**249 717**	232 022
Independent valuers' valuation	**9 045 210**	9 918 910

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

Unobservable inputs (%)	Note	GROUP 2020	2019
• Discount rate	1	**11.50% - 13.25%**	11.75% - 13.50%
• Reversionary discount rate	1	**11.50% - 13.25%**	11.75% - 13.50%
• Market capitalisation rate	2	**6.50% - 8.75%**	6.25% - 8.00%
• Reversionary capitalisation rate	3	**6.50% - 9.25%**	6.25% - 9.00%
• Income growth	5	**4.00% - 5.00%**	2.00% - 5.50%
• Expense growth	4	**6.00% - 7.00%**	6.00% - 7.50%
• Vacancy period		**1 - 4 months**	1 - 2 months
• Long term vacancy rate		**1.00% - 2.50%**	0.25% - 1.00%

The retail segment consist of 9 buildings (2019: 9 buildings).

1 The discount rate and reversionary discount rate for Mall of Africa is 11.50% (2019: 11.75%). The remainder of retail buildings ranges between 12.50% - 13.25% (2019: 12.75% - 13.50%).
2 The capitalisation rate for Mall of Africa is 6.50% (2019: 6.25%). The remainder of retail buildings ranges between 7.50% - 8.75% (2019: 7.50% - 8.00%).
3 The reversionary capitalisation rate for Mall of Africa is 6.50% (2019: 6.25%). The remainder of retail buildings ranges between 8.00% - 9.25% (2019: 7.50% - 8.00%).
4 In the prior year, the expenses growth rate for Brooklyn Mall is 6.00%. The remainder of retail buildings ranged between 6.50% - 7.50%.
5 In the prior the income growth rate for Waterfall Lifestyle is 2.00%. The remainder of retail buildings ranged between 5.00% - 5.50%.

Retail buildings were valued as at 30 June 2020 using discounted cash flow of the future income streams method by independent valuers which is in line with the prior year.

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

Figures in R'000s	GROUP 2020	2019
Significant unobservable inputs		
• A decrease of 50 basis points in the discount rate	**247 572**	276 001
• An increase of 50 basis points in the discount rate	**(238 142)**	(265 380)
• A decrease of 50 basis points in the reversionary capitalisation rate	**361 307**	431 692
• An increase of 50 basis points in the reversionary capitalisation rate	**(315 125)**	(373 850)
• A decrease of 100 basis points in the market rental	**510 651**	-
• An increase of 100 basis points in the market rental	**(480 431)**	-
Other unobservable inputs		
• A decrease of 1 month in vacancy	**18 969**	-
• An increase of 1 month in vacancy	**(57 782)**	-
• A decrease of 100 basis points in the long-term vacancy rate	**59 448**	-
• An increase of 100 basis points in the long-term vacancy rate	**(60 349)**	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

16 INVESTMENT PROPERTY (continued)

Figures in R'000s	GROUP 2020	2019
Completed developments: Office and mixed use		
The carrying amount of completed developments are reconciled as follows:		
Balance at the beginning of the year	**6 568 929**	6 674 605
Transfer from developments under construction	**1 134 725**	130 092
Additions	**57 480**	31 314
Net loss from fair value adjustment	**(592 920)**	(446 271)
Straight-line lease income adjustment against fair value	**46 665**	179 189
Independent valuers' valuation after straight-lining	**7 214 879**	6 568 929
Adjusted for		
Cost to complete and stage of completion	**(118 046)**	-
Additions of right-of-use asset (note 22)	**176 695**	-
Net loss from fair value adjustment of right-of-use asset (note 22)	**(8 543)**	-
Transfer to non-current assets held for sale	**(75 626)**	-
Independent valuers' valuation after straight-lining - adjusted	**7 189 359**	6 568 929
Reconciled as follows:		
Cost	**5 869 084**	5 070 590
Fair value adjustments	**1 320 275**	1 498 339
Adjusted valuation	**7 189 359**	6 568 929
The independent valuation for office and mixed-use properties are as follows:		
Independent valuers' valuation after straight-lining	**7 214 879**	6 568 929
Straight-line lease debtor	**599 235**	670 618
Independent valuers' valuation	**7 814 114**	7 239 547

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

Unobservable inputs (%)	Note	GROUP 2020	2019
• Discount rate		**12.50% - 13.75%**	12.75% - 13.75%
• Reversionary discount rate		**12.50% - 13.75%**	12.75% - 13.75%
• Market capitalisation rate		**7.50% - 8.75%**	7.25% - 9.75%
• Reversionary capitalisation rate		**7.75% - 9.75%**	7.25% - 9.75%
• Income growth		**5.00%**	5.00% - 5.50%
• Expense growth		**6.00% - 7.00%**	6.50% - 7.50%
• Vacancy period	1	**1 - 8 months**	1 - 8 months
• Long term vacancy rate	2	**1.00% - 5.00%**	0.25% - 10.00%

The office and mixed use segment consist of 28 buildings (2019: 22 buildings).

1 The vacancy period for Cell C is 8 months (2019: 8 months) and Brooklyn Bridge Office Park is 7 months (2019: 4 months). The remainder of office and mixed-use buildings ranges between 1 - 6 months (2019: 2 - 4 months).

2 The long term vacancy rate for Brooklyn Bridge is 5.00% (2019: 3.00%) and for 2 Eglin, Sunninghill 10.0% in the prior year. The remainder of office and mixed use buildings ranges between 0.25% - 2.00% (2019: 1.00% - 2.50%).

Office and mixed use buildings were valued as at 30 June 2020 using discounted cash flow of the future income streams method by independent valuers, with the exception of 2 Eglin, Sunninghill, that was valued using an income capitalisation for the prior year, 2 Eglin Sunninghill that was measured at the realisable value in the current year. Save for 2 Eglin, Sunninghill, this is in line with the prior year. 2 Eglin has been classified as held for sale in the current year (note 29).

The estimated impact of a change in the following significant unobservable inputs for office and mixed use buildings would result in a change in the independent valuers' valuation as follows:

Figures in R'000s	GROUP 2020	2019
Significant unobservable inputs		
• A decrease of 50 basis points in the discount rate	**242 233**	223 613
• An increase of 50 basis points in the discount rate	**(231 616)**	(214 044)
• A decrease of 50 basis points in the reversionary capitalisation rate	**182 660**	206 841
• An increase of 50 basis points in the reversionary capitalisation rate	**(162 483)**	(182 577)
• A decrease of 100 basis points in the market rental	**378 314**	-
• An increase of 100 basis points in the market rental	**(360 187)**	-
Other unobservable inputs		
• A decrease of 1 month in vacancy	**40 369**	-
• An increase of 1 month in vacancy	**(47 818)**	-
• A decrease of 100 basis points in the long-term vacancy rate	**33 305**	-
• An increase of 100 basis points in the long-term vacancy rate	**(33 305)**	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

16 INVESTMENT PROPERTY (continued)

Figures in R'000s	GROUP 2020	GROUP 2019
Completed developments: Industrial		
The carrying amount of completed developments are reconciled as follows:		
Balance at the beginning of the year	**1 436 998**	1 286 827
Transfer from developments under construction	**-**	249 365
Additions	**10 472**	19 129
Net loss from fair value adjustment	**(73 408)**	(65 674)
Straight-line lease income adjustment against fair value	**35 472**	24 351
Independent valuers' valuation after straight-lining	**1 409 534**	1 513 998
Adjusted for		
Cost to complete and stage of completion	**(555)**	-
Additions of right-of-use asset (note 22)	**52 649**	-
Net loss from fair value adjustment of right-of-use asset (note 22)	**(8 195)**	-
Transfer to non-current assets held for sale	**-**	(77 000)
Independent valuers' valuation after straight-lining - adjusted	**1 453 433**	1 436 998
Reconciled as follows:		
Cost	**1 295 469**	1 232 348
Fair value adjustments	**157 964**	204 650
Adjusted valuation	**1 453 433**	1 436 998
The independent valuation for industrial properties are as follows:		
Independent valuers' valuation after straight-lining	**1 409 534**	1 513 998
Straight-line lease debtor	**159 401**	123 927
Independent valuers' valuation	**1 568 935**	1 637 925

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

Unobservable inputs (%)	Note	GROUP 2020	GROUP 2019
• Discount rate		**13.25%**	13.50% - 13.75%
• Reversionary discount rate		**13.25%**	13.50% - 13.75%
• Market capitalisation rate		**8.00%**	7.50% - 7.75%
• Reversionary capitalisation rate		**8.50% - 8.75%**	8.25% - 8.50%
• Income growth		**5.25%**	5.50% - 6.00%
• Expense growth		**7.00%**	7.50%
• Vacancy period	1	**4 - 8 months**	2 - 8 months
• Long term vacancy rate		**1.00%**	0.25%

The industrial segment consist of 10 buildings (2019: 11 buildings).

1 The vacancy period for Cummins SA Regional Distribution Centre is 8 months (2019: 8 months) and Massbuild Distribution Centre is 8 months . The remainder of industrial buildings ranges between 4 - 6 months (2019: 2 - 4 months).

Industrial buildings were valued as at 30 June 2020 using discounted cash flow of the future income streams method by independent valuers, with the exception of the Torre Industries building that was measured at the realisable value in the prior year. Save the Torre Industries building, this is in line with the prior year.

Torre was classified as held for sale in the prior year and disposed of in the current year.

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

Figures in R'000s	GROUP 2020	GROUP 2019
Significant unobservable inputs		
• A decrease of 50 basis points in the discount rate	**50 295**	55 755
• An increase of 50 basis points in the discount rate	**(48 065)**	(53 212)
• A decrease of 50 basis points in the reversionary capitalisation rate	**38 701**	45 192
• An increase of 50 basis points in the reversionary capitalisation rate	**(34 402)**	(40 060)
• A decrease of 100 basis points in the market rental	**82 720**	-
• An increase of 100 basis points in the market rental	**(75 634)**	-
Other unobservable inputs		
• A decrease of 1 month in vacancy	**981**	-
• An increase of 1 month in vacancy	**(657)**	-
• A decrease of 100 basis points in the long-term vacancy rate	**6 999**	-
• An increase of 100 basis points in the long-term vacancy rate	**(6 999)**	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

16 INVESTMENT PROPERTY (continued)

Figures in R'000s	GROUP 2020	2019
Completed developments: Hotel		
The carrying amount of completed developments are reconciled as follows:		
Balance at the beginning of the year	**334 294**	312 477
Net gain from fair value adjustment	**15 778**	24 588
Straight-line lease income adjustment against fair value	**(4 391)**	(2 771)
Independent valuers' valuation after straight-lining	**345 681**	334 294
Adjusted for		
Additions of right-of-use asset (note 22)	**2 376**	-
Net loss from fair value adjustment of right-of-use asset (note 22)	**(264)**	-
Independent valuers' valuation after straight-lining - adjusted	**347 793**	334 294
Reconciled as follows:		
Cost	**225 925**	223 549
Fair value adjustments	**121 868**	110 745
Adjusted valuation	**347 793**	334 294
The independent valuation for hotel properties are as follows:		
Independent valuers' valuation after straight-lining	**345 681**	334 294
Straight-line lease debtor	**8 188**	12 580
Independent valuers' valuation	**353 869**	346 874

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

Unobservable inputs (%)	Note	GROUP 2020	2019
• Discount rate		**13.00%**	13.25% - 14.00%
• Reversionary discount rate		**13.00%**	13.25% - 14.00%
• Market capitalisation rate		**8.00%**	7.75% - 8.00%
• Reversionary capitalisation rate		**8.75%**	7.75% - 8.75%
• Income growth		**5.00%**	5.50% - 6.00%
• Expense growth		**6.00% - 7.00%**	6.50% - 7.50%
• Vacancy period		**1 month**	1 month
• Long term vacancy rate		**1.00%**	0.00%

The hotel segment consist of 2 buildings (2019: 2 buildings).

Hotel buildings were valued as at 30 June 2020 using discounted cash flow of the future income streams method by independent valuers which is in line with the prior year.

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

Figures in R'000s	GROUP 2020	2019
Significant unobservable inputs		
• A decrease of 50 basis points in the discount rate	**11 068**	10 569
• An increase of 50 basis points in the discount rate	**(10 612)**	(10 131)
• A decrease of 50 basis points in the reversionary capitalisation rate	**8 916**	9 545
• An increase of 50 basis points in the reversionary capitalisation rate	**(7 952)**	(8 465)
• A decrease of 100 basis points in the market rental	**16 247**	-
• An increase of 100 basis points in the market rental	**(14 969)**	-
Other unobservable inputs		
• A decrease of 1 month in vacancy	**861**	-
• An increase of 1 month in vacancy	**(859)**	-
• A decrease of 100 basis points in the long-term vacancy rate	**1 523**	-
• An increase of 100 basis points in the long-term vacancy rate	**(1 523)**	-

NOTES TO THE FINANCIAL STATEMENTS

17 INVESTMENT IN ASSOCIATES AND JOINT VENTURES

Set out below is the associated company of the group as at 30 June 2020, 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 not 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	
Figures in R'000s	**2020**	**2019**	**2020**	**2019**
Proportion of ownership / voting rights held by the group	**20,84%**	23,03%	**0,00%**	0,00%

The shareholding in MAS of 20.74% (2019: 22.84%) (excluding treasury shares) is based on the MAS issued shares after adjusting for MAS treasury shares. The group's shareholding based on MAS' total issued shares as at 30 June 2020 is 20.84% (2019: 23.03%) (including treasury shares).

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

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	
Figures in R'000s	**2020**	**2019**	**2020**	**2019**
MAS				
Current assets	**10 308 839**	4 602 923	**-**	-
Non-current assets	**14 837 862**	17 785 156	**-**	-
Current liabilities	**(4 492 929)**	(2 940 229)	**-**	-
Non-current liabilities	**(5 173 274)**	(5 505 164)	**-**	-
Revenue	**1 307 749**	1 134 138	**-**	-
(Loss) profit from continuing operations	**(349 043)**	1 001 481	**-**	-
(Loss) profit for the year	**(349 043)**	1 001 481	**-**	-
Other comprehensive loss for the year	**(398)**	(21 668)	**-**	-
Total comprehensive (loss) income for the year	**(349 441)**	979 814	**-**	-
Dividends received from MAS Real Estate Inc. during the year	**233 560**	185 637	**-**	-

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	
Figures in R'000s	**2020**	**2019**	**2020**	**2019**
MAS				
Balance at the beginning of the year	**3 183 494**	3 145 828	**-**	-
Impairment of investment	**(1 312 012)**	-	**-**	-
Share of retained profits and other comprehensive loss for the year	**44 159**	37 666	**-**	-
Share of retained (loss) profits	**(88 937)**	204 037	**-**	-
Share of other comprehensive loss	**(626)**	(5 048)	**-**	-
FCTR	**367 282**	24 314	**-**	-
Dividends	**(233 560)**	(185 637)	**-**	-
Balance at the end of the year	**1 915 641**	3 183 494	**-**	-
Reconciled as follows:				
Cost	**2 336 718**	2 336 718	**-**	-
Impairment of investment	**(1 312 012)**	-	**-**	-
Share of retained profits	**303 620**	392 557	**-**	-
Other comprehensive income since acquisition	**268 603**	269 229	**-**	-
Foreign currency translation effect	**1 137 955**	770 673	**-**	-
Dividends paid	**(819 243)**	(585 683)	**-**	-
Balance at the end of the year	**1 915 641**	3 183 494	**-**	-

MAS' closing balance was converted on 30 June 2020 at the spot Euro rate of R19.45.

During the current year, the directors assessed the investment in associate relating to MAS to be impaired. At 30 June 2020, the share price of MAS was trading at a discount to NAV together with the uncertainty relating to future dividends, which was considered an indication that the investment in MAS was considered to be impaired. The fair value less cost to sell was determined to be the recoverable amount. The fair value less cost to sell was determined with reference to the closing share price at 30 June 2020 of R13.10. The approximate costs to sell of 0.4% or R7.7 million was taken into account. This resulted in an impairment of R1.3 billion which has been recognised in the statement of profit or loss and other comprehensive income under "other expenses". The investment in MAS forms part of the "MAS European" segment (refer to note 4).

NOTES TO THE FINANCIAL STATEMENTS

17 INVESTMENT IN ASSOCIATES AND JOINT VENTURES (continued)

	GROUP		COMPANY	
Figures in R'000s	**2020**	**2019**	**2020**	**2019**
Carrying amount of the group's interest in associates and joint ventures				
MAS	**1 915 641**	3 183 494	**-**	-
Aggregate amount of other associates and joint ventures that are not individually material	**34 515**	34 217	**34 515**	34 217
Wingspan	**32 642**	32 004	**32 642**	32 004
Other associates and joint ventures	**1 873**	2 213	**1 873**	2 213
Balance at the end of the year	**1 950 156**	3 217 711	**34 515**	34 217
Net (loss) income from associates and joint ventures				
MAS	**(88 937)**	204 037	**-**	-
Aggregate amount of other associates and joint ventures that are not individually material	**(1 170)**	(79 267)	**-**	-
Gruppo	**-**	(1 322)	**-**	-
Wingspan	**637**	(8 117)	**-**	-
EAJV	**-**	(759)	**-**	-
Majestic	**-**	(16 710)	**-**	-
Nieuwtown	**-**	(48 946)	**-**	-
Other associates and joint ventures	**(1 807)**	(3 413)	**-**	-
Total	**(90 107)**	124 770	**-**	-

In the prior year, the directors have assessed the investments in associates relating to Gruppo to be impaired by R48.2 million which has been recognised in the statement of profit or loss and other comprehensive income under "other expenses". This was as a result of the negative performance of the underlying investment property and negative trading conditions in Nigeria. This forms part of the "Rest of Africa" segment (refer to note 4). The net asset values of the group's interests in the underlying investments are deemed to approach the fair value less cost to sell. The recoverable amount of the investment in Gruppo has been based on the net asset value of the underlying entity.

The investments in Nieuwtown and Majestic were disposed of during the current year.

The investment in EAJV was disposed of during the prior year.

Refer to note 41 for the interest in direct associates.

The group equity accounts for its investments in associates and joint ventures.

The fair value of the company's investments in associates and joint ventures are determined with reference to the net asset value of the underlying associates and joint ventures.

The fair value hierarchy of investments in associates are deemed to be Level 3 as defined by IFRS 13: *Fair Value Measurements* . The closing balance of MAS was determined with reference to the share price of MAS which is a level 1 input.

There are no unobservable inputs identifiable that would have a significant impact on the fair value of the investments in associates and joint ventures.

NOTES TO THE FINANCIAL STATEMENTS

18 OTHER FINANCIAL ASSETS AND LIABILITIES

	GROUP		COMPANY	
Figures in R'000s	**2020**	**2019**	**2020**	**2019**
Non-current assets	**397 736**	386 709	**-**	-
• Loans and receivables	**343 734**	347 118	**-**	-
• Derivative financial instruments	**54 002**	39 591	**-**	-
Current assets	**20 834**	32 656	**3 131**	3 130
• Loans and receivables	**20 834**	32 656	**3 131**	3 130
Other financial assets	**418 570**	419 365	**3 131**	3 130
Non-current liabilities	**(820 114)**	(268 112)	**(705 802)**	-
• Derivative financial instruments	**(814 439)**	(268 112)	**-**	-
• Surety liability	**(5 675)**	-	**(705 802)**	-
Current liabilities	**(22 842)**	(29 439)	**-**	-
• Loans and payables	**-**	(24 681)	**-**	-
• Derivative financial instruments	**(22 842)**	(4 758)	**-**	-
Other financial liabilities	**(842 956)**	(297 551)	**(705 802)**	-

The group recognised unfavourable fair value adjustments on derivative financial instruments measured at FVPL of R524.9 million (2019: unfavourable R135.8 million).

Interest rates applicable to the group are fixed at a rate that ranges from 6.90% to 10.51% (2019: 7.05% to 10.51%). These derivative financial instruments expire on dates ranging from October 2020 to June 2030 (2019: October 2019 to June 2030).

The company has issued various sureties to support borrowings by subsidiaries from financial institutions. In addition, the group, through AWIC, have issued a surety for a joint development partner.

The risk of the surety is measured at the date of issue and amortised to the financial period end date. This amortised cost is compared to the ECL measured on a one year or lifetime basis depending on the stage and the higher of the two is recognised.

The risk of the surety on date of issue is determined by the cost of the surety where an arm's length price was paid. Where no payment was made, the cost is determined by the saving in interest rate that was achieved by the issuance of surety where such a surety is supporting a lending transaction. In the absence of either of these, the risk of the surety is determined as the expected credit losses that will be incurred over the lifetime of the surety, which is the case in this situation.

Sureties were valued based on the risk of the counter-party whose obligations have been guaranteed. Where cross sureties have been issued by a number of group companies, the risk lies with the group. This resulted in a surety liability being recognised for the group of R5.7 million and R705.8 million for the company.

Refer to note 21 for the information relating to risk management.

The fair value of derivative financial instruments are deemed to be Level 2 as defined by IFRS 13: *Fair Value Measurements* .

The fair value of loans receivable and loans payable are deemed to be Level 3 as defined by IFRS 13: *Fair Value Measurements* .

The fair value of derivative financial instruments including loans receivable and loans payable 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.

NOTES TO THE FINANCIAL STATEMENTS

18 OTHER FINANCIAL ASSETS AND LIABILITIES (continued)

GROUP

Figures in R'000s	2020					2019				
Derivative financial instruments	**Balance at the beginning of the year**	**Fair value adjustment through profit or loss**	**Additions / derivatives realised / novated**	**Unrealised foreign exchange gains**	**Balance at the end of the year**	**Balance at the beginning of the year**	**Fair value adjustment through profit or loss**	**Unrealised foreign exchange gains**	**Additions / derivatives realised / novated**	**Balance at the end of the year**
At fair value through profit or loss										
Absa	**(24 094)**	**(50 529)**	**-**	**-**	**(74 623)**	(9 979)	(14 115)	-	-	(24 094)
Nedbank	**(174 088)**	**(373 485)**	**-**	**(25 078)**	**(572 651)**	(78 832)	(104 882)	142	9 484	(174 088)
PwC Partnership*	**30 107**	**23 894**	**-**	**-**	**54 001**	14 347	15 760	-	-	30 107
RMB	**(24 775)**	**(32 255)**	**-**	**-**	**(57 030)**	(13 049)	(11 726)	-	-	(24 775)
Standard Bank	**(40 429)**	**(92 547)**	**-**	**-**	**(132 976)**	(19 850)	(20 579)	-	-	(40 429)
Total	**(233 279)**	**(524 922)**	**-**	**(25 078)**	**(783 279)**	(107 363)	(135 542)		9 484	(233 279)

	2020	2019
Derivative financial assets	**54 002**	39 591
Current	**-**	-
Non-current	**54 002**	39 591
Derivative financial liabilities	**(837 281)**	(272 870)
Current	**(22 842)**	(4 758)
Non-current	**(814 439)**	(268 112)
Total	**(783 279)**	(233 279)

* This swap is recognised on a back-to-back basis based on the external swap agreement with Nedbank.

18 OTHER FINANCIAL ASSETS AND LIABILITIES (continued)

Figures in R'000s			2020		2019	
GROUP						
Derivative financial instruments comprise of the following:	**Fixed rate**	**Expiry date**	**Notional amount**	**Mark-to-market**	**Notional amount**	**Mark-to-market**
Nedbank interest rate swaps						
• ARF	7.57%	February-25	**125 000**	**(14 352)**	125 000	(2 814)
• ARF	6.99%	December-22	**600 000**	**(43 986)**	600 000	(2 325)
• ARF	7.11%	December-24	**143 000**	**(13 508)**	-	-
• ARF	7.26%	February-24	**75 000**	**(7 457)**	75 000	(1 221)
• AWIC	7.95%	December-24	**61 639**	**(6 921)**	64 507	(2 252)
• AWIC	8.11%	September-25	**74 089**	**(8 666)**	78 020	(3 120)
• AWIC	8.71%	June-30	**1 109 087**	**(175 180)**	1 095 850	(97 440)
• AWIC	7.57%	September-23	**28 913**	**(2 663)**	31 243	(847)
• AWIC	7.76%	September-25	**38 586**	**(4 456)**	40 119	(1 407)
• AWIC	9.09%	June-30	**106 509**	**(19 692)**	105 257	(12 167)
• AWIC	8.60%	June-30	**137 439**	**(21 133)**	138 008	(10 822)
• AWIC	8.33%	April-25	**400 000**	**(57 670)**	400 000	(17 486)
• AWIC	7.66%	July-23	**500 000**	**(53 426)**	500 000	(12 330)
• AWIC	7.70%	July-23	**250 000**	**(27 022)**	250 000	(6 490)
• AWIC	7.69%	July-23	**200 000**	**(21 525)**	200 000	(4 903)
• AWIC	7.26%	February-24	**300 000**	**(29 671)**	300 000	(4 764)
• Lynnwood Bridge	7,81%	February-23	**72 015**	**(7 409)**	72 015	(2 761)
• Lynnwood Bridge	6.90%	December-22	**310 000**	**(22 059)**	310 000	(423)
• Lynnwood Bridge	7.11%	December-24	**21 450**	**(20 261)**	-	-
Total				**(557 057)**		(183 572)
Standard Bank interest rate swaps						
• ARF	7.44%	January-22	**75 000**	**(4 314)**	75 000	(1 194)
• ARF	7.27%	January-22	**97 500**	**(5 422)**	97 500	(1 179)
• ARF	7.78%	February-22	**250 000**	**(17 107)**	250 000	(6 252)
• ARF	6.90%	July-22	**170 000**	**(11 139)**	170 000	(230)
• ARF	7.07%	July-22	**250 000**	**(17 297)**	250 000	(1 463)
• ARF	7.12%	December-24	**77 000**	**(7 198)**	-	-
• ARF	7.32%	October-19	**-**	**-**	250 000	(316)
• Lynnwood Bridge	7,25%	September-21	**74 758**	**(3 338)**	74 758	(803)
• Lynnwood Bridge	7.12%	December-24	**115 500**	**(10 797)**	-	-
• AWIC	7.90%	October-20	**41 700**	**(563)**	44 200	(632)
• AWIC	8.26%	July-21	**72 000**	**(3 470)**	73 300	(2 122)
• AWIC	8.23%	August-21	**163 100**	**(8 969)**	166 950	(5 031)
• AWIC	8,80%	July-22	**257 080**	**(24 933)**	260 000	(13 991)
• AWIC	7,84%	December-21	**69 976**	**(4 297)**	69 976	(1 750)
• AWIC	7,62%	December-21	**30 000**	**(1 746)**	30 000	(598)
• AWIC	7,43%	September-21	**35 376**	**(1 656)**	35 376	(517)
• AWIC	7,21%	December-20	**381 000**	**(6 686)**	381 000	(2 750)
• AWIC	7,83%	January-22	**62 760**	**(4 044)**	62 760	(1 601)
Total				**(132 976)**		(40 429)
PwC Partnership interest rate swaps*						
• AWIC	8.71%	June-30	**277 272**	**43 795**	273 963	24 359
• AWIC	9.09%	June-30	**26 627**	**4 923**	26 314	3 042
• AWIC	8.60%	June-30	**34 360**	**5 283**	34 502	2 706
Total				**54 001**		30 107

* This swap is recognised on a back-to-back basis based on the external swap agreement with Nedbank.

NOTES TO THE FINANCIAL STATEMENTS

18 OTHER FINANCIAL ASSETS AND LIABILITIES (continued)

Figures in R'000s

GROUP

Derivative financial instruments comprise of the following:	Fixed rate	Expiry date	2020 Notional amount	2020 Mark-to-market	2019 Notional amount	2019 Mark-to-market
RMB interest rate swaps						
• AWIC	8.70%	January-22	**262 792**	**(20 734)**	263 940	(12 847)
• AWIC	10,51%	August-22	**222 948**	**(18 721)**	222 948	(6 310)
• Lynnaur	10.47%	April-23	**277 978**	**(17 575)**	392 804	(5 618)
Total				**(57 030)**		(24 775)
Absa interest rate swaps						
• ARF	7.74%	March-22	**100 000**	**(6 832)**	100 000	(2 463)
• ARF	7.66%	July-24	**150 000**	**(17 442)**	150 000	(3 971)
• ARF	7.28%	January-22	**52 500**	**(2 920)**	52 500	(663)
• ARF	8.13%	March-23	**100 000**	**(10 641)**	100 000	(4 162)
• ARF	7.64%	October-22	**125 000**	**(10 501)**	125 000	(2 799)
• Lynnwood Bridge	7,74%	March-22	**150 000**	**(10 248)**	150 000	(3 694)
• Lynnwood Bridge	8.15%	March-23	**150 000**	**(16 039)**	150 000	(6 342)
Total				**(74 623)**		(24 094)

	FEC rate	Expiry date	2020 Notional amount EUR'000	2020 Mark-to-market R'000	2019 Notional amount EUR'000	2019 Mark-to-market R'000
Nedbank FEC						
• AIM	19,63	October-20	**5 910**	**788**	3 461	8 161
• AIM	18,04	October-20	**3 000**	**(5 107)**	1 642	506
• AIM	17,20	October-20	**2 910**	**(7 380)**	-	-
• AIM	17,71	March-21	**1 650**	**(3 895)**	2 660	817
Total				**(15 594)**		9 484

NOTES TO THE FINANCIAL STATEMENTS

18 OTHER FINANCIAL ASSETS AND LIABILITIES (continued)

Figures in R'000s

GROUP

Loans and receivables/(payables)	Segment (Note 4)	Stage of credit impairment	Repayment date	Interest Rate	2020 Loan amount	2020 ECL	2020 Total	2019 Loan amount	2019 ECL	2019 Total
APD	Head office SA	Stage 1	None	None	**-**	**-**	**-**	(2 248)	-	(2 248)
Brand Group	Retail	Stage 3	None	None	**8 381**	**(8 381)**	**-**	8 381	(8 381)	-
Cummins	Industrial	Stage 1	Mar-29	12.5%	**6 806**	**(108)**	**6 698**	6 893	(17)	6 876
Zimmer	Industrial	Stage 1	Aug-23	12.5%	**-**	**-**	**-**	2 413	-	2 413
Key Capital	Retail	Stage 2	On demand	SA Prime + 4.0%	**3 632**	**(25)**	**3 607**	13 221	(15)	13 206
Key Capital	Retail	Stage 2	Mar-22	SA Prime + 0.50%	**7 444**	**(62)**	**7 382**	9 027	(11)	9 016
Ghana	Head office Global	Stage 3	None	None	**1 649**	**(1 649)**	**-**	1 649	(1 649)	-
PwC Waterfall Property Partnership*	Office and mixed use	Stage 1	Jun-30	1-month JIBAR linked	**338 486**	**(1 862)**	**336 624**	332 184	(399)	331 785
Zenprop	Office and mixed use	Stage 1	Jul-20	None	**5 700**	**(82)**	**5 618**	11 400	(150)	11 250
Barrow	Head office SA	Stage 1	Jul-19	None	**-**	**-**	**-**	(22 433)	-	(22 433)
Power of Trading	Retail	Stage 1	Nov-22	SA Prime	**1 508**	**-**	**1 508**	2 098	-	2 098
ESD	Head office SA	Stage 1	Jun-21	None	**943**	**-**	**943**	943	-	943
NESA Capital	Head office SA	Stage 1	None	None	**488**	**-**	**488**	488	-	488
In Coatings	Head office SA	Stage 1	Jun-21	None	**500**	**-**	**500**	500	-	500
Ndzilo	Head office SA	Stage 1	Jun-21	None	**550**	**-**	**550**	550	-	550
Twin Cities	Head office SA	Stage 1	Jun-21	None	**150**	**-**	**150**	150	-	150
Thatego	Head office SA	Stage 1	Jun-21	None	**500**	**-**	**500**	500	(1)	499
Total					**376 737**	**(12 169)**	**364 568**	365 716	(10 623)	355 093
Loans and receivables					**376 737**	**(12 169)**	**364 568**	390 246	(10 623)	379 774
Non-current					**345 766**	**(2 032)**	**343 734**	347 118	(427)	347 118
Current					**30 971**	**(10 137)**	**20 834**	43 128	(10 196)	32 656
Loans and payables					**-**	**-**	**-**	(24 681)	-	(24 681)
Current					**-**	**-**	**-**	(24 681)	-	(24 681)
Total					**376 737**	**(12 169)**	**364 568**	365 565	(10 623)	355 093

The ECL of R8.4 million (2019: R8.4 million) was recognised for the loan to Brandgroup due to the arbitration process underway.

The ECL of R1.6 million (2019: R1.6 million) was recognised for the loan to Ghana due to the uncertainty around the recoverability of the amount.

The ECL of R1.9 million (2019: R0.4 million) was recognised for the loan to PwC Waterfall Property Partnership based on a minimum LGD on the value plus risk factor associated with refinancing of the Nedbank loan, which was determined judgementally.

The loan payable to APD by Le Chateau was forgiven during the current year.

The other ECLs of R0.3 million (2019: R0.6 million) were recognised based on a discounted probability of default and loss given default.

ECLs of R70.0 thousand were reversed in the current year (2019: R3.3 million). Refer to note 8.

* This loan earns interest on a back-to-back basis based on the external funding from Nedbank at 1-month JIBAR and margins of 2.09%, 2.33% and 2.52% (refer to note 20).

NOTES TO THE FINANCIAL STATEMENTS

18 OTHER FINANCIAL ASSETS AND LIABILITIES (continued)

Figures in R'000s					2020			2019		
COMPANY										
Loans and receivable	**Segment (Note 4)**	**Stage of credit impairment**	**Repayment date**	**Interest Rate**	**Loan amount**	**ECL**	**Total**	**Loan amount**	**ECL**	**Total**
ESD	Head office SA	Stage 1	Jun-21	None	**943**	**-**	**943**	943	-	943
NESA Capital	Head office SA	Stage 1	None	None	**488**		**488**	488		488
In Coatings	Head office SA	Stage 1	Jun-21	None	**500**	**-**	**500**	500	-	500
Ndzilo	Head office SA	Stage 1	Jun-21	None	**550**	**-**	**550**	550	-	550
Twin Cities	Head office SA	Stage 1	Jun-21	None	**150**	**-**	**150**	150	-	150
Thatego	Head office SA	Stage 1	Jun-21	None	**500**	**-**	**500**	500	(1)	499
Total					**3 131**	**-**	**3 131**	3 131	(1)	3 130
Loans and receivables					**3 131**	**-**	**3 131**	3 130	(1)	3 129
Non-current					**-**	**-**	**-**	-	-	-
Current					**3 131**	**-**	**3 131**	3 130	(1)	3 129
Total					**3 131**	**-**	**3 131**	3 130	(1)	3 129

The other ECL was recognised based on a discounted probability of default and loss given default.

The fair value of loans receivable and loans payable are deemed to be Level 3 as defined by IFRS 13: *Fair Value Measurements* .

The carrying amounts of the balances are deemed by the Directors to approximate their fair values. The fair value of balances are determined with reference to the carrying value and the net asset value of the underlying investments.

NOTES TO THE FINANCIAL STATEMENTS

19 LOANS TO ASSOCIATES AND JOINT VENTURES

Figures in R'000s

GROUP

Loans to associates and joint ventures	Segment (Note 4)	Stage of credit impairment	Repayment date	Interest Rate	2020 Loan amount	2020 ECL	2020 Total	2019 Loan amount	2019 ECL	2019 Total
AttAfrica	Head office Global	Stage 3	None	6,50%	**461 300**	**(249 702)**	**211 598**	951 561	(589 016)	362 545
Gruppo	Head office Global	Stage 2	Dec-21	10,08%	**363 679**	**(159 218)**	**204 461**	278 346	(1 447)	276 899
Fountains Regional Mall	Head office SA	Stage 3	None	None	**3 208**	**(3 204)**	**4**	3 208	(3 199)	9
AttAfrica SA	Head office SA	Stage 1	None	None	**1 680**	**-**	**1 680**	414	-	414
Kompasbaai	Head office SA	Stage 2	None	None	**5 660**	**(3 576)**	**2 084**	3 523	(1 917)	1 606
JV115	Waterfall developments	Stage 2	None	None	**162 240**	**(71 385)**	**90 855**	146 868	(35 248)	111 620
Nieuwtown					**-**	**-**	**-**	303 235	(62 724)	240 511
Nieuwtown in parity loan	Head office SA	Stage 2	Apr-42	None	**-**	**-**	**-**	7 520	(3 019)	4 501
Nieuwtown out of parity loan	Head office SA	Stage 2	Oct-20	Prime	**-**	**-**	**-**	147 858	(946)	146 912
Nieuwtown out of parity loan	Head office SA	Stage 3	Oct-20	Prime	**-**	**-**	**-**	147 857	(58 759)	89 098
Balance at the end of the year					**997 767**	**(487 085)**	**510 682**	1 687 155	(693 551)	993 604
Loans to associates and joint ventures					**997 767**	**(487 085)**	**510 682**	1 687 155	(693 551)	993 604
Non-current					**363 679**	**(159 218)**	**204 461**	1 533 142	(653 187)	879 955
Current					**634 088**	**(327 867)**	**306 221**	154 013	(40 364)	113 649
Total					**997 767**	**(487 085)**	**510 682**	1 687 155	(693 551)	993 604

The ECL of R249.7 million (2019: R589.0 million) was recognised based on the PV of the NAV expected to be realised over time and discounted by the interest rate of the loan over the expected realisation period of the underlying properties. The NAV is based on AttAfrica's financial statements and is based on independent valuations adjusted by management to reflect what could be received if the property is sold. A subordination in favour of external funders are in place at 30 June 2020. Due to an increase in risk, driven by the performance of the underlying properties, the loan was classified as a stage 3 from the prior year. As stage 3, the PD is thus 100% and the LGD was calculated based on the PV of the NAV expected to be realised over time on a margined basis.

The ECL of R159.2 million (2019: R1.4 million) was recognised for the loan to Gruppo was based on a conditional offer to purchase. The recoverable amount of the loan takes into account a further margin to the external valuation to allow for some downside risk. The shareholder loans are subordinated to bank debt but rank together with all other creditors.

The ECL of R3.2 million (2019: R3.2 million) was recognised for the loan to Fountains Regional Mall, R3.5 million (2019: R1.9 million) was recognised for the loan to Kompasbaai and R71.4 million (2019: R35.2 million) was recognised for the loan to JV115 based on a discounted probability of default and loss given default, taking into account the softening of the market as a result of COVID-19.

In the prior year the ECL of R62.7 million was recognised for the loan to Nieuwtown based on a discounted probability of default and loss given default. A subordination agreement was in place that states the loan will not be called until April 2042 during the prior year. The amount of the in parity loan reflects the present value of the loan. Due to an increase in risk, driven by the performance of the underlying properties, a portion of the out of parity loan was classified as a stage 3 from a stage 2 on 30 June 2019. The investment in Nieuwtown was disposed during the current year.

No ECLs were reversed in the current year (2019: R0.2 million). Refer to note 8.

For all of the ECLs relating to the loans, refer to note 1.12 for the accounting policy relating to impairments of financial assets and to note 2 for the judgements applied by the directors.

NOTES TO THE FINANCIAL STATEMENTS

19 LOANS TO ASSOCIATES AND JOINT VENTURES (continued)

Figures in R'000s

COMPANY

Loans to associates and joint ventures	Segment (Note 4)	Repayment date	Repayment date	Interest Rate	2020 Loan amount	2020 ECL	2020 Total	2019 Loan amount	2019 ECL	2019 Total
Fountains Regional Mall	Head office SA	Stage 3	None	None	**3 208**	**(3 204)**	**4**	3 208	(3 199)	9
AttAfrica SA	Head office SA	Stage 1	None	None	**1 680**	**-**	**1 680**	414	-	414
Kompasbaai	Head office SA	Stage 2	None	None	**5 660**	**(3 576)**	**2 084**	3 523	(1 917)	1 606
Nieuwtown					**-**	**-**	**-**	303 235	(62 724)	240 511
Nieuwtown in parity loan	Head office SA	Stage 2	Apr-42	None	**-**	**-**	**-**	7 520	(3 019)	4 501
Nieuwtown out of parity loan	Head office SA	Stage 2	Oct-20	Prime	**-**	**-**	**-**	147 858	(946)	146 912
Nieuwtown out of parity loan	Head office SA	Stage 3	Oct-20	Prime	**-**	**-**	**-**	147 857	(58 759)	89 098
Balance at the end of the year					**10 548**	**(6 780)**	**3 768**	310 380	(67 840)	242 540
Loans to associates and joint ventures					**10 548**	**(6 780)**	**3 768**	310 380	(67 840)	242 540
Non-current					**-**	**-**	**-**	303 235	(62 724)	240 511
Current					**10 548**	**(6 780)**	**3 768**	7 145	(5 116)	2 029
Total					**10 548**	**(6 780)**	**3 768**	310 380	(67 840)	242 540

The ECL of R3.2 million (2019: R3.2 million) was recognised for the loan to Fountains Regional Mall and R3.5 million (2019: R1.9 million) was recognised for the loan to Kompasbaai based on a discounted probability of default and loss given default, taking into account the softening of the market as a result of COVID-19.

In the prior year the ECL of R62.7 million was recognised for the loan to Nieuwtown based on a discounted probability of default and loss given default. A subordination agreement was in place that states the loan will not be called until April 2042 during the prior year. The amount of the in parity loan reflects the present value of the loan. Due to an increase in risk, driven by the performance of the underlying properties, a portion of the out of parity loan was classified as a stage 3 from a stage 2 on 30 June 2019. The investment in Nieuwtown was disposed during the current year.

The fair value of loans to associates and joint ventures are deemed to be Level 3 as defined by IFRS 13: *Fair Value Measurements* .

All loans to associates were assessed for ECL for 30 June 2020 and 30 June 2019.

The carrying amounts of the balances are deemed by the Directors to approximate their fair values. The fair value of balances are determined with reference to the carrying value and the net asset value of the underlying investments.

No collateral are held as security against the loans to associates and joint ventures.

NOTES TO THE FINANCIAL STATEMENTS

GROUP

20 LONG-TERM BORROWINGS

Figures in R'000s	Interest rate	Maturity	Mortgage bond	Non-current	Current
2020					
Absa				**631 001**	**98**
• ARF	3-month JIBAR + 1.85%	1-Jul-2022	1 082 744	236 165	36
• ARF	3-month JIBAR + 1.90%	7-Dec-2022		222 359	35
• Lynnwood Bridge	3-month JIBAR + 1.85%	7-Jan-2022		88 835	14
• Lynnwood Bridge	3-month JIBAR + 1.90%	7-Dec-2022		83 642	13
Investec				**299 909**	**2 047**
• Brooklyn Bridge	Prime - 0.75%	31-Jul-2022	390 000	299 909	2 047
LibFin				**300 000**	**47**
• ARF	3-month JIBAR + 1.75%	7-Dec-2022	514 775	217 998	34
• Lynnwood Bridge	3-month JIBAR + 1.75%	7-Dec-2022		82 002	13
MMI				**465 000**	**71**
• ARF	3-month JIBAR + 1.60%	7-Dec-2022	514 775	145 332	22
• ARF	3-month JIBAR + 1.80%	9-Dec-2024		72 666	11
• Lynnwood Bridge	3-month JIBAR + 1.60%	7-Dec-2022		54 668	8
• Lynnwood Bridge	3-month JIBAR + 1.80%	9-Dec-2024		27 334	4
• BMW	3-month JIBAR + 1.80%	28-Jun-2024	273 000	165 000	26
Nedbank				**4 846 290**	**41 075**
• ARF	3-month JIBAR + 2.10%	7-Jan-2022	887 987	199 832	30
• ARF	3-month JIBAR + 1.81%	9-Dec-2024		176 215	28
• Lynnwood Bridge	3-month JIBAR + 2.10%	7-Jan-2022		75 169	11
• Lynnwood Bridge	3-month JIBAR + 1.81%	9-Dec-2024		66 285	10
• Mall of Africa	SA Prime - 1.50%	6-Apr-2022	4 750 000	699 912	2 536
• Mall of Africa	SA Prime - 1.50%	6-Apr-2022		300 000	1 087
• Mall of Africa	10.75%	6-Apr-2022		500 000	3 387
• Mall of Africa PV	SA Prime - 0.78%	6-Apr-2022		61 479	251
• Mall of Africa	SA Prime - 1.00%	6-Apr-2022		357 581	1 408
• Mall of Africa	1-month JIBAR + 1.65%	6-Apr-2022		496 503	1 745
• PwC Tower	1-month JIBAR + 2.09%	3-Jun-2030	1 432 000	1 101 718	12 812
• PwC Annex	1-month JIBAR + 2.33%	3-Jun-2030		105 581	1 472
• PwC Tower	1-month JIBAR + 2.63%	3-Jun-2030		132 015	5 639
• Deloitte	3-month JIBAR + 1.84%	31-Mar-2025	900 000	574 000	10 659
Sub-total carried forward				**6 542 200**	**43 338**

NOTES TO THE FINANCIAL STATEMENTS

20 LONG-TERM BORROWINGS (continued)

Figures in R'000s	Interest rate	Maturity	Mortgage bond	GROUP Non-current	GROUP Current
2020					
Sub-total brought forward				**6 542 200**	**43 338**
OmsFin				**475 000**	**72**
• ARF	3-month JIBAR + 2.05%	7-Jan-2022	815 061	181 665	27
• ARF	3-month JIBAR + 1.75%	7-Dec-2022		163 499	25
• Lynnwood Bridge	3-month JIBAR + 2.05%	7-Jan-2022		68 335	10
• Lynnwood Bridge	3-month JIBAR + 1.75%	7-Dec-2022		61 501	10
RMB				**881 451**	**4 751**
• Amrod	3-month JIBAR + 2.25%	1-Dec-2022	264 000	155 000	795
• Corporate Campus	3-month JIBAR + 2.00%	3-Oct-2023	500 000	38 500	730
• Corporate Campus	3-month JIBAR + 2.00%	2-May-2024		44 500	463
• Accenture	3-month JIBAR + 2.00%	1-Feb-2024		31 000	323
• Cummins	3-month JIBAR + 1.90%	1-Mar-2024	187 000	77 000	373
• AWIC rolling credit facility	1-month JIBAR + 2.25%	31-Oct-2021	-	90 451	15
• Aurecon	3-month JIBAR + 2.25%	2-Dec-2022	575 000	445 000	2 052
• Ellipse phase 1 #	SA Prime - 0.75%	nmf	218 000	-	-
Sanlam Capital				**313 296**	**1 639**
• Dischem (formerly K101 Warehouse)	1-month JIBAR + 2.25%	24-Nov-2022	80 000	61 500	216
• AWIC consolidated	10,37%	10-Nov-2022	460 000	219 813	1 311
• Massbuild Distribution Centre	1-month JIBAR + 2.25%	10-Nov-2022		31 983	112
Standard Bank				**3 160 645**	**1 876**
• AIH International	3-month EURIBOR + 3.10%	1-Oct-2021	-	717 607	-
• AIH International	3-month EURIBOR + 3.20%	31-Jul-2022	-	367 555	-
• AIH International	3-month JIBAR + 1.85%	31-Jul-2022	-	350 384	-
• ARF	3-month JIBAR + 1.80%	7-Jan-2022	1 764 821	236 165	36
• ARF	3-month JIBAR + 1.95%	7-Dec-2022		222 358	36
• ARF	SA Prime - 1.50%	7-Jan-2022		288 847	44
• Lynnwood Bridge	3-month JIBAR + 1.80%	7-Jan-2022		88 835	14
• Lynnwood Bridge	3-month JIBAR + 1.95%	7-Dec-2022		83 642	13
• Lynnwood Bridge	SA Prime - 1.50%	7-Jan-2022		108 652	17
• AWIC consolidated	3-month JIBAR + 2.35%	30-Nov-2022	1 240 000	286 600	1 647
• Gateway West building	3-month JIBAR + 2.30%	30-Nov-2022	365 000	270 000	46
• The Ingress	SA Prime - 1.15%	27-Nov-2024	400 000	70 000	12
• The Ingress	SA Prime - 1.50%	27-Nov-2024		70 000	11
Total				**11 372 592**	**51 676**

There have been no draws on the RMB Ellipse facility at 30 June 2020. The repayment date is 21 months from the first advance date.

NOTES TO THE FINANCIAL STATEMENTS

GROUP

20 LONG-TERM BORROWINGS (continued)

Figures in R'000s	Interest rate	Maturity	Mortgage bond	Non-current	Current
2019					
Absa				**631 000**	**455**
• ARF	3-month JIBAR + 1.65%	7-Dec-2020	1 082 744	236 165	168
• ARF	3-month JIBAR + 1.90%	7-Dec-2022		222 358	163
• Lynnwood Bridge	3-month JIBAR + 1.65%	7-Dec-2020		88 835	63
• Lynnwood Bridge	3-month JIBAR + 1.90%	7-Dec-2022		83 642	61
BOC				**-**	**53 986**
• Torre*	1-month JIBAR + 1.95%	4-Nov-2021	81 000	-	53 986
Investec				**306 073**	**1 030**
• Brooklyn Bridge	Prime - 0.75%	31-Dec-2020	390 000	306 073	1 030
LibFin				**300 000**	**216**
• ARF	3-month JIBAR + 1.75%	7-Dec-2022	514 775	217 998	157
• Lynnwood Bridge	3-month JIBAR + 1.75%	7-Dec-2022		82 002	59
MMI				**465 000**	**335**
• ARF	3-month JIBAR + 1.60%	7-Dec-2022	514 775	145 332	103
• ARF	3-month JIBAR + 1.80%	9-Dec-2024		72 666	53
• Lynnwood Bridge	3-month JIBAR + 1.60%	7-Dec-2022		54 668	39
• Lynnwood Bridge	3-month JIBAR + 1.80%	9-Dec-2024		27 334	20
• BMW	3-month JIBAR + 1.80%	28-Jun-2024	273 000	165 000	120
Nedbank				**3 787 811**	**245 123**
• ARF	3-month JIBAR + 1.63%	7-Dec-2020	887 987	199 832	142
• ARF	3-month JIBAR + 1.81%	9-Dec-2024		176 215	128
• Lynnwood Bridge	3-month JIBAR + 1.63%	7-Dec-2020		75 168	53
• Lynnwood Bridge	3-month JIBAR + 1.81%	9-Dec-2024		66 285	48
• Mall of Africa	SA Prime - 1.50%	6-Apr-2021	4 750 000	699 912	4 195
• Mall of Africa	SA Prime - 1.50%	6-May-2021		300 000	1 798
• Mall of Africa	10,75%	6-Apr-2021		500 000	3 682
• Mall of Africa PV	SA Prime - 0.78%	6-May-2021		61 479	399
• Mall of Africa	SA Prime - 1.00%	6-May-2021		357 580	2 265
• Mall of Africa	1-month JIBAR + 1.75%	6-Feb-2020		-	221 712
• PwC Tower	1-month JIBAR + 2.09%	3-Jun-2030	1 432 000	1 096 140	7 324
• PwC Annex	1-month JIBAR + 2.33%	3-Jun-2030		105 279	729
• PwC Tower	1-month JIBAR + 2.63%	3-Jun-2030		137 231	2 648
• Deloitte#	SA Prime - 0.50%	1-Apr-2020	900 000	12 690	-
Sub-total carried forward				**5 489 884**	**301 145**

NOTES TO THE FINANCIAL STATEMENTS

20 LONG-TERM BORROWINGS (continued)

			GROUP		
Figures in R'000s	**Interest rate**	**Maturity**	**Mortgage bond**	**Non-current**	**Current**
2019					
Sub-total brought forward				**5 489 884**	**301 145**
OmsFin				**475 000**	**338**
• ARF	3-month JIBAR + 1.55%	7-Dec-2020	815 061	181 665	118
• ARF	3-month JIBAR + 1.75%	7-Dec-2022		163 499	128
• Lynnwood Bridge	3-month JIBAR + 1.55%	7-Dec-2020		68 335	48
• Lynnwood Bridge	3-month JIBAR + 1.75%	7-Dec-2022		61 501	44
RMB				**791 000**	**6 742**
• Amrod	3-month JIBAR + 2.25%	1-Dec-2022	264 000	155 000	1 114
• Corporate Campus	3-month JIBAR + 2.00%	3-Oct-2023	500 000	38 500	878
• Corporate Campus	3-month JIBAR + 2.00%	2-May-2024		44 500	670
• Accenture	3-month JIBAR + 2.00%	1-Feb-2024		31 000	467
• Cummins	3-month JIBAR + 1.90%	1-Mar-2024	187 000	77 000	533
• Aurecon	3-month JIBAR + 2.25%	2-Dec-2022	200 000	445 000	3 080
Sanlam Capital				**313 295**	**1 805**
• Dischem (formerly K101 Warehouse)	1-month JIBAR + 2.25%	24-Nov-2022	80 000	61 500	325
• AWIC consolidated	10,37%	10-Nov-2022	460 000	219 812	1 311
• Massbuild Distribution Centre	1-month JIBAR + 2.25%	10-Nov-2022		31 983	169
Standard Bank				**3 133 955**	**3 567**
• AIH International	3-month EURIBOR + 1.80%	31-Jul-2020	-	515 466	-
• AIH International	3-month EURIBOR + 1.95%	30-Jul-2021	-	939 985	-
• ARF	3-month JIBAR + 1.69%	7-Dec-2020	1 764 821	236 165	169
• ARF	3-month JIBAR + 1.95%	7-Dec-2022		222 358	164
• ARF	SA Prime - 1.70%	7-Jun-2021		288 848	203
• Lynnwood Bridge	3-month JIBAR + 1.69%	7-Dec-2020		88 835	64
• Lynnwood Bridge	3-month JIBAR + 1.95%	7-Dec-2022		83 642	62
• Lynnwood Bridge	SA Prime - 1.70%	7-Jun-2021		108 652	76
• AWIC consolidated	3-month JIBAR + 2.35%	30-Nov-2022	1 240 000	286 700	1 908
• Gateway West building	3-month JIBAR + 2.30%	30-Nov-2022	365 000	270 000	207
• The Ingress	SA Prime - 1.15%	27-Nov-2024	400 000	70 000	541
• The Ingress	SA Prime - 1.50%	27-Nov-2024		23 304	173
Total				**10 203 134**	**313 597**

These long-term borrowings were developments loans that converted into term loans during the 2020 financial year upon completion of the development

* These long-term borrowings were classified as liabilities directly associated with non-current assets held for sale and will be settled upon transfer of the property (refer to note 28)

The weighted average cost of debt in respect of the total group borrowings is 8.45% (2019: 8.76%).

Long-term borrowings are mainly at floating rates, of which 81.2% (2019: 76.0%) have economically been hedged to fixed rates. Refer to note 18, as well as note 21 for further detail of the Group's interest rate swap agreements.

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 3.57 times cover at 30 June 2020 (2019: 2.8 times cover) compared to a share cover covenant level of 1.75 times (2019: 2.00 times). The share cover covenant level will be increased to 2.30 times cover subsequent to 30 June 2020.

Long-term borrowings have been secured by mortgage loans over investment property to the value of R17.6 billion (2019: R17.1 billion).

Loan covenants were applicable to certain long-term borrowings. None of the covenants were breached during the year ended 30 June 2020.

Refer to note 35 for more details with regards to the suretyships / guarantees provided.

NOTES TO THE FINANCIAL STATEMENTS

21 RISK MANAGEMENT

The group's normal operations, its sources of finance and changing market conditions expose it to various financial risks, which highlights the importance of financial risk management as an element of control. Principal financial risks faced by the group are financial risks, including interest rate, liquidity, credit, insurance and foreign currency.

Although the group does not trade in financial instruments for speculative purposes, it does utilise derivative instruments for the purpose of managing the exposure for interest rate risk management purposes.

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

There has been no significant change during the reporting period to the types of financial risks faced by the group, the measures used to measure them or the objectives, policies and processes for managing them.

The group has considered the impact of the COVID-19 outbreak on its operations. The group's strong financial position as at 30 June 2020, and the availability of sufficient cash and cash equivalents (note 28), unutilised liquidity facilities (R424.4 million) and committed facilities (R287.5 million), will assist to address liquidity risk that may arise from customers experiencing cash flow constraints. During the financial year, the group has refinanced certain interest-bearing borrowings that were due within the next 18 months (note 20). As a result, the group has no significant obligation to repay any debt in the short to medium term. The group continues to monitor its debt exposure between fixed and variable rates (note 18), to ensure a balanced portfolio in an uncertain and volatile environment.

During the current reporting period the international rating agency, Moody's, downgraded SA's local and foreign currency rating to sub-investment grade, due to the continuing deterioration in the country's fiscal strength and structurally weak growth. The immediate impact of the downgrade was reduced liquidity, a contributing factor to the deterioration in the exchange rate to above R19.00 to the US dollar and above R20.00 to the euro. This, together with COVID-19, triggered an intervention by the reserve bank, which included liquidity injection and a reduction in interest rates.

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 derivatives

The group has entered into interest rate swap contracts which obligates it to pay interest at a fixed rate on notional principal amounts and obligate it to receive interest at a variable rate on the same notional principal amounts. Under these agreements the group agrees with the counter party to exchange at pre-determined intervals the difference between the fixed and variable interest amounts calculated on the notional principal amounts.

The interest rate swap derivatives have been valued using a market quoted swap curve as at 30 June 2020. This is consistent with the prior year.

The interest rate swap have been recognised in terms of IFRS 9: *Financial Instruments* , 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 2020 are detailed in note 18.

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 note 18 and 20.

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 70.0% of its mortgaged liabilities are held at fixed interest rates (note 18 and 20). At 30 June 2020, 81.2% (2019: 80.0%) of drawn facilities and 79.2% (2019: 78.7%) of committed facilities, excluding revolving credit facilities, were hedged or fixed.

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

	GROUP		COMPANY	
Figures in R'000s	**2020**	**2019**	**2020**	**2019**
Borrowings				
Bank borrowings at fixed rates and hedged	**9 279 557**	8 389 843	**-**	-
Bank borrowings at variable rates	**2 144 711**	2 126 888	**-**	-
Interest rate swaps linked to JIBAR and Prime rates (at fair value)	**837 281**	272 870	**-**	-
Total	**12 261 549**	10 789 601	**-**	-
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.	**29 820**	23 998	**-**	-

NOTES TO THE FINANCIAL STATEMENTS

21 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's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation.

The group ensures that adequate funds are available to meet its expected and unexpected financial commitments through cash and cash equivalent, liquidity facilities and undrawn borrowing facilities.

Liquidity on long-term borrowings is managed by maintaining a varied maturity profile thereby minimising refinancing risk.

The directors review the cash flow forecasts of the group and company on a regular basis. The impact of COVID-19 was considered in the forecasted cash flows and the directors believe that the group and company has adequate financial resources to continue in operation for the ensuing twelve month period.

The ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the group's short, medium and long-term funding and liquidity management requirements.

The group manages liquidity risk by monitoring forecast cash flows in compliance with loan covenants and ensuring that adequate unutilised borrowing facilities are maintained.

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

			GROUP			
Figures in R'000s	**Carrying amount**	**Within 1 year**	**1 - 2 years**	**2 - 5 years**	**>5 years**	**Total**
2020						
Long-term borrowings	**11 424 268**	**640 692**	**4 975 672**	**6 391 032**	**1 419 919**	**13 427 315**
Other financial liabilities	**842 956**	**347 987**	**319 144**	**470 718**	**254 921**	**1 392 770**
Lease liabilities	**275 949**	**52 218**	**44 728**	**130 968**	**209 735**	**437 649**
Cash settled share based payments	**519**	**273**	**246**	**-**	**-**	**519**
Taxation payable	**32**	**32**	**-**	**-**	**-**	**32**
Trade and other payables	**370 452**	**370 452**	**-**	**-**	**-**	**370 452**
Total	**12 914 176**	**1 411 654**	**5 339 790**	**6 992 718**	**1 884 575**	**15 628 737**
2019						
Long-term borrowings	10 462 745	1 023 400	4 995 714	5 085 239	2 239 463	13 343 816
Other financial liabilities	297 551	109 076	105 279	255 539	274 512	744 406
Cash settled share based payments	626	89	537	-	-	626
Taxation payable	1 228	1 228	-	-	-	1 228
Trade and other payables	389 690	389 690	-	-	-	389 690
Liabilities associated with non-current assets held for sale	53 986	53 986	-	-	-	53 986
Total	11 205 826	1 577 469	5 101 530	5 340 778	2 513 975	14 533 752

			COMPANY			
Figures in R'000s	**Carrying amount**	**Within 1 year**	**1 - 2 years**	**2 - 5 years**	**>5 years**	**Total**
2020						
Loans from subsidiaries	**254 162**	**-**	**254 162**	**-**	**-**	**254 162**
Trade and other payables	**3 581**	**3 581**	**-**	**-**	**-**	**3 581**
Total	**257 743**	**3 581**	**254 162**	**-**	**-**	**257 743**
2019						
Loans from subsidiaries	390 483	1 469	389 014	-	-	390 483
Trade and other payables	8 596	8 596	-	-	-	8 596
Total	399 079	10 065	389 014	-	-	399 079

Interest on the loan to subsidiary payable 1 - 2 years accrues interest at 6-month EURIBOR + 2.4%. The interest is not paid by the Company.

NOTES TO THE FINANCIAL STATEMENTS

21 RISK MANAGEMENT (continued)

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 2020, 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.

The group has some exposure in respect of loans granted where collateral has been requested. The financial position of the counter parties are considered when granting the loans and is also evaluated on an on-going 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 26 for an analysis of the group's trade receivable's 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 as defined.

Foreign currency risk

The group is exposed to foreign exchange risks in the following investments applicable to both the current and prior year:

- investment in MAS, of which the exposure is denominated in euros;
- investment in AIH International, of which the exposure is denominated in US dollar and euros;
- investment in AttAfrica, of which the exposure is denominated in US dollar; and
- indirect investment in AttAfrica, of which the exposure is denominated in Nigerian naira, Zambian kwacha and Ghanaian cedi; and
- investment in Gruppo, of which the exposure is denominated in US dollar.

The group's exposure is managed by diversifying it's 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;
- the group's Standard Bank debt denominated in euro; and
- the group's loans to the foreign associates (through wholly owned subsidiary AIH International) denominated in US dollar.

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

Figures in R'000s	GROUP 2020	2019
• A decrease of R1.00 to the US dollar	**(24 006)**	(45 195)
• An increase of R1.00 to the US dollar	**24 006**	45 195
• A decrease of R1.00 to the euro	**(238 833)**	(287 660)
• An increase of R1.00 to the euro	**238 833**	287 660

The amount used to determine the impact of a movement in the US dollar exchange rate was the group's US dollar exposure relating to AttAfrica and Gruppo.

The amount used to determine the impact of a movement in the euro exchange rate was the group's euro exposure relating to the investment in MAS as well as the euro debt with Standard Bank.

The assumption was made that the balance does not materially differ from the balance reported at 30 June 2020.

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 debt and equity balance. The group's overall strategy remains unchanged from 2019.

The capital structure of the group consists of net debt (borrowings as detailed in note 20 offset by cash and bank as detailed in note 28) and equity of the group (comprising issued capital, reserve and retained earnings as detailed in note 30).

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

The board monitors the gearing ratio on an ongoing bases to achieve optimal value to the shareholders.

NOTES TO THE FINANCIAL STATEMENTS

22 LEASES

22.1 LEASE RECEIVALBES

Figures in R'000s	GROUP 2020	GROUP 2019	COMPANY 2020	COMPANY 2019
Value of minimum lease payments receivable				
• Less than 12 months	**1 545 103**	1 675 646	**-**	-
• Between 1 and 2 years	**1 372 437**	1 607 362	**-**	-
• Between 2 and 3 years	**1 287 866**	1 421 565		
• Between 3 and 4 years	**1 185 195**	1 285 759		
• Between 4 and 5 years	**1 132 145**	1 107 860		
• Over 5 years	**4 685 996**	3 941 293	**-**	-
Total	**11 208 742**	11 039 485	**-**	-

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.

22.2 RIGHT-OF-USE ASSETS CLASSIFIED AS INVESTMENT PROPERTY

Figures in R'000s	Leasehold land obligation	Bridges	Retail space	Total
2020				
Gross carrying amount				
Recognised on initial application of IFRS 16	**234 224**	**4 480**	**1 638**	**240 342**
Lease additions	**53 233**	**-**	**-**	**53 233**
Lease terminations	**(5 090)**	**-**	**-**	**(5 090)**
Balance at 30 June 2020	**282 367**	**4 480**	**1 638**	**288 485**
Fair value adjustment				
(Loss)/gain fair value adjustment	**(22 703)**	**275**	**(142)**	**(22 570)**
Balance at 30 June 2020	**(22 703)**	**275**	**(142)**	**(22 570)**
Carrying amount at 30 June 2020	**259 664**	**4 755**	**1 496**	**265 915**

The group through wholly-owned subsidiary AWIC is obliged to pay, to the WDC (the land owner), an amount equal to 6.0% of the net rentals it generates from the leasehold improvements. The lease term is a 99-year land lease (indefinite term). However, for the underlying tenant leases in place, the payments become in substance fixed during the 99-year lease term as and when underlying lease contracts are entered into.

The group through wholly-owned subsidiaries Adamax and Lynnwood Bridge leases bridges from council. The lease term is approximately 35 years.

The group through wholly-owned subsidiary Brooklyn Bridge leases retail space. The lease term is approximately 7 years.

The group's right-of-use assets is classified as investment property which is externally fair valued together with the completed properties as disclosed in note 16 .

The fair value of right-of-use assets are deemed to be a level 3 as defined by IFRS 13: *Fair Value Measurements* .

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

- Discount rate
- Tenant rental income

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

Figures in R'000s	GROUP 2020	GROUP 2019
• A decrease of 50 basis points in the discount rate	**5 269**	-
• An increase of 50 basis points in the discount rate	**(5 269)**	-
• A decrease of 100 basis points in the rental income from tenants	**2 597**	-
• A increase of 100 basis points in the rental income from tenants	**(2 597)**	-

The fair value of right-of-use assets are deemed to be a level 3 as defined by IFRS 13: *Fair Value Measurements* .

Future cash flows used in determining the discounted cash flows are determined with reference to the signed leases between the group and tenants. Discount rates used in the estimate are determined by the directors.

NOTES TO THE FINANCIAL STATEMENTS

22 LEASES (CONTINUED)

22.3 RIGHT-OF-USE ASSETS CLASSIFIED AS PROPERTY AND EQUIPMENT

Figures in R'000s	Office building	Total
2020		
Gross carrying amount		
Recognised on initial application of IFRS 16	11 792	11 792
Balance at 30 June 2020	11 792	11 792
Accumulated depreciation		
Depreciation	(2 252)	(2 252)
Balance at 30 June 2020	(2 252)	(2 252)
Carrying amount at 30 June 2020	9 540	9 540

The group through wholly-owned subsidiary AMS leases office space. The lease term is approximately 5 years.

The right-of-use asset is depreciated over the lease term.

22.4 LEASE LIABILITY

Figures in R'000s	GROUP 2020	2019
Current	28 146	-
Non current	247 803	-
Total lease liabilities	275 949	-
Summary of lease liabilities by period of redemption:		
Less than 12 months	52 218	-
Between 1 and 2 years	44 728	-
Between 2 and 3 years	45 286	-
Between 3 and 4 years	44 841	-
Between 4 and 5 years	40 841	-
Over 5 years	209 735	-
Lease commitment at 30 June 2020	437 649	-
Less effect of discounting	(161 700)	-
Total lease liabilities	275 949	-
Analysis of movement in lease liabilities		
Balance recognised on 1 July 2019	252 134	-
New leases	50 562	-
Termination of leases	(5 090)	-
Interest accrual	22 639	-
Repayment of interest	(22 435)	-
Repayment of capital	(21 861)	-
Balance at 30 June 2020	275 949	-

The lease liabilities relate to the right-of-use assets disclosed under note 22.2 and 22.3. Interest is based on incremental borrowing rates ranging between 8.50% and 9.50%.

The group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored as part of the group's operations.

NOTES TO THE FINANCIAL STATEMENTS

22 LEASES (CONTINUED)

22.5 AMOUNTS RECOGNISED IN PROFIT AND LOSS

	GROUP	
Figures in R'000s	**2020**	**2019**
Depreciation expense on right-of-use assets	**(2 252)**	-
Fair value adjustments on right-of-use assets	**(22 570)**	-
Expense relating to leases of low value assets	**(401)**	(347)
Expense relating to variable lease payments not included in the measurement of the lease liability	**(12 877)**	

Some of the leases in which the group is the lessee contain variable lease payment terms that are linked to variable recoveries. Variable payment are based on the usage by the tenant, for example utilities. The breakdown of lease payments is as follows:

	GROUP	
Figures in R'000s	**2020**	**2019**
Fixed payments	**(44 296)**	-
Variable payments	**(12 877)**	-
Total payments	**(57 173)**	-

Overall the variable payments constitute up to 26.5% per cent of the group's entire lease payments. The group expects this ratio to remain constant in future years. The variable payments depend on the amount of variable payments receivable from the group's tenants. Taking into account the tenant activity expected over the next years, variable rental expenses are expected to continue to present a similar proportion to the current variable rental expense.

The total cash outflow for leases amount to R57.2 million.

NOTES TO THE FINANCIAL STATEMENTS

23 GOODWILL

	GROUP	
Figures in R'000s	**2020**	**2019**
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)
Impairment loss recognised in the year	**(67 774)**	-
Balance at the end of the year	**(177 444)**	(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

The goodwill relates to the following cash generating units:

• AMS	**-**	67 774
Total	**-**	67 774

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

For the impairment testing of the goodwill (including the intangible asset arising from the asset management agreements) the appropriate discount rate was determined as the WACC of 17.2% (2019:12.3%). The WACC at 30 June 2020 was determined with reference to the post tax cost of debt of 10.2.% (2019: 6.9%) and the cost of equity of 21.0% (2019: 15.1%), based on market values, and is a 35.0% (2019: 50.0%) debt to 65.0% (2019: 50.0%) equity split.

The recoverable amount of goodwill, including the intangible assets arising from the asset management agreement, was determined as the value in use. The 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:

- The intangible asset arising from the asset management agreement is an ever green contract;
- CGU to which the goodwill, including the intangible asset arising from the asset management agreement 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 consist of asset and property management fee income as well as asset and property management expenses;
- asset management fee income is earned with reference to the underlying property values. The decrease in the value of investment property during the current year was taken into account, with a view taken on changes in property valuation for the discounted cash flow period, ranging between decreases of 5.0% to increases of 3.0%;
- property management fee income is earned with reference to the collections of income from the underlying properties. Collections was based on the most recent budgets, taking into account a provision for rental relief to be granted to tenants. The weighted average lease escalation rates for the respective segments, being retail, office and mixed-use, industrial and hotel, was used to escalate property management fees for the discounted cash flow period;
- the asset and property management expenses were escalated at an inflationary rate;
- the future cash flows of the CGU to which goodwill, including an intangible is allocated, is used as input in the discounted cash flow valuation over an initial five year period, thereafter into perpetuity as this is an evergreen contract;
- the group has used a WACC of 17.2% to discount the future cash flows;
- the appropriate long term growth rate, being the weighted average capitalisation rate, is applied to the future cash flow of the CGU; and
- The selection of appropriate capitalisation rates to reflect the risks involved, i.e. the weighted average exit capitalisation rates of 8.2% (2019: 7.5%).

The directors of the group have tested goodwill, including the intangible asset arising from the asset management agreement, that is allocated to AMS, for impairment as at 30 June 2020 and concluded that the goodwill and intangible asset arising from the asset management agreements are impaired based on the following:

- increase in risk as a result of the uncertainty around COVID-19, reflected in the increase weighted average capitalisation rate and the increase in the WACC rate;
- reduction in property valuations, resulting in a reduction of asset management fee income;
- lower income growth, resulting in a reduction of property management fee income;
- impairment of the investment by the group in the underlying CGU;
- the present value of the future discounted cash flows generated by the CGU is lower than the carrying value of the CGU and did not support a value for the goodwill.

The above resulted in the goodwill allocated to AMS being fully impaired during the current year. An impairment of R67.8 million was recognised in "other expenses" (refer to note 10).

The goodwill's carrying value net of accumulated impairments of Rnil (2019: net of accumulated impairments of R67.8 million) is included in the "Head office SA" segment. Refer to note 4.

23 GOODWILL (CONTINUED)

The estimated impact of a change in the following significant unobservable inputs in the prior year would result in a change in the impairment test as follows:

Figures in R'000s	GROUP 2020	GROUP 2019
• A decrease of 50 basis points in the discount rate	-	5 014
• An increase of 50 basis points in the discount rate	-	(4 898)
• A decrease of 50 basis points in the capitalisation rate	-	14 432
• An increase of 50 basis points in the capitalisation rate	-	(12 631)

24 INTANGIBLE ASSETS

Figures in R'000s	GROUP 2020	GROUP 2019
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	**(194 793)**	(112 958)
Amortisation expense	**(19 964)**	(19 964)
Impairment of intangible asset arising from the asset management agreements (2019: Wi-Fi rights)	**(164 703)**	(61 871)
Balance at the end of the year	**(379 460)**	(194 793)
Net carrying amount at the beginning of the year	**184 667**	266 502
Net carrying amount at the end of the year	**-**	184 667

The intangible assets consist of:

• Intangible asset arising from the asset managements agreement	-	184 667
Total	-	184 667
Asset management agreement intangible asset	-	184 667

Refer to note 23 for the assumptions used in testing intangible asset arising from the asset management agreement for impairment.

The intangible asset arising from the asset management agreement is 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 remaining amortisation period of the intangible asset arising from the asset management agreement at 30 June 2020 is 8 year and 3 months (2019: 9 year and 3 months).

The assumptions as detailed in note 23, resulted in the intangible asset arising from the asset management agreement allocated to AMS being fully impaired during the current year. An impairment of R164.7 million was recognised in "other expenses" (refer to note 10).

The intangible asset arising from the asset management agreement's carrying value net of accumulated amortisation and impairments of Rnil (2019: net of accumulated amortisation of R184.7 million) is included in the "Head office SA" segment. Refer to note 4.

Wi-Fi rights intangible asset	-	-

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 certain multimedia and broadband-based services in respect of its developments.

During the prior year the Wi-Fi rights were fully impaired due to uncertainty regarding the future income streams that could be generated from the Wi-Fi rights. An impairment of R61.9 million was recognised in "other expenses" (refer to note 10).

The Wi-Fi rights intangible asset's carrying value net of impairments and accumulated amortisation of Rnil (2010: Rnil) is included in the "Head office SA" segment. Refer to note 4.

NOTES TO THE FINANCIAL STATEMENTS

25 DEFERRED TAX ASSETS / LIABILITIES

	GROUP		COMPANY	
Figures in R'000s	**2020**	**2019**	**2020**	**2019**
The balances comprise:				
Deferred tax assets				
• Investment property	**(174 565)**	-	**-**	-
• Tax losses available for set off against future taxable income	**64 530**	-	**-**	-
• Unrealised profit / losses on derivatives	**131 556**	-	**-**	-
• Sale of inventory	**28 522**	-	**-**	-
• Rental received in advance	**9 852**	-	**-**	-
• Other temporary differences~	**9 046**	-	**-**	-
Balance at the end of the year	**68 941**	-	**-**	-
Reconciliation of deferred tax assets				
Balance at the beginning of the year	**-**	-	**-**	-
• Originating temporary difference on investment property	**(174 565)**	-	**-**	-
• Reversing temporary difference on tax losses available for set off against future taxable income	**64 530**	-	**-**	-
• Reversing temporary difference on unrealised profit / losses on derivatives	**131 556**	-	**-**	-
• Reversing temporary difference on sale of inventory	**28 522**	-	**-**	-
• Reversing temporary difference on rental received in advance	**9 852**			
• Reversing other temporary differences~	**9 046**	-	**-**	-
Balance at the end of the year	**68 941**	-	**-**	-

Figures in R'000s	**2020**	**2019**	**2020**	**2019**
The balances comprise:				
Deferred tax liabilities				
• Investment property	**(142 084)**	(264 391)	**-**	-
• Tax losses available for set off against future taxable income	**231 293**	231 636	**91 923**	78 780
• Fair value on investments in associates	**10 819**	(121 001)	**80 524**	(83 248)
• Investment in MAS deferred taxation	**-**	(138 520)	**-**	-
• Asset management agreements (refer to note 6)	**-**	(51 707)	**-**	-
• Unrealised foreign exchange gains	**11 430**	-	**11 430**	-
• Unrealised losses on derivatives	**83 417**	67 995	**-**	-
• Sale of inventory	**-**	10 426	**-**	-
• Rental received in advance	**4 606**	17 135	**-**	-
• Deferred tax asset not recognised	**(218 828)**	-	**(183 877)**	-
• Other temporary differences~	**(10 452)**	9 888	**-**	4 468
Balance at the end of the year	**(29 799)**	(238 539)	**-**	-
Reconciliation of deferred tax liabilities				
Balance at the beginning of the year	**(238 539)**	(178 923)	**-**	(74 219)
• Originating temporary difference on investment property	**(56 385)**	(62 094)	**-**	-
• Reversing/(Originating) temporary difference on tax losses available for set off against future taxable income	**33 653**	(40 202)	**41 894**	(83 248)
• Reversing temporary difference on revaluation of investments in associates	**454 214**	7 653	**50 123**	152 999
• Reversing/(originating) temporary difference on investment in MAS deferred taxation	**138 520**	(8 438)	**-**	-
• Reversing temporary difference on asset management agreements	**51 707**	5 590	**-**	-
• Reversing temporary difference on unrealised profit / losses on derivatives	**110 405**	33 210	**13 080**	-
• Originating temporary difference on sale of inventory	**(1 191)**	(6 600)	**-**	-
• Originating temporary difference on deferred tax assets not recognised	**(506 399)**	-	**(100 629)**	-
• (Originating)/reversing temporary difference on rental received in advance	**(2 677)**	7 856	**-**	-
• (Originating)/reversing other temporary differences~	**(13 107)**	3 409	**(4 468)**	4 468
Balance at the end of the year	**(29 799)**	(238 539)	**-**	-

~ Mainly relates to ECL on trade and other receivables and lease cancellation fee accrual

NOTES TO THE FINANCIAL STATEMENTS

25 DEFERRED TAX ASSETS / LIABILITIES (CONTINUED)

Use and sales tax rate

CGT is not applicable on the sale of investment property and shares in a REIT or property company, in terms of section 25BB of the Income Tax Act applicable to REITs. Consequently, no deferred tax was raised on the fair value of investment property.

Allowances relating to immovable property cannot be claimed and if a REIT sells immovable property, the allowances claimed in previous years will be recouped. A deferred taxation liability was raised in this respect.

Section 25BB of the Income Tax Act allows for the deduction of the qualifying distribution paid to the shareholders but the deduction is limited to the taxable income. To the extent that no taxation will be payable in future as a result of the qualifying distribution, no deferred taxation was raised on items such as the straight-line lease income accrual.

Deferred taxation was recognised on the initial recognition of the asset management agreement intangible asset. The deferred taxation is released to profit or loss over the asset's useful life. During the current year, the intangible asset was impaired in full, resulting in a reversal of the full deferred taxation balance relating to the asset management agreement intangible asset. Refer to note 24 Intangible assets.

During the current year the investment in MAS was impaired (note 8). This resulted in the carrying amount of the equity accounted investment being less than the tax base. The deferred tax asset of R145.5 million for R649.9 million relating to the fair value of the investment in MAS was not recognised due to insufficient capital gains to utilise against the capital loss.

A deferred taxation asset has been recognised for the assessed losses to the extent that it is probable that taxable profit will be available against which the assessed losses can be utilised.

The board has resolved to not pay a final dividend for the year ended 30 June 2020 and an interim dividend for the period ending 31 December 2020, after taking into account the uncertain economic outlook, the need to preserve liquidity and in compliance with funding requirements. This will result in future taxable profits that will be available against which the assessed losses can be utilised.

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

Deferred tax assets were not recognised as follows due to insufficient future taxable profits to utilise against the deferred tax assets:

- Lynnwood Bridge - R39.6 million (2019: R21.1 million) for R141.4 million (2019: R75.4 million) relating to the estimated assessed loss
- Micawber - R67.2 million (2019: R50.3 million) for R300.2 million (2019: R224.8 million) relating to the fair value adjustment of investment property
- Micawber - R4.0 million (2018: R2.5 million) for R14.4 million (2019: R8.2 million) relating to the estimated assessed loss
- Le Chateau - R2.6 million for R9.4 million relating to the estimated assessed loss in the prior year
- Le Chateau - R6.7 million for R29.7 million, relating to the fair value adjustment of investment property in the prior year
- AMS - R24.8 million (2019: R22.0 million) for R88.5 million (2019: R78.6 million) relating to the estimated assessed loss
- AMS - R9.1 million (2019: R9.1 million) for R40.6 million (2019: R40.6 million) relating to the fair value of investments
- AMS - R3.0 million (2019: Rnil) for R10.7 million (2019: Rnil) relating to other provisions
- AWIC - R222.6 million (2019: Rnil) for R993.7 million (2019: Rnil), relating to the fair value of investments
- ARF - R6.8 million (2019: Rnil) for R24.3 million (2019: Rnil), relating to the change in the estimated assessed loss
- ARF - R26.8 million (2019: Rnil) for R119.7 million (2019: Rnil), relating to the fair value of investments
- Attacq - R172.4 million (2019: Rnil) for R769.9 million (2019: Rnil), relating to the fair value of investments
- Attacq - R11.4 million (2019: Rnil) for R40.8 million (2019: Rnil), relating to unrealised forex
- The group - R145.5 million (2019: Rnil) for R649.9.8 million (2019: Rnil), relating to fair value of investment in MAS

26 TRADE AND OTHER RECEIVABLES

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less expected credit losses. Discounting is omitted where the effect of discounting is immaterial.

	GROUP		COMPANY	
Figures in R'000s	**2020**	**2019**	**2020**	**2019**
Lease receivables	**67 233**	22 753	**-**	-
Deferred lease receivables	**12 698**	-	**-**	-
Municipal receivables	**48 307**	57 128	**-**	-
Deposits	**15 258**	16 537	**38**	38
Other receivables	**19 430**	16 414	**4 489**	1 940
Lease cancellation fee receivable	**75 001**	-	**-**	-
Development receivables	**19 157**	46 009	**-**	-
Sale of inventory receivables	**-**	63 422	**-**	-
Prepayments	**4 696**	9 687	**426**	426
Value Added Tax	**4 466**	584	**-**	-
ECL on trade receivables	**(41 781)**	(12 881)	**-**	-
ECL on municipal receivables	**(3 886)**	-	**-**	-
ECL on other receivables	**(234)**	(16 203)	**-**	-
Balance at the end of the year	**220 345**	203 450	**4 953**	2 404

All amounts are short term. The net carrying value of trade and other receivables is considered a reasonable approximation of fair value.

NOTES TO THE FINANCIAL STATEMENTS

26 TRADE AND OTHER RECEIVABLES (CONTINUED)

	GROUP		COMPANY	
Figures in R'000s	**2020**	**2019**	**2020**	**2019**
Lease receivables that are past due but not impaired	**10 652**	4 229	**-**	-
Lease and deferred lease receivables age analysis excluding amounts impaired and provided for:				
• Deferred lease receivables	**12 698**	-	**-**	-
• Current	**27 401**	5 643	**-**	3
• 30 days	**14 749**	3 669	**-**	-
• 60 days	**7 006**	2 641	**-**	-
• 90 days	**2 747**	1 858	**-**	-
• 120 days and more	**15 330**	8 942	**-**	-
	79 931	22 753	**-**	3
Lease and deferred lease receivables that are past due, considered to be impaired and provided for	**(41 781)**	(12 881)	**-**	-
Total	**38 150**	9 872	**-**	3

The group's lease receivables are subject to the ECL model. The ECL amounted to R41.8 million (2019: R12.9 million) net of tenant deposits held as security. The group held tenant cash deposits amounting to R88.9 million at 30 June 2020 (2019: R82.6 million) as collateral for the rental commitments of tenants.

Movement in the ECL on lease receivables

Opening balance	**12 881**	4 843	**-**	-
ECLs raised	**33 443**	9 846	**-**	-
ECLs reversed	**(4 543)**	(1 808)	**-**	-
Balance at the end of the year	**41 781**	12 881	**-**	-

Deferred lease receivables forms part of lease receivables. However, the deferred lease receivables have not been aged as these receivables are not due yet.

The expected loss rates are based on the payment profiles of the tenants, and the historical credit losses experienced within the period. A default was considered to be at the point where a tenant passes 90 days. Once an amount moves through the default gateway, the recoveries, write-offs and timing is tracked to determine loss rates.

In addition to the specific provisions raised, the group applied a general ECL percentage of 8.7% to the lease receivables. Refer to note 2 for the judgements and estimates used to determine the general ECL %.

Movement in the ECL on municipal receivables

Opening balance	**-**	-	**-**	-
Impairment losses raised	**3 886**	-	**-**	-
Balance at the end of the year	**3 886**	-	**-**	-

The group's municipal receivables are subject to the ECL model, and amounted to R3.9 million (2019: Rnil). The group applied a general ECL percentage of 8.0% to the municipal receivables.

Other receivables do not include any receivables related to leases.

Movement in the ECL on other receivables

Opening balance	**16 203**	10 941	**-**	-
ECLs reversed	**(15 969)**	-	**-**	-
ECLs raised	**-**	5 262	**-**	-
Balance at the end of the year	**234**	16 203	**-**	-

On that basis, the impairment provision at 30 June 2020 was determined as follows:

	2020			2019		
Figures in R'000s	**Gross carrying amount**	**Weighted average loss rate**	**Impairment loss allowance**	**Gross carrying amount**	**Weighted average loss rate**	**Impairment loss allowance**
• Deferred receivables	12 697	15,4%	(1 957)	-	-	-
• Current	27 401	38,8%	(10 644)	5 643	-25,1%	(1 415)
• 30 days	14 749	63,3%	(9 339)	3 669	-46,6%	(1 709)
• 60 days	7 006	63,5%	(4 448)	2 641	-52,9%	(1 398)
• 90 days	2 747	77,2%	(2 122)	1 858	-62,6%	(1 164)
• 120 days and more	15 331	86,6%	(13 271)	8 942	-80,5%	(7 195)
Total	**79 931**	**52,3%**	**(41 781)**	**22 753**	**56,6%**	**(12 881)**

The ECL on the remaining receivables are deemed to be immaterial. Refer to note 1.12 for the accounting policy for impairment.

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.

NOTES TO THE FINANCIAL STATEMENTS

27 INVENTORIES

	GROUP		COMPANY	
Figures in R'000s	**2020**	**2019**	**2020**	**2019**
Opening balance	**51 137**	42 484	**-**	-
Additions	**81 927**	110 339	**-**	-
Transfer to investment property	**(13 137)**	(70 139)	**-**	-
Disposal	**-**	(31 547)	**-**	-
Balance at the end of the year	**119 927**	51 137	**-**	-

During the prior year, management's intention with regards to Waterfall Point building 2 and Pirtek changed. Development was commenced with the intention to dispose of these sectional title units. Upon change in management's intention, the buildings were transferred to investment property and are valued at fair value. The buildings are be leased to third parties.

Inventories consist of Ellipse Waterfall Phase 1 sectional title inventory and Waterfall Point building 1 and 3 sectional title inventory (2019: Waterfall Point building 1 and 3 sectional title inventory).

The disposals in the prior year relate to the disposals of Waterfall Point disposals resulting the cost spent to that date being recognised as "Cost of sales" in profit or loss.

28 CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
Figures in R'000s	**2020**	**2019**	**2020**	**2019**
Unrestricted cash balances	**672 914**	585 595	**236 836**	12 309
Restricted cash balances	**99 633**	87 891	**-**	-
Balance at the end of the year	**772 547**	673 486	**236 836**	12 309

The group, through Attacq, AWIC and AIM has overdraft facilities amounting to R20.0 million (2019: R20.0 million), R150.0 million (2019: R150.0 million) and R70.0 million (2019: R70.0 million) respectively with Nedbank. The overdraft facilities bear interest at SA Prime interest rate less 1.0% (2019: SA Prime interest rate less 1.0%).

An amount of R15.6 million (2019: Rnil) of the total approved facility of R70.0 million is utilised for FECs; the available undrawn balance is therefore R54.4 million.

The group, through Attacq, has an overdraft facility amounting to R50.0 million (2019: R50.0 million), with an additional R20.0 million which is available by written request with Standard Bank. The overdraft facility bears interest at SA Prime interest rate less 1.0% (2019: SA Prime interest rate less 1.0%).

The group, through AWIC, concluded an additional liquidity facility of R130.0 million with Nedbank during the current year. This facility has a 364-day term from the earlier of 30 September 2020 or the first draw. The overdraft facility bears interest at SA Prime interest rate less 1.2%.

Unutilised facilities as detailed above as at 30 June 2020 amounted to R424.4 million (2019: R290.0 million).

Restricted cash balances relate to tenant deposits held by the group and cash and cash equivalents in the POAs.

NOTES TO THE FINANCIAL STATEMENTS

29 NON-CURRENT ASSETS HELD FOR SALE AND ASSOCIATED LIABILITIES

	GROUP		COMPANY	
Figures in R'000s	**2020**	**2019**	**2020**	**2019**
The following investment properties and investments and the associates liabilities are presented as held for sale:				
ASSETS				
Other investments				
• Rainprop*	**-**	763	**-**	763
Investment properties				
• Torre#	**-**	77 000	**-**	-
• Ellipse**	**-**	19 018	**-**	-
• 2 Eglin, Sunninghill@	**75 625**	-	**-**	-
Other assets				
• 2 Eglin, Sunninghill@	**1 911**	-	**-**	-
Balance at the end of the year	**77 536**	96 781	**-**	763
LIABILITIES				
• Torre&	**-**	(53 986)	**-**	-
• 2 Eglin, Sunninghill@	**(1 824)**	-	**-**	-
Balance at the end of the year	**(1 824)**	(53 986)	**-**	-

* The investment in Rainprop was impaired to Rnil.

\# The investments property held for sale as detailed above, forms part of the Industrial segment detailed in note 4.

** The investments property held for sale as detailed above, forms part of the Waterfall Development segment detailed in note 4.

@ The investments property held for sale as detailed above, forms part of the Office and mixed use segment detailed in note 4.

& The liabilities relating to Torre as detailed above, forms part of the Head office SA segment detailed in note 4.

Torre

The group (through wholly owned subsidiary AWIC), classified the Torre Industries completed development to held for sale in the prior year. The sale transaction for the property was concluded in the financial year 2020.

Ellipse

The group (through wholly owned subsidiary AWIC), classified 50.0% of the development rights (7 600 m² bulk) and related infrastructure and services for Phase 1 of the Ellipse residential development to held for sale in the prior year. The development is a joint venture with Portstone. The transaction was concluded in the 2020 financial year. As a result the 50.0% undivided share of Phase 1 was disposed of to Portstone, being the joint venture partner.

Investment in Rainprop

The investment in Rainprop has been classified as held for sale. The directors have entered into a sale of shares agreement with Prop 5 Corporation. The directors consider the investment in Rainprop to no longer be a core asset. Due to circumstances beyond the control of the group the conclusion of the sales has been delayed. The sale is expected to be concluded during the 2021 financial year.

2 Eglin, Sunninghill

The group (through wholly owned subsidiary AWIC), classified the operation of Micawber as held for sale in the current year. These operations, which were sold subsequent to year-end, have been classified as a disposal group held for sale and presented separately in the statement of financial position. The proceeds of disposal are expected to substantially less than the carrying amount of the related net assets and accordingly impairment losses have been recognised on the classification of these operations as held for sale. The major classes of assets and liabilities comprising the operations classified as held for sale are as follows:

• Investment property	**75 625**	-	**-**	-
• Trade and other receivables	**1 898**	-	**-**	-
• Cash and cash equivalents	**13**	-	**-**	-
• Trade and other payables	**(1 824)**	-	**-**	-

The fair value of assets held for sale is deemed to be Level 3 as defined by IFRS 13: *Fair Value Measurements.*

The fair value of non-current assets held for sale is determined using the contractual selling prices for the related properties.

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.

NOTES TO THE FINANCIAL STATEMENTS

30 STATED CAPITAL

Figures in R'000s	GROUP 2020	GROUP 2019	COMPANY 2020	COMPANY 2019
Authorised				
2 billion ordinary no par value shares (2019: 2 billion ordinary no par value shares).				
Issued				
Ordinary no par value shares	**6 473 103**	6 463 585	**6 846 189**	6 836 671
Reconciliation of shares issued in Rand value:				
Stated capital				
Balance at the beginning of the year	**6 463 585**	6 460 108	**6 836 671**	6 833 194
Issue of no par value shares	**9 518**	3 477	**9 518**	3 477
Balance at the end of the year	**6 473 103**	6 463 585	**6 846 189**	6 836 671

Number of shares	GROUP 2020	GROUP 2019	COMPANY 2020	COMPANY 2019
Reconciliation of number of shares issued:				
Reported at the beginning of the year	**749 922 777**	749 582 777	**749 922 777**	749 582 777
Issue of share capital during the year	**411 353**	340 000	**411 353**	340 000
	750 334 130	749 922 777	**750 334 130**	749 922 777
Adjusted for treasury shares held:				
ARF	**(29 726 516)**	(29 726 516)	**-**	-
Attacq Treasury Share Company	**(16 701 037)**	(16 701 037)	**-**	-
Total	**703 906 577**	703 495 224	**750 334 130**	749 922 777

In terms of a general authority to issue shares for cash passed by shareholders at the last AGM, a maximum of 35 195 328 (2019: 70 315 522) shares were placed under the control of the board at their 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 addition, a total of, 37 516 706 ordinary shares (2019: 74 958 277) 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 5.0% 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. As at year end, 411 353 shares (2019: 340 000 shares) have been issued in terms of this authority.

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. As at year end, no shares have been issued in terms of this authority.

NOTES TO THE FINANCIAL STATEMENTS

31 SHARE-BASED PAYMENT RESERVE

Equity-settled share-based payment reserve

	GROUP		COMPANY	
Figures in R'000s	**2020**	**2019**	**2020**	**2019**
Opening balance	**117 118**	117 390	**117 118**	117 390
Recognition of share-based payment expense	**24 203**	22 039	**-**	-
Vesting of shares	**(9 518)**	-	**(9 518)**	-
Modification of share-based payments	**-**	(14 867)	**-**	(14 867)
Transfer between reserves	**(13 667)**	(7 444)	**(13 667)**	(7 444)
Contribution to subsidiary	**-**	-	**24 203**	22 039
Balance at the end of the year	**118 136**	117 118	**118 136**	117 118
Reconciled as follows:				
Share-based payments	**59 547**	59 547	**59 547**	59 547
LTIPs, SARs and retentions expense	**58 589**	57 571	**-**	-
Contribution to subsidiary	**-**	-	**58 589**	57 571
Balance at the end of the year	**118 136**	117 118	**118 136**	117 118

Cash-settled share-based payment reserve

	GROUP		COMPANY	
Figures in R'000s	**2020**	**2019**	**2020**	**2019**
Opening balance	**626**	1 306	**-**	-
Modification of equity-settled share-based payments	**-**	14 867	**-**	-
Cash-settled share-based payments settled during the current year	**-**	(14 393)	**-**	-
Recognition of fair value adjustment at the end of the year	**(107)**	(1 154)	**-**	-
Balance at the end of the year	**519**	626	**-**	-
Reconciled as follows:				
Current liability	**273**	89	**-**	-
Non-current liability	**246**	537	**-**	-
Balance at the end of the year	**519**	626	**-**	-

Modification of equity-settled share-based payments

During the prior year, the group modified retention options and LTIPs from equity-settled to cash settled. The modified retention options and LTIPs were remeasured on modification date at R15.07 on transfer to the cash-settled liability.

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 R59.5 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 included 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 28.0%. This resulted in an IFRS 2 charge of R11.6 million. During the prior year, R11.2 million in respect of this share-based payment was settled.

NOTES TO THE FINANCIAL STATEMENTS

31 SHARE-BASED PAYMENT RESERVE (continued)

	GROUP AND COMPANY 2020			
Number of options	**Share options**	**Retentions**	**LTIPs**	**SARs**
Movements during the year are as follows:				
Balance at the beginning of the year	**475 000**	**3 246 877**	**4 054 867**	**780 344**
Granted during the year	**-**	**193 100**	**2 270 253**	**-**
Exercised during the year	**-**	**(63 572)**	**(347 754)**	**-**
Expired during the year	**(240 000)**	**-**	**-**	**(92 236)**
Forfeited during the year	**(100 000)**	**(129 281)**	**(694 327)**	**(26 153)**
Balance at the end of the year	**135 000**	**3 247 124**	**5 283 039**	**661 955**

	GROUP AND COMPANY 2019			
Number of options	**Share options**	**Retentions**	**LTIPs**	**SARs**
Movements during the year are as follows:				
Balance at the beginning of the year	915 000	1 572 219	3 700 311	1 449 804
Granted during the year	-	2 518 200	1 275 200	-
Exercised during the year	(440 000)	(280 000)	(582 237)	(324 104)
Forfeited during the year	-	(563 542)	(338 407)	(345 356)
Balance at the end of the year	475 000	3 246 877	4 054 867	780 344

Share options

The outstanding share options at 30 June 2020 includes 135 000 (2019:1 475 000) share options that will be settled in cash.

The weighted average fair value of share options outstanding at the respective dates were as follow:
- At grant date: R6.47 (2019: R6.47);
- Date of modification: R10.23; and
- At 30 June: R0.0 (2019: R0.24).

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.

These options do not have performance conditions and will vest by March 2021.

NOTES TO THE FINANCIAL STATEMENTS

31 SHARE-BASED PAYMENT RESERVE (continued)

Retention allocations

Retentions were granted between April 2016 and May 2020. 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").

The fair value of the retentions range between R3.16 and R19.77 and the LTIPs will vest between October 2020 and October 2025.

For 2 250 000 retention options, financial performance conditions apply to 75.0% of the benefits with non-financial performance conditions applicable to 25.0% of the benefits.

The remaining retention options do not have any performance conditions.

Retentions that vested during the year, were exercised on 14 October 2019. The weighted average share price on the date of vesting was R12.67.

LTIPs

LTIPs were granted between October 2016 and February 2020. 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 LTIPs. Financial and non-financial performance conditions are applicable to participants who received 10 000 LTIPs or more. Both conditions are treated as non-market conditions under IFRS 2.

Non-market financial performance conditions apply to 45.0%, with non-financial performance conditions applicable to 20.0% of the benefits and market financial performance conditions to 35% of the benefit.

For all LTIPs granted on and after 14 October 2016, 60.0% of the share options will vest in the third year after grant date, 20.0% of the options will vest in the fourth year and the final 20.0% will vest in year five.

The fair value of the LTIPs are between R7.62 and R17.12 and the LTIPs will vest between October 2020 and October 2024.

LTIPs that vested during the year, were exercised on 14 October 2019. The weighted average share price on the date of vesting was R12.67.

SARs

SARs were granted between October 2014 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.

The fair value of the SARs is between R5.06 and R5.21 and the SARs will vest between October 2020 and October 2022.

NOTES TO THE FINANCIAL STATEMENTS

32 TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
Figures in R'000s	**2020**	**2019**	**2020**	**2019**
Trade payables	**57 863**	65 153	**3 455**	4 634
Accruals	**164 137**	164 518	**126**	3 962
Deposits held	**88 853**	82 627	**-**	-
Rental income received in advance	**54 461**	69 311	**-**	-
Value Added Tax	**5 138**	8 081	**-**	-
Balance at the end of the year	**370 452**	389 690	**3 581**	8 596

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

Accruals include amounts due relating to buildings under construction and municipal accruals on the investment properties.

33 PROVISIONS

	GROUP		COMPANY	
Figures in R'000s	**2020**	**2019**	**2020**	**2019**
Leave pay provision	**6 553**	4 124	**-**	-
Provision for committed infrastructure	**15 550**	10 925	**-**	-
Other provisions	**3 255**	3 255	**739**	739
Balance at the end of the year	**25 358**	18 304	**739**	739
Leave pay provision reconciliation of provision:				
Opening balance	**4 124**	3 465	**-**	-
Provision raised	**2 429**	659	**-**	-
Closing balance	**6 553**	4 124	**-**	-
Provision for committed infrastructure reconciliation of provision:				
Opening balance	**10 925**	25 476	**-**	-
Provision raised	**4 625**	-	**-**	-
Provision reversed	**-**	(14 551)	**-**	-
Closing balance	**15 550**	10 925	**-**	-
Other provisions reconciliation of provision:				
Opening balance	**3 255**	3 255	**739**	739
Closing balance	**3 255**	3 255	**739**	739

The provision relating to committed infrastructure for the current and prior year relates to infrastructure transferred to investment properties (note 16), for which the Group has a constructive obligation to incur additional infrastructure costs.

The provision relating to leave pay for the current year was calculated based on the actual leave days outstanding at 30 June 2020 at the hourly rate per employee.

NOTES TO THE FINANCIAL STATEMENTS

34 CASH FLOW FROM OPERATING ACTIVITIES

	GROUP		COMPANY	
Figures in R'000s	**2020**	**2019**	**2020**	**2019**
Loss and other comprehensive income before taxation	**(4 032 161)**	(566 674)	**(5 127 483)**	(234 624)
Adjusted for:				
Interest income	**(97 097)**	(230 549)	**(397 938)**	(455 472)
Dividend income	**-**	-	**(412 896)**	(489 140)
Finance costs	**904 950**	855 465	**7 876**	9 340
Straight-line rental adjustment	**22 606**	(197 124)	**-**	-
Amortisation of intangible asset	**19 964**	19 964	**-**	-
Fair value adjustment to investment properties	**1 590 476**	665 110	**-**	-
Fair value adjustment to other financial instruments	**524 922**	135 761	**-**	-
Fair value adjustment to investments at FVPL	**2 068**	864	**2 068**	864
Equity (loss) income from associates	**90 107**	(124 770)	**-**	-
Loss on fair value through OCI assets	**9 202**	6 144	**4 743 022**	1 108 183
ECL provision for trade and other receivables	**37 414**	14 533	**-**	-
Depreciation	**8 877**	11 111	**-**	-
Amortisation of deferred initial lease expenditure	**7 681**	5 951	**-**	-
Share-based payments	**24 095**	20 885	**-**	-
Foreign currency translation effect	**121 815**	(31 667)	**84 145**	1 041
ECL on loans to associate	**566 407**	505 148	**264 046**	55 862
ECL on sureties	**5 675**	-	**705 802**	-
Reversal of ECL provision for other receivables	**(909)**	-	**-**	-
Forgiveness of loan by APD and creditor reversal	**(2 248)**	-	**-**	-
Loss on disposal of subsidiary	**3 221**	-	**3 221**	-
Write-off of infrastructure balances	**2 514**	-	**-**	-
Impairment of investment in associate	**1 312 012**	48 159	**-**	-
Write off of loans to associates	**20 373**	-	**-**	
Impairment of intangible asset	**164 703**	61 871	**-**	-
Impairment of goodwill	**67 774**	-	**-**	-
Reversal of impairment of other investments	**(70)**	(2 430)	**(1)**	(21)
Loss on disposal of associates	**83**	-	**83**	
ECL on loans to other	**1 620**	24	**-**	-
Net profit on disposal of investment properties previously held for sale	**(2 457)**	(11 095)	**-**	-
Net profit on disposal of associate and other assets	**(3 145)**	(14 547)	**-**	-
Pemba profit share	**-**	16 108	**-**	-
Reversal of impairment of loans to subsidiaries	**-**	-	**124 849**	(2 048)
Impairment of investments in subsidiaries	**-**	-	**5**	-
Cash generated from (utilised in) operations before working capital changes	**1 370 472**	1 188 242	**(3 201)**	(6 015)
Changes in working capital:				
Increase in accounts receivable	**(51 386)**	(14 968)	**(2 549)**	(68)
Increase in inventory	**(63 903)**	(8 653)	**-**	-
(Decrease) increase in accounts payable	**(38 138)**	6 185	**(5 015)**	(2 705)
Total	**1 217 045**	1 170 806	**(10 765)**	(8 788)

NOTES TO THE FINANCIAL STATEMENTS

35 COMMITMENTS

Number of shares	GROUP 2020	2019
35.1 Shares pledged		
Shares held by AIM in MAS were pledged as security in respect of obligations of AIH International.	**72 016 602**	120 702 079
Total	**72 016 602**	120 702 079

Figures in R'000s	GROUP 2020	2019
35.2 Capital Commitments		
Already contracted but not provided for:		
The Waterfall leasehold land relates to a minimum of 1 876 022 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 leasehold land .	**86 150**	157 122
The group entered into an agreement for the development of:		
The Corporate Campus Phase 1. The building has been leased to various third parties and has been recognised as an investment property. The group has an effective 50.0% interest in the development.	**-**	2 187
Two office buildings in Corporate Campus Phase 2. One of the buildings has been leased to a third party and the second building has been developed on a speculative basis and has been partially leased to various tenants. This has been recognised as an investment property. The group has an effective 50.0% interest in the development.	**5 653**	9 518
One office building in Corporate Campus Phase 3. The building has been leased to a third party. This has been recognised as an investment property. The group has an effective 50.0% interest in the development.	**2 923**	38 986
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 80.0% interest in the development.	**-**	25 989
The Gateway West Building. The building has been developed on a speculative basis and is partially leased to third parties and has been recognised as an investment property.	**12 755**	22 492
Sectional title offices in Waterfall Point, comprising of four buildings. Two buildings have been recognised as investment property and two buildings were recognised as inventory. Of the buildings recognised as inventory, 35.0% have been sold.	**5 581**	27 116
Three Midi warehouses (consisting Superga, Pirtek and a spec unit). All of these buildings have been leased to a third party. They have been recognised as investment property.	**363**	6 763
The River Creek development of the Deloitte Head office. The building has been leased to Deloitte and has been recognised as an investment property. The group has an effective 50.0% interest in the development.	**30 800**	316 203
The Cummins South Africa's regional office. The building has been leased to a third party and has been recognised as an investment property. The group has an effective 50.0% interest in the development.	**361**	1 268
Two office buildings of the Ingress Phase 1. One of the buildings has been leased to a third party and the second building that was developed on a speculative basis has been partial leased to third parties. Both buildings are recognised as an investment property.	**22 286**	81 886
For the development of a super basement for the Nexus mixed-use precinct. The basement will form part of the Nexus mixed use precinct, which will be leased to third parties and will be recognised as investment property.	**39 354**	66 545
Capital expenditure for the reconfiguration of various retail spaces at Eikestad Mall.	**-**	10 182
The shooting range at Lynnwood Bridge retail	**-**	5 000
The Waterfall Courtyard. The Waterfall Courtyard will form part of the Nexus mixed use precinct, which will be leased to a third party and has been recognised as investment property.	**42 052**	141 320
The Zimmer Biomet warehouse. The warehouse has been leased to Zimmer Biomet and has been recognised as investment property. The group has an effective 50.0% interest in the development.	**-**	4 213
The Attacq Ellipse residential development. The early works programme on the residential development has commenced. This has been recognised as investment property.	**-**	18 195
Phase 1 of the Ellipse residential development. Phase 1 of the development consists of 2 high-rise residential towers which are being developed for sale to end users. This has been recognised as inventory.	**167 983**	-
The midi warehouse 4. The warehouse will be leased to third party and has been recognised as investment property.	**7 900**	-
One office building in Corporate Campus Phase 4. The building is being developed on a speculative basis. This has been recognised as an investment property. The group has an effective 50.0% interest in the development.	**35 921**	-
Total	**460 083**	**934 985**

NOTES TO THE FINANCIAL STATEMENTS

35 COMMITMENTS (continued)

Figures in R'000s	GROUP 2020	GROUP 2019
35.3 Contingent Commitments		
Approved but not contracted for		
The group has approved:		
One office building in Corporate Campus Phase 4. The building will be developed on a speculative basis. This will be recognised as an investment property. The group has an effective 50.0% interest in the development.	**-**	58 099
The midi warehouse 4. The warehouse will be leased to third party and will be recognised as investment property.	**-**	51 508
Various capital expenditures within the AWIC completed buildings portfolio	**11 846**	19 963
The installation of a HVAC system at the Transnet building	**17 626**	-
The installation of generators at Garden Route Mall, Eikestad Mall and MooiRivier Mall	**-**	29 808
The installation of a photovoltaic system at Garden Route Mall	**-**	11 506
Various capital expenditures at Eikestad Precinct	**7 324**	7 075
Various capital expenditures at Garden Route Mall	**16 501**	9 122
Various capital expenditures at Brooklyn Mall	**3 334**	9 067
Various capital expenditures at MooiRivier Mall	**14 405**	4 817
Capital expenditure, including tenant installation at the Auditor General building (previously Aurecon building)	**21 650**	-
Various capital expenditures at the Brooklyn Bridge, Lynnwood Bridge Retail and Glenfair Boulevard	**10 725**	7 567
Total	**103 411**	**208 532**

NOTES TO THE FINANCIAL STATEMENTS

35 COMMITMENTS (continued)

Figures in R'000s	GROUP 2020	GROUP 2019	COMPANY 2020	COMPANY 2019
35.3 Contingent Commitments (continued)				
Sureties provided				
Surety in respect of funds advanced:				
By Nedbank for the funding of Kompasbaai	**-**	10 000	**-**	10 000
By Nedbank to Nieuwtown for the Investment property Newtown Junction	**-**	250 000	**-**	250 000
By Nedbank to Nieuwtown for the investment property Newtown City Lodge	**-**	36 000	**-**	36 000
By Investec to Brooklyn Bridge for the investment property Brooklyn Bridge Office	**-**	-	**140 000**	140 000
By various funders to Lynnwood Bridge and ARF	**-**	-	**3 252 000**	3 252 000
By Sanlam Capital to AWIC for Waterfall Lifestyle centre	**-**	-	**48 000**	48 000
By Sanlam Capital to AWIC for Dimension Data	**-**	-	**59 070**	59 070
By Sanlam Capital to AWIC for Massbuild	**-**	-	**40 000**	40 000
By Sanlam Capital to AWIC for Dischem	**-**	-	**60 000**	60 000
By Standard Bank for the of AIH International (Euro facility)	**-**	-	**1 449 962**	1 447 700
By Nedbank to AWIC for Mall of Africa, PwC Tower and Annex building and the Deloitte Head Office building	**-**	-	**3 108 043**	2 046 662
By Nedbank for a swap entered into for AWIC	**-**	-	**-**	133 255
By MMI to AWIC for the development of the BMW Distribution Centre	**-**	-	**165 000**	165 000
By Nedbank to AWIC for a working capital facility in AWIC	**-**	-	**75 000**	75 000
By BOC for a swap entered into with BOC for the Torre building	**-**	-	**-**	15 000
By Standard Bank for a portfolio of buildings situated in Waterfall	**-**	-	**270 000**	270 000
By RMB for a portfolio of buildings situated in Waterfall and Pretoria	**-**	-	**881 452**	791 000
Causa surety in respect of funds advanced:				
By Standard Bank to The Moolman Group for the development of Maxwell Office Park with joint and several liability	**297 136**	297 136	**-**	-
Total	**297 136**	593 136	**9 548 527**	8 838 687

NOTES TO THE FINANCIAL STATEMENTS

36 GOING CONCERN

The impact of COVID-19 on the group's solvency and liquidity has been considered.

The directors have reviewed the group and company's cash flow forecasts up to the period ending September 2021 and, in light of this review and the current financial position, the directors believe that the group and company has adequate financial resources to continue in operation for the ensuing twelve month period and accordingly the consolidated and separate annual financial statements have been prepared on a going concern basis.

At 30 June 2020, the group had available liquidity of R1.4 billion comprising unrestricted cash and cash equivalents (R673.2 million), undrawn liquidity facilities (R424.4 million) and long-term undrawn interest-bearing borrowings (R287.5 million).

Furthermore, the extension of approximately R5.9 billion of maturating facilities over the 18 months beginning 1 July 2020 and ending 30 September 2021 has been concluded with the result of no capital due until after 30 September 2021.

The group has performed cash flow forecasts to support the going concern assumption of the group which include inter-alia, further rental relief for tenants and vacancy assumptions. Financial covenants are expected to be complied with in full.

Taking into account the expected impact of COVID-19 on the global and local economy, the group is expected to continue trading as a going concern in the ensuing twelve month period.

37 SUBSEQUENT EVENTS

Investment in MAS

The investment in MAS was impaired during the current year. Subsequent to year end, the market value of the investment in MAS decreased to below the carrying value at year end by an amount of R506.0 million, with the share price decreasing to R9.64 between 1 July 2020 and 21 September 2020. MAS's underlying portfolio and income earning potential has not deteriorated and as a result the directors do not believe that this requires an additional impairment of the investment and accordingly this is deemed to not be an adjusting subsequent event.

Interest rate

Subsequent to year-end, on 24 July 2020, the repo interest rate reduced by 0.25%. Given the group's rand denominated committed facilities being hedged at 90.3%, the impact of a decrease in the repo interest rate will not have a material impact on the group.

Lockdown

As at 30 June 2020, South Africa was in national lockdown restriction level 3. On 18 August 2020, the lockdown restrictions were eased to level 2 and on 20 September 2020, the lockdown restrictions further eased to level 1. The impact of the ease in lockdown restrictions enabled more of the group's tenants to trade.

Formal implementation of the Euro debt refinance

Subsequent to year end, the formal implementation of the Euro debt refinance was finalised, resulting in Attacq committing to the conversion of an amount of €18.0 million to the rand equivalent thereof.

No other significant subsequent events occurred.

NOTES TO THE FINANCIAL STATEMENTS

38 RELATED PARTIES

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

Direct subsidiaries
AIH International
Attacq Energy
AMS
ARF
AWIC
Brooklyn Bridge
Harlequin Duck
Le Chateau (disposed 30 June 2020)
Attacq Investments
Lynnaur
Lynnwood Bridge
Attacq Treasury Share Company

Indirect subsidiaries
AIHI Ikeja
AIM
Adamax
ARS
ESD (Lost control during the 2019 financial year)
Attacq Foundation (Lost control during the 2019 financial year)
Micawber
Attacq Ellipse

Direct associates
AttAfrica SA
fatti 365 (Disposed 31 August 2018)
fatti Attacq (Disposed 31 August 2018)
Fountains Regional Mall
Kompasbaai
Wingspan
Majestic (Disposed 5 March 2020)
Nieuwtown (Disposed 5 March 2020)
Travenna

Indirect associates
AttAfrica
EAJV (Disposed 1 March 2019)
JV15 (Merged 25 March 2019 into JV115)
JV115
MAS
Gruppo
AWIC Waterfall TM JVCO

Property owners' associations (common directors)
Lynnwood Bridge Property Owners Association
LP8 Waterfall Distribution Campus NPC
LP9 Logistics Precinct Property Association NPC
LP9N Logistics Precinct North NPC
LP 22 Waterfall Commercial District NPC
Waterfall City Property Association NPC
Maxwell Office Park Property Association NPC
Waterfall Allandale Property Association PC
Waterfall Corporate Campus Property Association - LP10B NPC

NOTES TO THE FINANCIAL STATEMENTS

38 RELATED PARTIES (continued)

Directors (note 14)

P Tredoux#* (Chairman)
M Hamman (CEO)
R Nana (CFO)
JR van Niekerk (COO)
MM du Toit#* (resigned 14 November 2019)
IN Mkhari#*
HR El Haimer#*
BT Nagle#*
KR Moloko#* (resigned 2 April 2019)
S Shaw-Taylor#*
JHP van der Merwe#*

 # Independent
** Non-executive*

Management

Key management and prescribed officers (note 14):

2020

- D Theron
- MW Clampett
- PL de Villiers
- GE Pendleton

2019

- D Theron
- MW Clampett
- PL de Villiers
- GE Pendleton

NOTES TO THE FINANCIAL STATEMENTS

Figures in R'000s	2020 Shares issued/buy back/sold/ (purchased)	2020 Sales and services to (Purchases and services from)	2020 Dividends received from	2020 Interest received from (paid/ to)	2020 Balances owing by (to) - net of impairment	2019 Shares issued/buy back/sold/ (purchased)	2019 Sales and services to (Purchases and services from)	2019 Dividends received from	2019 Interest received from (paid to)	2019 Balances owing by (to) - net of impairment
38 RELATED PARTIES (continued)										
GROUP										
AttAfrica	-	-	-	-	**211 598**	-	-	-	91 153	362 545
AttAfrica SA	-	-	-	-	**1 680**	-	-	-	-	414
EAJV	-	-	-	-	-	(96 179)	-	5 408	-	-
fatti 365	-	-	-	-	-	2 000	-	-	-	-
fatti Attacq	-	-	-	-	-	667	-	-	-	-
Fountains Regional Mall	-	-	-	-	**4**	-	-	-	-	9
Gruppo	-	-	-	**32 239**	**204 461**	-	-	-	27 787	276 899
JV115	-	-	-	-	**90 855**	-	-	-	-	111 620
Lynnwood Bridge Home Owners Association	-	**(902)**	-	-	-	-	(1 232)	-	-	-
LP8 Waterfall Distribution Campus NPC	-	**(1 469)**	-	-	-	-	(1 393)	-	-	-
LP9 Logistics Precinct Property Association NPC	-	**(832)**	-	-	-	-	(788)	-	-	-
LP9N Logistics Precinct North NPC	-	**(1 370)**	-	-	-	-	(783)	-	-	-
LP 22 Waterfall Commercial District NPC	-	**(849)**	-	-	-	-	(717)	-	-	-
Waterfall City Property Association NPC	-	**(10 035)**	-	-	-	-	(11 938)	-	-	-
Maxwell Office Park Property Association NPC	-	**(1 671)**	-	-	-	-	(1 524)	-	-	-
Waterfall Allandale Property Association PC	-	**(3 375)**	-	-	-	-	(2 518)	-	-	-
Waterfall Corporate Campus Property Association - LP10B NPC	-	**(1 241)**	-	-	-	-	(1 211)	-	-	-
MAS	-	-	**233 560**	-	-	-	-	185 637	-	-
Nieuwtown	-	-	-	**6 688**	-	-	-	-	29 034	240 511
Kompasbaai	-	-	-	-	**2 084**	-	-	-	-	1 606
Non-Executive Directors' remuneration (note 14)	-	**(3 441)**	-	-	-	-	(3 867)	-	-	-
Executive Directors' remuneration (note 14)	-	**(16 193)**	-	-	-	-	(14 625)	-	-	-
Prescribed Officer remuneration (note 14)	-	**(11 480)**	-	-	-	-	(9 608)	-	-	-
Total	-	**(52 858)**	**233 560**	**38 927**	**510 682**	(93 512)	(50 204)	191 045	147 974	993 604

NOTES TO THE FINANCIAL STATEMENTS

Figures in R'000s	2020 Shares issued/buy back/sold/ (purchased)	2020 Sales and services to (Purchases and services from)	2020 Dividends received from	2020 Interest received from/(paid to)	2020 Balances owing by (to) - net of impairment	2019 Shares issued/buy back/sold/ (purchased)	2019 Sales and services to (Purchases and services from)	2019 Dividends received from	2019 Interest received from (paid to)	2019 Balances owing by (to) - net of impairment
38 RELATED PARTIES (continued)										
COMPANY										
AIH International	**-**	**-**	**-**	**(5 308)**	**(254 162)**	-	-	-	(6 104)	(322 470)
Attacq Energy	**-**	**-**	**3 713**	**-**	**-**	-	-	-	-	20 603
ARF	**-**	**-**	**69 300**	**13 632**	**252 808**	-	-	110 300	8 545	183 488
AMS	**(496 887)**	**(547 392)**	**-**	**645**	**-**	-	(45)	-	-	110 094
AWIC	**-**	**-**	**216 400**	**353 277**	**3 648 860**	-	-	264 940	389 091	3 858 328
AttAfrica SA	**-**	**-**	**-**	**-**	**1 680**	-	-	-	-	414
Brooklyn Bridge	**-**	**-**	**24 400**	**14 814**	**67 714**	-	-	27 700	21 444	282 621
fatti Attacq	**-**	**-**	**-**	**-**	**-**	667	-	-	-	-
fatti 365	**-**	**-**	**-**	**-**	**-**	2 000	-	-	-	-
Fountains Regional Mall	**-**	**-**	**-**	**-**	**4**	-	-	-	-	9
Harlequin Duck	**-**	**-**	**-**	**-**	**-**	-	-	-	-	(1 469)
Le Chateau	**-**	**-**	**-**	**-**	**-**	-	-	-	-	4 999
Lynnaur	**-**	**-**	**23 800**	**2**	**21 496**	-	-	23 400	-	397
Lynnwood Bridge	**-**	**-**	**46 100**	**2 301**	**66 843**	-	-	62 800	2 126	61 257
Sub-total carried forward	**(496 887)**	**(547 392)**	**383 713**	**379 363**	**3 805 243**	2 667	(45)	489 140	415 102	4 198 271

NOTES TO THE FINANCIAL STATEMENTS

Figures in R'000s	2020 Shares issued/buy back/sold/ (purchased)	2020 Sales and services to (Purchases and services from)	2020 Dividends received from	2020 Interest received from (paid to)	2020 Balances owing by (to) - net of impairment	2019 Shares issued/buy back/sold/ (purchased)	2019 Sales and services to (Purchases and services from)	2019 Dividends received from	2019 Interest received from (paid to)	2019 Balances owing by (to) - net of impairment
38 RELATED PARTIES (continued)										
COMPANY										
Sub-total brought forward	**(496 887)**	**(547 392)**	**383 713**	**379 363**	**3 805 243**	2 667	(45)	489 140	415 102	4 198 271
Nieuwtown	-	-	-	**6 688**	-	-	-	-	29 034	240 511
Kompasbaai	-	-	-	-	**2 084**	-	-	-	-	1 606
Attacq Treasury Share Company	-	-	**29 183**	**357**	**75 959**	-	-	-	-	71 512
Non-Executive Directors' remuneration (note 14)	-	**(3 441)**	-	-	-	-	(3 867)	-	-	-
Executive Directors' remuneration (note 14)	-	**(16 193)**	-	-	-	-	(14 625)	-	-	-
Prescribed Officer remuneration (note 14)	-	**(11 480)**	-	-	-	-	(9 608)	-	-	-
Total	**(496 887)**	**(578 506)**	**412 896**	**386 408**	**3 883 286**	2 667	(28 145)	489 140	444 136	4 511 900

The remuneration of the directors and prescribed officers of the company are paid through AMS (wholly owned subsidiary of Attacq)
Balances owing by and to, net of impairment are detailed in note 18, 19 and 43 of the AFS.
Refer to note 35 for all sureties provided by Attacq to its related parties.

NOTES TO THE FINANCIAL STATEMENTS

39 FINANCIAL INSTRUMENTS

Categories of financial instruments Figures in R'000s	Note	Total	FVPL	2020 At amortised cost	FVOCI	Non financial instruments
GROUP						
ASSETS						
NON-CURRENT ASSETS						
Property and equipment	40	**16 788**	-	-	-	**16 788**
Investment property	16	**19 374 421**	-	-	-	**19 374 421**
Straight-line lease debtor	6	**1 016 541**	-	-	-	**1 016 541**
Deferred initial lease expenditure		**4 927**	-	-	-	**4 927**
Intangible assets	24	-	-	-	-	-
Goodwill	23	-	-	-	-	-
Investment in associates and joint ventures	17	**1 950 156**	-	-	-	**1 950 156**
Loans to associates and joint ventures	19	**204 461**	-	**204 461**	-	-
Deferred tax assets	25	**68 941**	-	-	-	**68 941**
Other financial assets	18	**397 736**	**54 002**	**343 734**	-	-
CURRENT ASSETS						
Taxation receivable		**1 348**	-	**1 348**	-	-
Trade and other receivables	26	**220 345**	-	**215 879**	-	**4 466**
Inventory	27	**119 927**	-	-	-	**119 927**
Other financial assets	18	**20 834**	-	**20 834**	-	-
Loans to associates and joint ventures	19	**306 221**	-	**306 221**	-	-
Cash and cash equivalents	28	**772 547**	-	**772 547**	-	-
Non-current assets held for sale	29	**77 536**	-	-	-	**77 536**
TOTAL ASSETS		**24 552 729**	**54 002**	**1 865 024**	-	**22 633 703**
LIABILITIES						
NON-CURRENT LIABILITIES						
Long-term borrowings	20	**11 372 592**	-	**11 372 592**	-	-
Other financial liabilities	18	**820 114**	**5 675**	-	-	**814 439**
Cash settled share based payments	31	**246**	-	-	-	**246**
Lease liability	22	**247 803**	-	**247 803**	-	-
Deferred tax liabilities	25	**29 800**	-	-	-	**29 800**

NOTES TO THE FINANCIAL STATEMENTS

39 FINANCIAL INSTRUMENTS (continued)

Categories of financial instruments Figures in R'000s	Note	Total	FVPL	- 2020 At amortised cost	FVOCI	Non financial instruments
GROUP						
CURRENT LIABILITIES						
Long-term borrowings	20	**51 676**	**-**	**51 676**	**-**	**-**
Other financial liabilities	18	**22 842**	**22 842**	**-**	**-**	**-**
Lease liability	22	**28 146**	**-**	**28 146**	**-**	**-**
Taxation payable		**32**	**-**	**32**	**-**	**-**
Cash settled share based payments	31	**273**	**-**	**-**	**-**	**273**
Trade and other payables	32	**370 452**	**-**	**365 314**	**-**	**5 138**
Provisions	33	**25 358**	**-**	**-**	**-**	**25 358**
Liabilities associated with non-current assets held for sale	29	**1 824**	**-**	**1 824**	**-**	**-**
TOTAL LIABILITIES		**12 971 158**	**28 517**	**12 067 387**	**-**	**875 254**

NOTES TO THE FINANCIAL STATEMENTS

39 FINANCIAL INSTRUMENTS (continued)

Categories of financial instruments Figures in R'000s	Note	Total	FVPL	2019 At amortised cost	FVOCI	Non financial instruments
GROUP						
ASSETS						
NON-CURRENT ASSETS						
Property and equipment	40	10 069	-	-	-	10 069
Investment property	16	20 081 544	-	-	-	20 081 544
Straight-line lease debtor	6	1 039 147	-	-	-	1 039 147
Deferred initial lease expenditure		6 860	-	-	-	6 860
Intangible assets	24	184 667	-	-	-	184 667
Goodwill	23	67 774	-	-	-	67 774
Investment in associates and joint ventures	17	3 217 711	-	-	-	3 217 711
Loans to associates and joint ventures	19	879 955	-	879 955	-	-
Other financial assets	18	386 709	39 591	347 118	-	-
CURRENT ASSETS						-
Taxation receivable		4 806	-	4 806	-	-
Trade and other receivables	26	203 450	-	202 866	-	584
Inventory	27	51 137	-	-	-	51 137
Other financial assets	18	32 656	-	32 656	-	-
Loans to associates and joint ventures	19	113 649	-	113 649	-	-
Cash and cash equivalents	28	673 486	-	673 486	-	-
Non-current assets held for sale	29	96 781	-	-	763	96 018
TOTAL ASSETS		27 050 401	39 591	2 254 536	763	24 755 511
LIABILITIES						
NON-CURRENT LIABILITIES						
Long-term borrowings	20	10 203 134	-	10 203 134	-	-
Other financial liabilities	18	268 112	268 112	-	-	-
Cash-settled share-based payments	31	537	-	-	-	537
Deferred tax liabilities	25	238 539	-	-	-	238 539

NOTES TO THE FINANCIAL STATEMENTS

39 FINANCIAL INSTRUMENTS (continued)

Categories of financial instruments Figures in R'000s	Note	Total	FVPL	2019 At amortised cost	FVOCI	Non financial instruments
GROUP						
CURRENT LIABILITIES						-
Long-term borrowings	20	259 611	-	259 611	-	-
Other financial liabilities	18	29 439	4 758	24 681	-	-
Taxation payable		1 228	-	1 228	-	-
Cash-settled share-based payments	31	89	-	-	-	89
Trade and other payables	32	389 690	-	381 609	-	8 081
Provisions	33	18 304	-	-	-	18 304
Non-current liabilities associated with non-current assets held for sale	29	53 986	-	53 986	-	-
TOTAL LIABILITIES		11 462 669	272 870	10 924 249	-	265 550

NOTES TO THE FINANCIAL STATEMENTS

39 FINANCIAL INSTRUMENTS (continued)

Categories of financial instruments Figures in R'000s	Note	Total	FVPL	2020 At amortised cost	FVOCI	Non financial instruments
COMPANY						
ASSETS						
NON-CURRENT ASSETS						
Investment in associates and joint ventures	17	**34 515**	**-**	**-**	**34 515**	**-**
Investment in subsidiaries	42	**7 158 636**	**-**	**-**	**7 158 636**	**-**
Loans to subsidiaries	43	**4 133 680**	**-**	**4 133 680**	**-**	**-**
CURRENT ASSETS						
Taxation receivable		**-**	**-**	**-**	**-**	**-**
Trade and other receivables	26	**4 953**	**-**	**4 953**	**-**	**-**
Other financial assets	18	**3 131**	**-**	**3 131**	**-**	**-**
Loans to associates and joint ventures	19	**3 768**	**-**	**3 768**	**-**	**-**
Cash and cash equivalents	28	**236 836**	**-**	**236 836**	**-**	**-**
TOTAL ASSETS		**11 575 519**	**-**	**4 382 368**	**7 193 151**	**-**
LIABILITIES						
NON-CURRENT LIABILITIES						
Loans from subsidiaries	43	**254 162**	**-**	**254 162**	**-**	**-**
Other financial liabilities	18	**705 802**	**-**	**705 802**	**-**	**-**
CURRENT LIABILITIES						
Provisions	33	**739**	**-**	**-**	**-**	**739**
Trade and other payables	32	**3 581**	**-**	**3 581**	**-**	**-**
TOTAL LIABILITIES		**964 284**	**-**	**963 545**	**-**	**739**

NOTES TO THE FINANCIAL STATEMENTS

39 FINANCIAL INSTRUMENTS (continued)

				2019		
Categories of financial instruments **Figures in R'000s**	**Note**	**Total**	**FVPL**	**At amortised cost**	**FVOCI**	**Non financial instruments**
COMPANY						
ASSETS						
NON-CURRENT ASSETS						
Investment in associates and joint ventures	17	34 217	-	-	34 217	-
Loans to associates and joint ventures	19	240 511		240 511	-	-
Investment in subsidiaries	42	11 868 422	-	-	11 868 422	-
Loans to subsidiary	43	4 452 635	-	4 452 635	-	-
CURRENT ASSETS						
Taxation receivable		4 800	-	4 800	-	-
Trade and other receivables	26	2 404	-	2 404	-	-
Other financial assets	18	3 130	-	3 130	-	-
Loans to associates and joint ventures	19	2 029	-	2 029	-	-
Loans to subsidiaries	43	207 208	-	207 208	-	-
Cash and cash equivalents	28	12 309	-	12 309	-	-
Non-current assets held for sale	29	763	-	-	763	-
TOTAL ASSETS		16 828 428	-	4 925 026	11 903 402	-
LIABILITIES						
NON-CURRENT LIABILITIES						
Loans from subsidiaries	43	389 014	-	389 014	-	-
CURRENT LIABILITIES						
Loans from subsidiaries	43	1 469	-	1 469	-	-
Trade and other payables	32	8 596	-	8 596	-	-
Provisions	33	739	-	-	-	739
TOTAL LIABILITIES		399 818	-	399 079	-	739

NOTES TO THE FINANCIAL STATEMENTS

40 PROPERTY AND EQUIPMENT

Figures in R'000s	GROUP 2020	2019
Cost		
Opening balance	**52 579**	76 087
Additions	**4 122**	3 659
Addition of right-of-use asset	**11 792**	-
Remeasurement of right-of-use asset	**(325)**	-
Obtaining control of entity	**33**	-
Transfer to investment property	**-**	(27 167)
Closing balance	**68 201**	52 579
Accumulated depreciation		
Opening balance	**42 510**	34 866
Depreciation	**6 625**	11 111
Depreciation of right-of-use asset	**2 252**	-
Obtaining control of entity	**26**	-
Transfer to investment property	**-**	(3 467)
Closing balance	**51 413**	42 510
Carrying value	**16 788**	10 069

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	6 years
• Other fixed assets	5 to 10 years

During the prior year, the group transferred PV panels to investment property.

Refer to note 3 and note 22 for further information on the right-of-use asset recognised as property and equipment.

NOTES TO THE FINANCIAL STATEMENTS

41 DIRECT SUBSIDIARIES AND ASSOCIATES

	Type of investment	Nature of company	Issued shares 30 June 2020	% 2020	% 2019	Shares 2020	Shares 2019
AIH International (Mauritian)	Subsidiary	Investment	1	100,00	100,00	1	1
Attacq Energy	Subsidiary	Dormant	1	100,00	100,00	1	1
AMS	Subsidiary	Asset management	9 028	100,00	100,00	9 028	9 028
AWIC	Subsidiary	Property Investment	100 000	100,00	100,00	100 001	100 001
Brooklyn Bridge	Subsidiary	Property Investment	1 000	100,00	100,00	1 000	1 000
Harlequin Duck (Note A)	Subsidiary	Dormant	400	100,00	100,00	400	400
Le Chateau (Note B)	Subsidiary	Property Investment	1 000	-	100,00	-	1 000
Attacq Investment (Note A)	Subsidiary	Dormant	100	100,00	100,00	100	100
Lynnwood Bridge	Subsidiary	Property Investment	1 828	100,00	100,00	1 828	1 828
ARF	Subsidiary	Property Investment	735 624	100,00	100,00	735 624	735 624
Lynnaur	Subsidiary	Property Investment	105	100,00	100,00	105	105
Attacq Treasury Share Company	Subsidiary	Investment	100	100,00	100,00	100	100
Majestic (Note C)	Joint venture	Property Investment	100	-	50,00	-	50
Nieuwtown (Note C)	Joint venture	Property Investment	100	-	50,00	-	50
Wingspan	Associate	Investment	630 732	34,44	34,44	217 201	217 201
Kompasbaai	Associate	Property Investment	100	33,33	33,33	33	33
Travenna	Associate	Investment	1 000	36,00	36,00	360	360
Fountains Regional Mall	Associate	Dormant	100 000	12,73	12,73	12 731	12 731
AttAfrica SA (Note D)	Associate	Investment	1 000	34,50	31,83	345	318

The principle 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 subsidiaries and associates is 30 June.

Changes in the effective shareholding that the Group has in the entities above, is shown below:

A The liquidation process has been effected at CIPC in order for Harlequin Duck and Attacq Investments to be wound up. Harlequin Duck and Attacq Investments was placed in Voluntary Liquidation on 25 November 2019.

B The investment in Le Chateau was disposed of with effect from 30 June 2020.

C The investments in Nieuwtown and Majestic was disposed of with effect from 1 December 2019. The sale became unconditional on 5 March 2020.

D Additional shares were acquired in AttAfrica SA on 14 April 2020.

NOTES TO THE FINANCIAL STATEMENTS

42 INVESTMENT IN SUBSIDIARIES

Figures in R'000s	COMPANY 2020	2019
Balance at the beginning of the year	**11 868 422**	12 899 937
Additions	**23 493**	3 278 383
Disposal	**-**	(3 365 345)
Reversal of impairment	**-**	211 410
Net impairment	**-**	2 797
Fair value adjustment through other comprehensive income	**(4 733 279)**	(1 158 760)
Balance at the end of the year	**7 158 636**	11 868 422
Reconciled as follows:		
Cost	**6 192 675**	6 169 183
Impairment	**-**	(136 422)
Net gain from fair value adjustment	**965 961**	5 835 661
Balance at the end of the year	**7 158 636**	11 868 422
Net investment in subsidiaries	**7 158 636**	11 868 422

Investment in subsidiaries comprise the following:

AIH International		
Balance at the beginning of the year	**-**	44 419
Fair value adjustment through other comprehensive income	**-**	(44 419)
Balance at the end of the year	**-**	-
Reconciled as follows:		
Cost*	**-**	-
Net gain from fair value adjustment	**-**	-
Balance at the end of the year	**-**	-
AIM^		
Balance at the beginning of the year	**-**	3 153 664
Disposal	**-**	(3 365 074)
Reversal of impairment	**-**	211 410
Balance at the end of the year	**-**	-
Reconciled as follows:		
Cost	**-**	-
Impairment^	**-**	-
Balance at the end of the year	**-**	-
AMS		
Balance at the beginning of the year	**184 899**	182 373
Additions	**23 493**	-
Disposal	**-**	(271)
Fair value adjustment through other comprehensive income	**(208 392)**	2 797
Balance at the end of the year	**-**	184 899
Reconciled as follows:		
Cost	**344 814**	321 321
Net gain from fair value adjustment	**(344 814)**	(136 422)
Balance at the end of the year	**-**	184 899

The impairment of the investment in AMS related to the negative NAV of AMS as a result of losses incurred by AMS.
^ The investment in AIM was disposed of to AWIC in the prior year for the issue of an AWIC share to Attacq.
* The cost of this investment is less than R1 000.

NOTES TO THE FINANCIAL STATEMENTS

42 INVESTMENT IN SUBSIDIARIES (continued)

Figures in R'000s	COMPANY 2020	2019
Attacq Energy		
Balance at the beginning of the year	**3 576**	1 439
Fair value adjustment through other comprehensive income	**(3 576)**	2 137
Balance at the end of the year	**-**	3 576
Reconciled as follows:		
Cost*	**-**	-
Net gain from fair value adjustment	**-**	3 576
Balance at the end of the year	**-**	3 576
ARF		
Balance at the beginning of the year	**2 161 311**	2 260 289
Fair value adjustment through other comprehensive income	**(751 509)**	(98 978)
Balance at the end of the year	**1 409 802**	2 161 311
Reconciled as follows:		
Cost	**1 017 644**	1 017 644
Net gain from fair value adjustment	**392 158**	1 143 667
Balance at the end of the year	**1 409 802**	2 161 311
AWIC		
Balance at the beginning of the year	**7 772 285**	5 392 317
Additions	**-**	3 278 383
Fair value adjustment through other comprehensive income	**(3 122 501)**	(898 415)
Balance at the end of the year	**4 649 784**	7 772 285
Reconciled as follows:		
Cost	**4 384 939**	4 384 939
Net gain from fair value adjustment	**264 845**	3 387 346
Balance at the end of the year	**4 649 784**	7 772 285
Brooklyn Bridge		
Balance at the beginning of the year	**192 410**	245 502
Fair value adjustment through other comprehensive income	**(68 280)**	(53 092)
Balance at the end of the year	**124 130**	192 410
Reconciled as follows:		
Cost	**126 541**	126 541
Net gain from fair value adjustment	**(2 411)**	65 869
Balance at the end of the year	**124 130**	192 410
Harlequin Duck		
Balance at the beginning of the year	**1 466**	**1 470**
Fair value adjustment through other comprehensive income	**15**	**(4)**
Balance at the end of the year	**1 481**	1 466
Reconciled as follows:		
Cost*	**-**	-
Net gain from fair value adjustment	**1 481**	1 466
Balance at the end of the year	**1 481**	1 466

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

NOTES TO THE FINANCIAL STATEMENTS

42 INVESTMENT IN SUBSIDIARIES (continued)

Figures in R'000s	COMPANY 2020	2019
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
Impairment	**-**	(1)
Balance at the end of the year	**-**	-
Lynnaur		
Balance at the beginning of the year	**335 132**	343 631
Fair value adjustment through other comprehensive income	**(192 690)**	(8 499)
Balance at the end of the year	**142 442**	335 132
Reconciled as follows:		
Cost	**50 060**	50 060
Net gain from fair value adjustment	**92 382**	285 072
Balance at the end of the year	**142 442**	335 132
Lynnwood Bridge		
Balance at the beginning of the year	**1 069 708**	1 060 513
Fair value adjustment through other comprehensive income	**(244 835)**	9 195
Balance at the end of the year	**824 873**	1 069 708
Reconciled as follows:		
Cost	**268 677**	268 677
Net gain from fair value adjustment	**556 196**	801 031
Balance at the end of the year	**824 873**	1 069 708
Attacq Treasury Share Company		
Balance at the beginning of the year	**147 635**	214 320
Fair value adjustment through other comprehensive income	**(141 511)**	(66 685)
Balance at the end of the year	**6 124**	147 635
Reconciled as follows:		
Cost*	**-**	-
Net gain from fair value adjustment	**6 124**	147 635
Balance at the end of the year	**6 124**	147 635

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

The fair value of investments in subsidiaries is determined with reference to the net asset value of the underlying subsidiary.

The fair value of investments in subsidiaries are deemed to be Level 3 as defined by IFRS 13: *Fair Value Measurements* .

There are no unobservable inputs identifiable that would have a significant impact on the fair value of the investments in subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

42 INVESTMENT IN SUBSIDIARIES (continued)

During the prior year, the investment in AIM was disposed of to AWIC. The amount was settled via the issue of shares.

The Directors have assessed the investments in subsidiary relating to AMS to be impaired by R208.4 million (2019: R2.8 million reversal of impairment) which has been recognised in the statement of profit or loss and other comprehensive income under "other comprehensive loss". This was as a result of the fund expenses incurred by AMS on behalf of the Group. The net asset values of the Company's interests in the underlying investments are deemed to approach the fair value less cost to sell. The recoverable amount of the investment in AMS has been based on the net asset value of the underlying entity. The fair value hierarchy of the investment in AMS has been classified as level 3.

42.1 Acquisition of non-controlling interest reserve

Acquisition of ARF non-controlling interest reserve

During the 2014 year, the Group acquired the non-controlling interest in ARF by issuing 12.1 million Attacq shares at R11.63 per share. The transaction was entered into prior to listing and the shares issued subsequent to listing when the market price of a share was R16.50 per share. This resulted in an IFRS 2: Share-based payment charge of R59.2 million recognised in profit or loss (refer to note 30).This resulted in the recognition of a acquisition of non-controlling interest reserve of a credit of R28.8 million. This will be derecognised upon the sale of ARF.

Acquisition of Lynnaur non-controlling interest reserve

During the 2015 year, the Group acquired the non-controlling interest in Lynnaur , the owner of the Aurecon building in Pretoria, for an amount of R50.0 million which made the Group the sole owner of all the buildings located in the Lynnwood Bridge Precinct. This resulted in the recognition of a acquisition of non-controlling interest reserve of a debit of R14.8 million. This will be derecognised upon the sale of Lynnaur.

Acquisition of AWIC non-controlling interest reserve

During the 2015 year, the Group acquired the non-controlling interest in AWIC to manage the Waterfall pipeline and take control of the strategic planning and management of Waterfall, including the roll-out of the infrastructure. The Group became the 100% shareholder of AWIC, with APH exiting as shareholders. The total purchase consideration for APH's interest, including shareholder's loan, was R655.1 million This resulted in the recognition of a acquisition of non-controlling interest reserve of a debit of R118.3 million. This will be derecognised upon the sale of AWIC.

During the prior year, the acquisition of non-controlling interest reserve was transferred to distributable reserves.

NOTES TO THE FINANCIAL STATEMENTS

Figures in R'000s

42 INVESTMENT IN SUBSIDIARIES (continued)

The assets, liabilities, revenue and total comprehensive income / (loss) of the Company's subsidiaries are as follows:	2020 Assets	2020 Liabilities	2020 Revenue	2020 Total comprehensive income/(loss) for the year	2019 Assets	2019 Liabilities	2019 Revenue	2019 Total comprehensive income/(loss) for the year
COMPANY								
Adamax	**4 437**	**4 433**	**143**	**-**	70	66	(614)	-
AIH International	**735 950**	**1 435 690**	**-**	**(265 439)**	1 208 363	1 539 467	-	(376 610)
AIM	**2 130 093**	**558 653**	**-**	**(1 336 191)**	3 170 562	142 932	-	48 228
Attacq Energy	**-**	**-**	**-**	**136**	27 876	24 299	3 113	2 137
AMS	**44 283**	**156 090**	**163 614**	**(46 228)**	26 047	129 691	169 154	(25 473)
ARS	**45**	**12**	**-**	**-**	171	138	-	1
ARF	**4 277 433**	**2 867 629**	**470 665**	**(692 359)**	4 825 366	2 664 051	494 729	(7 604)
AWIC	**16 181 420**	**11 531 627**	**1 394 604**	**(3 043 726)**	17 376 913	9 604 638	1 266 199	(1 004 427)
Brooklyn Bridge	**514 843**	**390 711**	**63 208**	**(19 921)**	796 405	603 996	64 012	(59 470)
Harlequin Duck	**1 486**	**5**	**-**	**15**	1 466	-	-	(2)
Le Chateau	**-**	**-**	**-**	**2 073**	5 000	44 117	-	(5)
Attacq Investments	**-**	**-**	**-**	**-**	-	-	-	-
Lynnaur	**657 652**	**515 214**	**14 785**	**(171 076)**	806 441	471 313	157 720	14 835
Lynnwood Bridge	**1 925 748**	**1 100 872**	**237 232**	**(198 202)**	2 085 395	1 015 688	263 073	68 166
Micawber	**77 537**	**379 622**	**4 752**	**(80 894)**	154 008	375 199	7 181	(89 520)
Attacq Treasury Share Company	**83 840**	**77 715**	**-**	**(121 438)**	219 283	71 648	-	(66 685)

Refer to note 41 for the interest in direct subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

43 LOANS TO (FROM) SUBSIDIARIES

Figures in R'000s				2020			2019		
COMPANY	**Repayment date**	**Stage of credit impairment**	**Interest Rate**	**Loan amount**	**ECL**	**Total**	**Loan amount**	**ECL**	**Total**
AMS*	None	Stage 3	None	**117 374**	**(117 374)**	**-**	110 959	(865)	110 094
ARF*	None	Stage 1	None	**253 391**	**(583)**	**252 808**	183 525	(37)	183 488
AWIC*	None	Stage 1	None	**3 656 172**	**(7 312)**	**3 648 860**	3 859 486	(1 158)	3 858 328
AIH International (US Dollar)	31-Dec-21		6-month USD LIBOR + 2.0%	**(18 164)**	**-**	**(18 164)**	66 544	-	66 544
AIH International (Euro)	31-Dec-21		6-month EURIBOR + 2.4%	**(235 998)**	**-**	**(235 998)**	(389 014)	-	(389 014)
Attacq Energy	None	Stage 1	None	**-**	**-**	**-**	20 713	(110)	20 603
Attacq Treasury Share company*	None	Stage 1	None	**77 715**	**(1 756)**	**75 959**	71 648	(136)	71 512
Brooklyn Bridge*	None	Stage 1	None	**67 748**	**(34)**	**67 714**	282 678	(57)	282 621
Harlequin Duck	None		None	**-**	**-**	**-**	(1 469)	-	(1 469)
Le Chateau	None	Stage 2	None	**-**	**-**	**-**	41 869	(36 870)	4 999
Attacq Investments	None	Stage 3	None	**-**	**-**	**-**	195	(195)	-
Lynnaur*	None	Stage 1	None	**21 556**	**(60)**	**21 496**	397	-	397
Lynnwood Bridge*	None	Stage 1	None	**67 004**	**(161)**	**66 843**	61 324	(67)	61 257
Total				**4 006 798**	**(127 280)**	**3 879 518**	4 308 855	(39 495)	4 269 360
Loans to Subsidiaries						**4 133 680**			4 659 843
Non-current						**4 133 680**			4 452 635
Current						**-**			207 208
Loans from Subsidiaries						**(254 162)**			(390 483)
Non-current						**(254 162)**			(389 014)
Current						**-**			(1 469)
Total						**3 879 518**			4 269 360

* These loans have been subordinated for 20 months (2019: 20 months) effective 1 June 2020 (2019: 1 June 2019). The amounts reflected is the present value of the loans discounted back at the average cost of borrowing in the underlying entity.

The ECL of R117.4 million (2019: R0.9 million) was recognised for the loan to AMS. This was as a result AMS being loss making historically and the probability of AMS becoming profitable in the near future.

The ECL of R7.3 million (2019: R1.2 million) was recognised for the loan to AWIC based on the PD and the LGD is based on the PV of the NAV when realised over time.

In the prior year, the ECL of R36.9 million was recognised for the loan to Le Chateau as there is no prospects of profitable development at present. The recoverable amount of the loan has been based on the estimated future cash flow of the development. The investment and loan account in Le Chateau was disposed during the current year.

In the prior year, a write off of R42.5 million and an ECL of R0.1 million was recognised for the loan to Attacq Investments due to the fact that the investment in Europe was unprofitable and have been liquidated. The recoverable amount of the loan has been based on the expected cash return. The loan was written of in the current year.

The other ECLs of R2.6 million (2019: R2.6 million) were recognised based on a discounted probability of default and loss given default.

The fair value of loans to (from) subsidiaries are deemed to be Level 3 as defined by IFRS 13: *Fair Value Measurements* .

The carrying amounts of the balances are deemed by the directors to approximate their fair values. The fair value of balances are determined with reference to the carrying value and the net asset value of the underlying investments. ECLs was recognised by considering on a discounted basis the cash shortfalls it would incur in a default scenario for prescribed future periods and multiplying the shortfalls by the probability of the scenario occurring

44 RESTATEMENT

Error in excluding re-measurements of financial instruments from headline earnings

In accordance with Circular 1/2019: *Headline Earnings issued by the South African Institute of Chartered Accountants* , re-measurements of financial instruments arising from the application of IFRS 9: *Financial Instruments* (whether as a result of revaluation, expected credit loss or amortisation) except for all reclassified gains and losses for a hedge of a net investment in a foreign operation, are to be included in headline

For the financial year ended 30 June 2019, the group incorrectly excluded R501.9 million of re-measurements of financial instruments from headline earnings. The tax effect of the adjustments was R93.9 million.

The impact of this error is that the group restated the prior year headline earnings by including the re-measurements of financial instruments in headline earnings in accordance with Circular 1/2019: *Headline Earnings* .

There were no impact on the key metrics of the group, being NAVPS and DEPS.

A restatement is required in terms of IAS 8: *Accounting Policies, Changes in Accounting Estimates and Errors* because of the material adjustments to headline earnings as detailed below:

The impact of these restatements on the consolidated headline earnings are as follows::

Headline earnings	**As reported Audited 30 June 2019 R'000**	**Restatement R'000**	**Restated Audited 30 June 2019 R'000**
Loss for the year	**(602 588)**	**-**	**(602 588)**
Headline earnings adjustments	**1 124 202**	**(407 939)**	**716 263**
Loss on disposal of associate	(14 550)	-	(14 550)
Profit on disposal of investment property	(11 095)	-	(11 095)
Impairment of associates and other investments	550 023	(501 864)	48 159
Impairment of intangible asset	61 871	-	61 871
Fair value adjustments	665 974	-	665 974
Net income from associates and joint ventures	(46 995)	-	(46 995)
Tax effect of adjustments	(81 026)	93 925	12 899
Headline earnings	**521 614**	**(407 939)**	**113 675**
Headline earnings per share			
Basic (cents)	74,2	(58,0)	16,2
Diluted (cents)	73,4	(57,4)	16,0

Error in including other comprehensive income in tax rate reconciliation

In accordance with IAS 12: *Income Taxes* , an explanation of the relationship between the tax expense (income) and accounting profit must be disclosed in either or both of the following:

- a numerical reconciliation between tax expense (income) and accounting profit; or
- a numerical reconciliation between the average effective tax rate and the applicable tax rate.

Accounting profit excludes the impact of other comprehensive income.

For the financial year ended 30 June 2019, the group and company incorrectly included other comprehensive income and the taxation relating to other comprehensive income in the tax rate reconciliation.

The group and company has considered IAS 8: *Accounting Policies, Changes in Accounting Estimates and Errors* , that require an entity to correct material prior period errors retrospectively.

The group and company is of the view that the error in the tax rate reconciliation does not constitute a material prior period error that will influence the decisions of the users of the AFS and has consequently not restated the tax rate reconciliation for the prior period.

The group considers the DEPS as key metric The error in the tax rate reconciliation has no impact on the key metrics of the group.

SUPPLEMENTARY INFORMATION

DISTRIBUTABLE EARNINGS

Reconciliation of loss for the year to distributable earnings

Figures in R'000s	GROUP 2020	2019
Loss for the year attributable to Attacq's shareholders	**(3 767 855)**	(602 588)
Straight-line lease income adjustments	**22 606**	(197 124)
Net proceeds from sale of sectional title units	**(5 836)**	-
Tax from sale of sectional title units	**18 482**	-
Depreciation and amortisation	**36 522**	37 026
Fair value adjustments	**2 117 466**	801 735
Net income from associates and joint ventures	**90 107**	(124 770)
Dividends received from associates	**233 560**	191 045
Deferred taxation	**(274 947)**	32 061
Unrealised foreign currency translation effect	**121 815**	(31 667)
Realised foreign exchange gains on repayment of loan to associate	**(29 562)**	-
Net impairment and expected credit losses of associates, other investments and loans	**1 900 412**	550 967
ECL on sureties	**5 675**	-
Forgiveness of loan payable	**(2 248)**	-
Profit on disposal of other assets	**(3 146)**	-
Reversal of provision for other receivables	**(909)**	-
Loss on disposal of subsidiary	**3 221**	-
Impairment of asset management agreements (2019: Wi-Fi rights intangible asset)	**164 703**	61 871
Impairment of goodwill	**67 774**	-
Write-off of infrastructure balances	**2 514**	-
Interest on lease liability	**22 639**	-
Rental paid	**(44 296)**	-
Net non-cash interest from associates and other loans	**(41 634)**	(114 193)
Cash interest received from associates and other loans	**13 058**	89 514
Net lease receivables outstanding after bad debt and provision for bad debt	**(32 091)**	-
Impairment of investment in Edcon	**(9 880)**	(4 129)
Net non-cash POA income	**(1 603)**	-
Accrued lease cancellation fee	**(75 000)**	-
Profit on disposal of investment property	**(2 457)**	(11 095)
Loss (profit) on disposal of investment in associate	**84**	(14 547)
Distributable earnings for the year	**529 174**	664 106
Number of shares in issue*	**703 906 577**	703 495 224
Weighted average number of shares in issue*	**703 787 442**	703 311 279
Diluted weighted average number of shares in issue*	**712 252 605**	710 613 023
DEPS		
Basic (cents)	**75,2**	94,4
Diluted (cents)	**74,3**	93,5
Distribution	**316 758**	573 308
Interim	**316 758**	284 875
Final	**-**	288 433
Distribution per share (cents)	**45,0**	81,5
Interim	**45,0**	40,5
Final	**-**	41,0

*Adjusted for 46 427 553 treasury shares (2019: 46 427 553)

SUPPLEMENTARY INFORMATION

RECONCILIATION BETWEEN CASH FROM OPERATING ACTIVITIES AND DISTRIBUTABLE EARNINGS

Figures in R'000s	GROUP 2020	2019
Net cash generated from operating activities	**574 526**	653 327
Adjusted for working capital movements	**153 427**	17 436
Increase in accounts receivable	**51 386**	14 968
Increase in inventory	**63 903**	8 653
(Decrease) increase in accounts payable	**38 138**	(6 185)
Net cash generated from operating activities adjusted for working capital movements	**727 953**	670 763
Bad debt written off and ECL on trade and other receivables	**(37 414)**	(14 533)
Edcon restructure	**(9 880)**	(4 130)
Difference between interest accrued and interest paid	**(4 168)**	(2 296)
Share-based payments	**(24 095)**	(20 886)
Net proceeds from sale of sectional title units	**(5 836)**	-
Tax from sale of sectional title units	**18 482**	-
Lease cancellation fee not received in cash	**(75 000)**	-
Settlement of cash settled share-based payments	**-**	14 389
Difference between taxation accrued and taxation paid	**(2 262)**	2 360
Finance cost capitalised	**26 441**	34 479
Net lease receivables outstanding after bad debt and provision for bad debt	**(32 091)**	-
Capital repayment of lease liability	**(21 657)**	-
Realised foreign exchange gains on repayment of loan to associate	**(29 562)**	-
Net income from POA not distributable	**(1 596)**	-
Sale of land	**-**	(16 108)
Other movements	**(141)**	68
Distributable earnings for the year	**529 174**	664 106

SUPPLEMENTARY INFORMATION

SHAREHOLDER INFORMATION

Beneficial shareholders holding 5.0% or more of Attacq's issued share capital:

	At 30 June 2020		At 30 June 2019	
Number of shares	**Shares held**	**%**	**Shares held**	**%**
Coronation	**84 700 070**	**11,3%**	100 575 882	13,4%
Government Employees Pension Fund	**74 867 078**	**10,0%**	68 616 891	9,1%
RBH*	**41 439 525**	**5,5%**	41 439 525	5,5%
Total	**201 006 673**	**26,8%**	210 632 298	28,0%

* The shares held by RBH are directly held by Lisinfo 222.

Beneficial shareholder spread

	At 30 June 2020			At 30 June 2019		
	Number	**Shares held**	**%**	**Number**	**Shares held**	**%**
Non-public	**11**	**133 064 653**	**17,7%**	12	148 784 378	19,8%
> 10%	**1**	**84 700 070**	**11,3%**	1	100 575 882	13,4%
Treasury shares	**2**	**46 427 553**	**6,2%**	2	46 427 553	6,2%
Directors and associates	**8**	**1 937 030**	**0,3%**	9	1 780 943	0,2%
Public	**6 766**	**617 269 477**	**82,3%**	6 395	601 138 399	80,2%
Total	**6 777**	**750 334 130**	**100,0%**	6 407	749 922 777	100,0%

Summary of trading in Attacq shares

	30 June 2020	**30 June 2019**
Number of trades	109 914	130 544
Total number of shares traded	340 323 324	306 097 300
Total value of shares traded (R'000)	3 142 641	4 615 248
High (R)	13,48	17,09
Low (R)	4,31	12,71
Closing price (R)	5,02	13,12

SUPPLEMENTARY INFORMATION

			2020				
Multi/single tenanted	**Property**	**Province**	**Valuation R'000**	**PGLA m^2**	**GMR R**	**GMR R/m^2**	**Vacancy m^2**
Retail			**9 039 314**	**304 275**			**9 941**
Multi	Glenfair Boulevard Shopping Centre	Gauteng	439 461	15 951	3 628 007	235	258
Multi	Lynnwood Bridge Retail	Gauteng	307 962	11 378	3 034 041	269	97
Multi	Garden Route Mall	Western Cape	1 432 000	53 767	10 947 763	204	122
Multi	Brooklyn Mall#	Gauteng	585 951	18 765	5 552 010	311	916
Multi	Mooirivier Mall	North-west	1 173 000	49 696	8 898 557	187	2 194
Multi	Eikestad Mall Precinct ^	Western Cape	867 040	38 227	6 810 834	192	2 781
Multi	Waterfall - Mall of Africa^	Gauteng	3 930 400	99 770	29 161 351	302	3 311
Multi	Waterfall - Waterfall Corner	Gauteng	193 300	9 582	1 810 084	194	262
Multi	Waterfall - Waterfall Lifestyle	Gauteng	110 200	7 139	1 302 497	182	-
Office and mixed use[1]			**7 696 043**	**302 263**			**39 526**
Multi	Brooklyn Bridge Office Park	Gauteng	458 716	23 525	3 959 494	218	5 088
Multi	Lynnwood Bridge Offices	Gauteng	898 846	27 613	7 828 207	295	1 043
Single	Aurecon / Auditor General Building	Gauteng	552 170	19 104	-	-	-
Multi	2 Eglin, Sunninghill$	Gauteng	75 626	25 525	55 000	42	24 207
Single	Waterfall - Cell C Campus	Gauteng	892 017	43 890	-	-	-
Single	Waterfall - Transnet	Gauteng	568 030	24 354	-	-	-
Multi	Maxwell Office Park*	Gauteng	483 784	18 424	3 913 404	227	1 180
Multi	Waterfall - Allandale Building	Gauteng	380 810	15 359	3 209 482	209	-
Single	Waterfall - PwC Tower and PwC Annex**	Gauteng	1 383 275	36 461	-	-	-
Multi	Waterfall - Gateway West Building	Gauteng	344 601	13 803	2 443 205	224	2 882
Multi	Waterfall - Corporate Campus*	Gauteng	287 877	10 941	2 049 519	210	1 189
Single	Waterfall - Novartis	Gauteng	220 093	7 982	-	-	-
Single	Waterfall - Deloitte head office*	Gauteng	836 678	21 250	-	-	-
Multi	Waterfall - The Ingress - building 2	Gauteng	66 410	4 395	97 423	213	3 937
Single	Waterfall - The Ingress - PSG Wealth	Gauteng	120 889	4 311	-	-	-
Multi	Waterfall - Waterfall Point - building 2 and 4	Gauteng	126 221	5 326	955 833	179	-
Light industrial[2]			**1 561 960**	**159 252**			**-**
Single	Waterfall - Amrod	Gauteng	418 442	37 937	-	-	-
Single	Waterfall - BMW	Gauteng	280 250	31 987	-	-	-
Single	Waterfall - Cummins*	Gauteng	116 515	7 649	-	-	-
Single	Waterfall - Dimension Data	Gauteng	92 594	8 291	-	-	-
Single	Waterfall - Dischem	Gauteng	82 736	8 518	-	-	-
Single	Waterfall - Massbuild Distribution Centre	Gauteng	417 097	50 033	-	-	-
Single	Waterfall - GloTool	Gauteng	45 735	5 262	-	-	-
Single	Waterfall - Pirtek	Gauteng	30 940	2 815	-	-	-
Single	Waterfall - Superga warehouse	Gauteng	45 476	4 710	-	-	-
Single	Waterfall - Zimmer Biomet*	Gauteng	32 175	2 050	-	-	-
Hotel[3]			**353 870**	**13 690**			**-**
Single	Waterfall - City Lodge	Gauteng	114 756	5 744	-	-	-
Single	Lynnwood Bridge City Lodge	Gauteng	239 114	7 946	-	-	-
Developments under construction			**198 202**	**13 521**			**-**
Single	Waterfall - Midi unit 4	Gauteng	37 412	4 757	-	-	-
Single	Waterfall - Courtyard	Gauteng	140 207	6 276	-	-	-
Multi	Waterfall - Corporate Campus Phase 4*	Gauteng	20 583	2 488	-	-	-

*# 25.0% share, * 50.0% share, ** 75.0% share, ^ 80.0% share, $ Classified as held for sale (note 28)*

1 Single-tenanted office and mixed use properties weighted average rental rate of R207.0/m^2 (2019: R201.0/m^2)

2 Single-tenanted industrial properties weighted average rental rate of R79.0/m^2 (2019: R77.0/m^2)

3 Single-tenanted hotel properties weighted average rental rate of R233.0/m^2 (2019: R218.0/m^2)

SUPPLEMENTARY INFORMATION

			2019				
Multi/single tenanted	**Property**	**Province**	**Valuation R'000**	**PGLA m^2**	**GMR R**	**GMR R/m^2**	**Vacancy m^2**
Retail			**9 918 911**	**304 337**			**10 572**
Multi	Glenfair Boulevard Shopping Centre	Gauteng	492 026	15 951	3 794 095	247	575
Multi	Lynnwood Bridge Retail	Gauteng	377 089	11 378	3 016 781	270	222
Multi	Garden Route Mall	Western Cape	1 495 400	53 816	10 427 221	194	8
Multi	Brooklyn Mall#	Gauteng	694 000	18 778	5 667 671	313	676
Multi	Mooirivier Mall	North-west	1 235 500	49 696	8 561 531	180	2 088
Multi	Eikestad Mall Precinct ^	Western Cape	930 880	38 227	6 439 871	188	3 958
Multi	Waterfall - Mall of Africa^	Gauteng	4 358 165	99 770	28 042 330	289	2 802
Multi	Waterfall - Waterfall Corner	Gauteng	202 985	9 582	1 708 409	183	243
Multi	Waterfall - Waterfall Lifestyle	Gauteng	132 866	7 139	1 208 918	169	-
Office and mixed use[1]			**7 239 506**	**264 189**			**30 584**
Multi	Brooklyn Bridge Office Park	Gauteng	490 000	23 525	4 132 529	207	3 537
Multi	Lynnwood Bridge Offices	Gauteng	957 165	27 613	7 569 306	275	138
Single	Aurecon Building	Gauteng	796 093	19 104	-	-	-
Multi	2 Eglin, Sunninghill	Gauteng	151 503	25 525	455 335	95	20 732
Single	Waterfall - Cell C Campus	Gauteng	1 028 004	43 890	-	-	-
Single	Waterfall - Transnet	Gauteng	630 743	24 354	-	-	-
Multi	Maxwell Office Park*	Gauteng	548 096	18 423	3 901 951	212	-
Multi	Waterfall - Allandale Building	Gauteng	422 729	15 359	2 984 637	194	-
Single	Waterfall - PwC Tower and PwC Annex**	Gauteng	1 415 730	36 461	-	-	-
Multi	Waterfall - Gateway West Building	Gauteng	344 021	13 803	2 184 505	201	2 947
Multi	Waterfall - Corporate Campus*	Gauteng	218 317	8 150	981 455	199	3 230
Single	Waterfall - Novartis	Gauteng	237 105	7 982	-	-	-
Light industrial[2]			**1 637 924**	**168 609**			**5 262**
Single	Waterfall - Amrod	Gauteng	426 367	37 937	-	-	-
Single	Waterfall - BMW	Gauteng	282 871	31 987	-	-	-
Single	Waterfall - Cummins*	Gauteng	117 587	7 649	-	-	-
Single	Waterfall - Dimension Data	Gauteng	97 866	8 291	-	-	-
Single	Waterfall - Dischem	Gauteng	85 848	8 518	-	-	-
Single	Waterfall - Massbuild Distribution Centre	Gauteng	412 404	50 033	-	-	-
Single	Waterfall - GloTool	Gauteng	39 804	5 262	-	-	5 262
Single	Waterfall - Pirtek	Gauteng	29 868	2 815	-	-	-
Single	Waterfall - Superga warehouse	Gauteng	41 983	4 710	-	-	-
Single	Waterfall - Torre$	Gauteng	77 000	9 357	-	-	-
Single	Waterfall - Zimmer Biomet*	Gauteng	26 326	2 050	-	-	-
Hotel[3]			**346 873**	**13 690**			**-**
Single	Waterfall - City Lodge	Gauteng	121 980	5 744	-	-	-
Single	Lynnwood Bridge City Lodge	Gauteng	224 893	7 946	-	-	-
Developments under construction			**1 310 443**	**44 307**			**-**
Single	Waterfall - Deloitte head office*	Gauteng	753 077	22 040	-	-	-
Single	Waterfall - Corporate Campus (ContinuitySA)*	Gauteng	38 806	2 765	-	-	-
Multi	Waterfall - Waterfall Point - building 2 and 4	Gauteng	119 565	4 678	-	-	-
Single	Waterfall - PSG Wealth	Gauteng	128 223	4 311	-	-	-
Multi	Waterfall - Ingress building 2	Gauteng	101 592	4 240	-	-	-
Single	Waterfall - Courtyard	Gauteng	169 180	6 273	-	-	-

*# 25.0% share, * 50.0% share, ** 75.0% share, ^ 80.0% share, $ Classified as held for sale (note 28)*

1 Single-tenanted office and mixed use properties weighted average rental rate of R201.0/m^2 (2018: R176.0/m^2)

2 Single-tenanted industrial properties weighted average rental rate of R77.0/m^2 (2018: R70.0/m^2)

3 Single-tenanted hotel properties weighted average rental rate of R218.0/m^2 (2018: R187.0/m^2)