Notes to the Financial Statements

for the 4-month period ended 28 February 2017

1. Accounting policies

1.1 Basis of preparation

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), the Financial Reporting Guides as issued by the South African Institute of Chartered Accountants ("SAICA") Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listings Requirements and the requirements of the Companies Act of 2008, as amended.

The financial statements have been prepared on the historical cost basis, except where otherwise noted, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

1.2 Use of judgements and estimates

The preparation of the financial statements in accordance with IFRS requires management to exercise its judgement in the process of applying the group's accounting policies and make estimates and assumptions concerning the future. The most significant judgements, estimates and assumptions that may have a material impact on the financial statements are as follows:

Valuation of investment property

The board has used the best available evidence to determine the fair value of investment properties, as set out in note 32 to the financial statements. This includes current market prices for properties with similar characteristics and leases and cash flow projections. As the available information is not directly comparable to the properties within the group, the amounts are determined within a reasonable range of fair value.

The principle assumptions underlying the board's estimation of fair value are disclosed in note 32 and include the receipt of contracted rentals, lease renewals, maintenance requirements, operational costs and appropriate discount and capitalisation rates.

Acquisition of subsidiaries that hold properties

Where the group obtains control of entities that own investment properties, or when the group acquires properties or a group of properties collectively, an evaluation is performed as to whether such acquisitions should be accounted for as business combinations or acquisitions in terms of IAS 40 Investment Properties.

An acquisition is not considered to be a business combination if the definition of a business combination is not met.

Management concluded that all acquisitions of properties in the current financial year were not business combinations. Therefore, these were accounted in terms of IAS 40 Investment Properties.

Other areas of significant judgement and estimations

- Fair value of financial asset held at fair value (refer to note 13)
- Computation of equity-settled share-based payment (refer to note 33)

1.3 Consolidation

Subsidiaries

Subsidiaries are entities (including structured entities) over which the group has control. Control exists when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to govern the financial and operating policies thereof. Subsidiaries are consolidated from the date on which control passes to the group and are deconsolidated from the date that control ceases.

The acquisition method is used to account for business combinations.

Company financial statements

The company's investments in subsidiary companies are carried at cost (including transaction costs) less impairment losses.

1.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the executive directors on the board, which comprises the three executive directors. The executive committee allocates resources and assesses the performance of the operating segments of the group.

1.5 Financial instruments

The group's financial instruments consist of other financial assets (note 10), loans to and from related parties (note 11), trade and other receivables (note 12), financial asset (note 13), financial liabilities (note 16) and trade and other payables (note 17). All financial assets are classified as loans and receivables and all financial liabilities are classified as held at amortised cost.

All financial instruments are initially recognised at fair value (including transaction costs) and subsequently at amortised cost using the effective interest rate method.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Financial liabilities at amortised cost

These are subsequently measured at amortised cost using the effective interest rate method.

Impairment of financial assets

The group assesses each significant financial asset for objective evidence of impairment at the end of each reporting period. A financial asset is considered impaired if there is objective evidence of impairment as a result of one or more events that have occurred since initial recognition of the asset.

Where objective evidence of impairment exists, the impairment loss is calculated as the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

Trade and other receivables

Trade and other receivables are classified as loans and receivables. Trade receivables are amounts due from tenants for contractual lease charges and recoveries and are classified as current assets.

Cash and cash equivalents

Cash and cash equivalents are classified as loans and receivables. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and are not subject to a significant risk of a change in value. Cash comprises cash on hand, bank balances and cash held in an investment trading account.

Borrowings

Borrowings are generally long term in nature and are classified as non-current liabilities, except to the extent that amounts are contractually unavoidable in the 12 months from the reporting date.

1.6 Impairment of non-financial assets

The carrying amounts of the group's non-financial assets are reviewed for indicators of impairment at each reporting date. Where such indicators exist, the asset's recoverable amount is estimated. In addition, goodwill is tested for impairment at every reporting date.

Where the carrying value of an asset exceeds its estimated recoverable amount, the carrying value is impaired and the asset is written down to its recoverable amount. The recoverable amount is calculated as the higher of the asset's fair value less cost to sell and the value in use. These calculations are prepared based on management's assumptions and estimates, such as forecasted cash flows, management budgets and financial outlook. For the purpose of impairment testing the goodwill is allocated to cash-generating units, which are the lowest levels for which separately identifiable cash flows can be determined.

1.7 Investment property

Investment property is initially measured at cost, which includes any directly attributable transaction costs.

Certain costs that relate to a qualifying asset are capitalised after the investment property has been recognised. Investment property is subsequently measured at fair value and all movements in fair value are recognised in profit or loss. The directors determine the fair value of investment property at each reporting period. In addition, external valuations are obtained as deemed appropriate and each property is externally valued at least once every three years.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the group and the cost of the item can be measured reliably. All other costs, including repairs and maintenance, are expensed as incurred.

1.8 Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as operating leases.

Where a company in the group is the lessor

Rental income is the group's primary source of revenue (note 1.11).

Where a company in the group is the lessee

Lease payments, including prepayments, are charged to profit or loss on a straight-line basis over the period of the lease.

1. Accounting policies (continued)

1.9 Property, plant and equipment

Property, plant and equipment are initially recognised at cost, which includes all expenditure that is directly attributable to the acquisition of the asset.

Subsequently, all property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment. The depreciable amount of assets is depreciated on a straight-line basis from the date they are ready for use in the manner that management intended. The depreciation rates take into account the estimated useful life and residual values of the individual items, as follows:

- Computer equipment: 3 years
- Furniture and fixtures: 6 years

The estimated useful lives, residual values and depreciation methods are reviewed at each reporting date.

If appropriate, adjustments are made and accounted for prospectively as a change in estimate.

1.10 Stated capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a reduction in the stated capital.

Treasury shares are acquired in the open market and the cost of such shares is recognised within equity.

1.11 Revenue

Revenue comprises contractual rental income and tenant recoveries. It excludes Value Added Tax ("VAT"). Contractual rental income is recognised on a straight-line basis over the term of the lease, taking into account fixed escalation clauses. This does not affect distributable earnings. Tenant recoveries are recognised as they are earned in line with the contractual rights in the leases.

Rental income received in advance is recognised as a current liability as part of trade and other payables in the statement of financial position.

Other income comprises development fee income and rental loss insurance claims and is exclusive of VAT. Development fee income is recognised as services are delivered on a monthly basis. Rental loss insurance claims are recognised as revenue to match the discount provided to each affected tenant.

1.12 Employee benefits

Short-term employee benefits

Wages, salaries, paid leave and other costs of short-term employee benefits are recognised as employee benefit expenses in profit or loss in the period in which the services are rendered.

Employee share scheme

At the date of listing, the founding shareholders of the REIT sold shares in the REIT to certain employees. This was effected via the property trust that sold the core properties to the group in exchange for REIT shares (note 7). The shares were not issued by the group to the employees.

The trust then sold shares on loan account to these employees. These transactions have been accounted for as equity-settled share-based payments in terms of IFRS 2 – Share-based Payment.

The property trust has not been consolidated because the group does not control it.

Refer to note 33 for a description of the terms, the estimates used in the valuation and the accounting measurement and disclosure requirements.

1.13 Income tax

The income tax expense for the period comprises current and deferred income tax and is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it will also be recognised in other comprehensive income or directly in equity, as applicable. The company is a Real Estate Investment Trust ("REIT") and all subsidiaries in the group are "controlled companies" (as defined in the Income Tax Act). After deducting "qualifying distributions" from taxable income, no income tax is payable in the current year.

Deferred income tax is recognised, using the liability method, based on the temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.

Deferred income tax is not recognised if it relates to goodwill or if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which temporary differences can be utilised.

1.14 Finance income and finance costs

Finance income

Finance income comprises interest earned on positive bank balances and short-term investments in an annex bond facility (notes 14 and 16).

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

Finance costs

Finance costs comprise interest accrued on financial liabilities and finance leases.

1.15 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or development of qualifying assets, are capitalised as part of the cost of these assets until they are substantially ready for their intended use. Qualifying assets are those which necessarily take a substantial period of time to get ready for their intended use.

Capitalisation of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. The capitalisation rate is arrived at with reference to the actual rate for borrowings incurred for the specific asset or the weighted average cost of borrowings where the development is financed from general funds.

All finance costs which are not capitalised are recognised in profit or loss.

1.16 Dividend distribution

Distributable earnings is a measure of sustainable income and is determined in line with best practices as issued by the SA REIT Association guidelines. Dividend distributions are recognised as a liability in the statement of financial position in the period in which the dividends are declared. This is not in the reporting period to which the dividend relates.

2. New standards and interpretations

At the date of approval of these consolidated and separate financial statements, certain new accounting standards, amendments and interpretations to existing standards have been published, but are not yet effective, and have not been adopted early by the entity.

Management anticipates that all of the pronouncements will be adopted in the entity's accounting policies for the first period beginning after the effective date of the pronouncement. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the entity's consolidated and separate financial statements.

2.1 Standards and interpretations effective and adopted in the current period

In the current period, the company has adopted standards and interpretations that are effective for the current financial period and that are relevant to its operations. They did not have a material effect on the company's consolidated and separate financial statements and therefore have not been detailed further.

– IAS 1 Presentation of Financial Statements – Amendments	1 Jan 2016	Not material
– IAS 19 Employee Benefits – Amendments	1 Jan 2016	Not material

2.2 Standards and interpretations issued but not yet effective at 28 February 2017

The company has chosen not to early adopt the following standards and interpretations which have been published, but are not yet effective in the current financial period.

New and amended IFRS standards	Summary of the new amended standard	Effective date	Impact on the group
IFRS 2 Share-based payment	Classification and Measurement of Share-based Payment Transactions: A collection of three distinct narrow-scope amendments dealing with classification and measurement of share-based payments. The amendments address: – The effects of vesting conditions on the measurement of a cash-settled share-based payment; – The accounting requirements for a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled; and – Classification of share-based payment transactions with net settlement features.	Annual periods beginning on or after 1 January 2018	Not yet assessed

2.2 Standards and interpretations issued but not yet effective at 28 February 2017 (continued)

New and amended IFRS standards	Summary of the new amended standard	Effective date	Impact on the group
Amendment to IAS 7 – Statement of Cash Flows	The amendments provide for disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.	Annual periods beginning on or after 1 January 2017	Not yet assessed
Amendment to IAS 12 – Deferred Tax	The amendments provide, amongst others, additional guidance on the existence of deductible temporary differences, which depend solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. Additional guidance on the methods used to calculate future taxable profit to establish whether a deferred tax asset can be recognised.	Annual periods beginning on or after 1 January 2017	Not yet assessed
IFRS 15 – Revenue from Contracts with Customers	IFRS 15 replaces the existing IFRS guidance and introduces a new revenue recognition model for contracts with customers. It also requires extensive new disclosures.	Annual periods beginning on or after 1 January 2018	Assessed to have little impact/ change to the current revenue recognition treatment
IFRS 9 – Financial Instruments	IFRS 9 addresses the initial measurement and classification of financial assets and will replace the relevant sections of IAS 39. Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows.	Annual periods beginning on or after 1 January 2019	Not yet assessed
IFRS 16 – Leases	IFRS 16 sets out the principles for recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer (lessee/tenant) and the owner (lessor). IFRS 16 replaces the previous leases standard IAS 17 Leases, and related Interpretations.	Annual periods beginning on or after 1 January 2019	Assessed to have little impact/ change to the current revenue recognition treatment
Amendments to IFRS 10 – Consolidated Financial Statements and IAS 28 – Investment in Associates	The amendments require the full gain to be recognised when assets transferred between an investor and its associate or joint venture meet the definition of a "business" under IFRS 3 – Business Combinations. Where the assets transferred do not meet the definition of a business, a partial gain to the extent of unrelated investors' interests in the associate or joint venture is recognised. The definition of a business is key to determining the extent of the gain to be recognised.	Annual periods beginning on or after 1 January 2016	Assessed to have little impact/ change to the current revenue recognition treatment

3. Earnings per share

This note provides the obligatory information in terms of IAS 33 Earnings Per Share and SAICA Circular 2/2015 for the group and should be read in conjunction with note 4, where earnings are reconciled to distributable earnings. Distributable earnings determine the dividend declared to shareholders, which is a meaningful metric for a stakeholder in a REIT.

3.1 Basic earnings per share

Shares in issue	2017 Number of shares
Number of shares in issue at end of period	97 762 361
Weighted average number of shares in issue	25 636 517
Diluted weighted average number of shares in issues	25 636 517
Basic earnings per share	**Cents**
Earnings (profit attributable to owners of the parent)	65 331
Basic earnings per share	254.83
Diluted earnings per share	254.83

3.2 Headline earnings per share

Reconciliation between basic earnings and headline earnings		R'000
Earnings (profit attributable to owners of the parent)		65 331
Adjusted for:	Gross	Tax
Fair value adjustments to investment properties	(40 553)	0
Headline earnings		24 778
Headline earnings per share		Cents
Headline earnings per share		96.65
Diluted headline earnings per share		96.65

4. Reconciliation between earnings and distributable earnings

4.1 Distributable earnings

	4 months ended 28 February 2017 R'000
Earnings (profit attributable to owners of the parent)	65 331
Adjusted for:	
Fair value adjustments to investment properties	(40 553)
Headline earnings	24 778
Adjusted for:	
Straight-lining of leases	2 647
Depreciation	4
Formation and listing costs	1 873
Equity-settled share-based payment reserve	3 939
Deferred tax realisation	(6 846)
Less: Profit not distributed	(5 970)
Antecedent dividend	2 562*
Distributable profit	22 987

* In the determination of distributable earnings, the group elects to make an adjustment for the antecedent dividend arising as a result of the share-for-cash issue during the period for which the company did not have full access to the cash flow from such issue.

4. Reconciliation between earnings and distributable earnings (continued)

4.1 Distributable earnings (continued)

	Tax
Number of shares issued at period end	98 226 952
Less: Treasury shares	(464 591)
Number of shares participating in distribution	97 762 361

4.2 Distribution declared and distribution per share

Total distributions for the period – 2017	**Cents per share**
Maiden distribution recommended by the board and approved on 17 May 2017 (Distribution number 1)	23.51
Total distributions for the period ended 28 February 2017	**23.51**

No distributions were declared for any period preceding the period ending 28 February 2017 as this current 4-month period ending 28 February 2017 is the first period of operations of the group.

5. Segment information

Segments are reported in a manner that is consistent with the internal reporting provided to the executive committee which comprises the three executive directors. The executive committee regularly reviews the operating results of the group's six operating segments:

- Industrial
- Commercial
- Retail
- Hospitality
- Residential
- Non-property (corporate)

The segments derive their revenue primarily from rental income from leases.

All treasury functions, corporate costs and other expenses that are not specifically attributable to individual properties are included in the "Non-property" segment.

The measurement of results reviewed by the executive committee is consistent with those presented in the consolidated and separate financial statements and the only reconciling item with the results and total assets and liabilities of the group is the effect of the straight-lining of leases.

The segment information for the group for the 4-month period ended 28 February 2017 is set out below.

	Industrial R'000	Commercial R'000	Retail R'000	Hospitality R'000	Residential R'000	Non-property R'000	Straight-lining of leases R'000	Total R'000
Segment revenue	10 997	16 572	20 342	13 346	2 251	401	(2 647)	61 262
Operating profit	8 742	9 689	11 945	13 346	2 104	(2 769)	(2 647)	40 410
Fair value adjustments	1 065	(928)	1 088	37 488	1 840	–	–	40 553
Finance income	–	–	–	–	–	3 825	–	3 825
Finance costs	(3 641)	(5 509)	(6 837)	(3 472)	(975)	(52)	–	(20 486)
Investment property	299 249	455 655	376 186	200 134	83 683	–	30 807	1 445 714
Total assets	299 249	455 655	376 186	200 134	83 683	47 798	30 807	1 493 512
Total liabilities	(63 892)	(99 331)	(180 571)	(100 000)	(34 658)	(28 251)	–	(506 703)

The following tenants contributed 10% or more of Revenue and Recoveries

– Multi Rooms Management Proprietary Limited 21.59%

6. Financial risk management and fair value measurement

Financial risk arises from the group's exposure to financial instruments and comprises market risk (interest rate risk), liquidity risk and credit risk. The board of directors has overall responsibility for the establishment and oversight of the group's risk management framework. The board has delegated this responsibility to the audit committee, which considers the adequacy of the group's risk management framework and monitors management's implementation of risk management policies and procedures.

The group's policies are designed to ensure that appropriate risk limits have been set for financial risks and that adherence to these limits is monitored continuously.

Capital risk management

The group's objectives when managing capital is to safeguard the group's ability to continue as a going concern in order to provide returns for the shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the group consists of debt, which includes the borrowings disclosed in note 16, cash and cash equivalents disclosed in note 14, and stated capital as disclosed in note 15.

In order to maintain or adjust the capital structure, the group may adjust the amount of distributions paid to the shareholders, return capital to the shareholders, issue new shares or sell assets to reduce debt.

As a Real Estate Investment Trust ("REIT"), the company is required to declare 75% of its distributable profit as a distribution. The board has elected (subject to the availability of cash resources and legislative requirements) to declare 100% of the distributable profit of the group as a distribution on a bi-annual basis.

As a result of the group's distribution policy, capital expansion is funded through a combination of bank debt and equity funding. The group is subject to a loan covenant which limits the loan to value ("LTV") to 55% and targets on LTV of not more than 40% over time. The group's interest rate cover must remain above 1.5 for each financial period.

The gearing ratio is calculated as total debt divided by total assets. Total debt is the sum of all interest-bearing debt of the group, excluding tenant deposits, tax payable and trade creditors.

Total assets equate to the group's direct investment in property holdings.

The gearing ratio as at 28 February 2017 was as follows:

Total borrowings	Note	**R'000**
Total debt	16	**478 453**
Total investment property	7	**1 445 715**
Gearing ratio		**33.09%**

6. Financial risk management and fair value measurement (continued)

Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the group's profitability or the value of its holdings of financial instruments. The group is exposed to interest rate risk, credit risk and liquidity risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk

The company's interest rate risk arises from financial liabilities, cash and cash equivalents and other financial assets (notes 16, 14 and 10). Borrowings at variable rates expose the company to cash flow interest rate risk, which is partially offset by cash held at variable rates. During 2017, the company's borrowings were denominated in South African Rand.

The interest rate exposure of the group to interest-bearing financial instruments is as follows:

	Group	Company	
	2017	**2017**	2016
	R'000	**R'000**	R'000
Fair value interest rate risk			
– Fixed rate borrowing			
Nedbank Limited – Loan 30138754	**33 696**	**–**	–
Nedbank Limited – Loan 30148005	**100 000**	**–**	–
Investec Limited	**150 799**	**–**	–
Total	**284 495**	**–**	**–**
Cash flow interest rate risk			
– Variable-rate instrument			
Nedbank Limited – Loan 30161109	**193 957**	**–**	–
Loan to related parties	**–**	**–**	–
Total	**193 957**	**–**	**–**
No interest rate risk			
Cash and cash equivalents	**12 632**	**7**	–
Trade and other receivables	**8 092**	**–**	–
Loan from related party	**(3 881)**	**–**	–
Total	**16 843**	**7**	**–**

Fair value interest rate risk

At period end there was no change in the fair value of interest rate risk due to the unchanged interest rates. Therefore, the carrying amount of financial instruments approximates fair value.

6. Financial risk management and fair value measurement (continued)

The group's sensitivity to interest rate fluctuations as at 28 February 2017 is illustrated below:

Sensitivity analysis to interest rates – 2017	Group
Increase in earnings if interest rates had been 1% lower during the year	4 785
Decrease in earnings if interest rates had been 1% higher during the year	(4 785)

The sensitivity analysis assumes all other items remain unchanged and is based on the borrowings at the end of the reporting period.

The only significant interest rate risk arises on financial liabilities. The company manages its cash flow interest rate risk by securing fixed interest rate bonds on a targeted 50% of borrowings from banks. Fixed interest rate loans have the economic effect of protecting the company from interest rate increases due to the weak economic environment and political uncertainty.

Generally, the company raises long-term borrowings at floating rates below the prime lending rate, but at the time of each new borrowing the fixed rate available is reviewed together with the risk of an interest rate increase and current fixed-to-floating-rate borrowing ratio to ensure the ratio remains in the target as set by management.

	R'000
Variable borrowings	193 958
Fixed borrowings	284 495
Total borrowings	**478 453**
Percentage fixed	59%

During the period under review, the group maintained its 2-year term secured loan facility with Nedbank Limited, which currently accrues interest at a floating rate of prime less 1.25%.

At the end of the 4-month period the company had the following facilities with Nedbank:

R309 million facility, repayable two years after the inception date of November 2016, which bears interest at prime less 1.25%

R100 million facility, repayable four years after the inception date of September 2015, which bears interest at a fixed rate of 9.81%

R34 million facility, repayable 11 years after the inception date of December 2012, which bears interest at a fixed rate of 9.32%

At the end of the 4-month period the group had the following facility with Investec:

R151 million facility, repayable two years after the inception date of November 2016, which bears interest at a fixed rate of 10.22%

Management seeks to minimise its exposure to liquidity risk by reducing its exposure to interest rate risk through its hedging strategy. Management also reduces refinancing risk through regularly reviewing the maturity profile of its financial liabilities and utilising facilities with differing maturities to reduce maturity concentration.

6. Financial risk management and fair value measurement (continued)

Credit risk

The group is principally exposed to credit risk as a result of its receivable balance from tenants, loans to related parties and cash balances with financial institutions (notes 12, 11 and 14). The carrying values as at 28 February 2017 in the statement of financial position represent the maximum exposure to credit risk.

Trade and other receivables

The group has credit vetting procedures in place before entering into lease agreements with new tenants. If customers are independently rated, such as blue chip companies, these ratings are used. However, if there is no independent rating, credit control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings. The utilisation of credit limits is regularly monitored.

Cash and cash equivalents

All short-term funds are invested with reputable financial institutions. Cash balances are only retained for working capital requirements. Refer to note 14 for detail of cash balances at the end of the 4-month period.

The table below shows the balances with banking counterparties and their external ratings at the statement of financial position date.

	Group	Company	
	2017	**2017**	2016
	R'000	**R'000**	R'000
Financial institution			
Nedbank (Rating – Baa2)	**1 472**	**7**	–
Investec (Rating – Baa2)	**10 479**	**–**	–
Cash in trading account	**681**	**–**	–
	12 632	**7**	**–**

The ratings were obtained from Moody's. The ratings are based on long-term investment horizons. The ratings indicate that expectations of default risk are currently low. The capacity for payment of financial commitments is considered adequate but adverse business or economic conditions are more likely to impair this capacity.

Management does not expect any losses from non-performance by this counterparty. The company only transacts with banks that had a minimum rating of Baa2 as at period end. Subsequent to the end of the 4-month period, a credit downgrade was experienced by financial institutions. The group will continue to transact with these entities given the fact that the rating downgrade was experienced industry-wide and the current rating downgrade does not place the institutions used by the group in a worse off position compared to other institutions in the market and thus the group will continue to make use of their services.

6. Financial risk management and fair value measurement (continued)

Financial assets exposed to credit risk at the end of the 4-month period were as follows:

	Group	Company	
	2017	2017	2016
	R'000	R'000	R'000
Financial instrument			
Cash and cash equivalents	12 632	7	–
Trade and other receivables	8 092	–	–
Other financial asset	1 714	–	–
Loan to related parties	–	–	0.1
	22 438	7	0.1

Liquidity risk

Liquidity risk is defined as the risk that the group would not be able to settle or meet its obligations on time.

Management monitors the group's net liquidity position on a continuous basis on the basis of expected cash flows.

The group's risk to liquidity arises on financial liabilities, finance lease liabilities, loans from related parties and trade and other payables (notes 16, 18, 11 and 17) and is a result of the funds available to cover future commitments. The group manages liquidity risk through an ongoing review of future commitments and credit facilities.

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities.

The table below analyses the company's financial liabilities into relevant maturity groupings, based on the remaining period in the statement of financial position to the contractual maturity date.

	Group				Company	
	Less than 1 year R'000	Between 2 and 3 years R'000	Between 3 and 4 years R'000	4 years and longer R'000	Less than 1 year R'000	Between 2 and 5 years R'000
Group						
At 29 February 2017						
Financial liabilities (bank borrowings)	–	344 756	100 000	33 696	–	–
Trade and other payables	21 554	–	–	–	–	–
Finance lease	113	–	–	–	–	–
Loan from related party	3 881	–	–	–	8	–
	25 548	344 756	100 000	33 696	8	–

At maturity date of various debt with financial institutions, the debt will either be settled with available resources or refinancing will commence three to six months prior to maturity of the debt.

7. Investment properties (including straight-line accrual)

	2017			2016		
	Cost/ Valuation R'000	**Accumulated fair value adjustments R'000**	**Carrying value R'000**	Cost/ Valuation R'000	Accumulated fair value adjustments R'000	Carrying value R'000
Investment property	**1 405 162**	**40 553**	**1 445 715**	–	–	–
Total	**1 405 162**	**40 553**	**1 445 715**	–	–	–

Reconciliation of investment properties

	2017					
	Opening balance R'000	**Additions R'000**	**Straight-line asset R'000**	**Fair value adjustment R'000**	**Cost capitalised R'000**	**Closing balance R'000**
Investment property	**–**	**1 365 920**	**30 807**	**40 553**	**8 435**	**–**
Total	**–**	**1 365 920**	**30 807**	**40 553**	**8 435**	**–**

A register containing the information required by Regulation 25(3) of the Companies Regulations, 2011 is available for inspection at the registered office of the company.

Details of investment property	
Purchase price	1 365 920
Straight-line lease asset at acquisition	33 454
Fair value adjustment	40 553
Capitalised expenditure	8 435
Operating lease asset accrual	(2 647)
	1 445 715

Refer to note 18 for the reconciliation of the straight-line lease asset accrual.

No borrowing cost was capitalised to investment property for the 4-month period ending 28 February 2017.

Securities

Investment properties are encumbered as security against the group's loan facilities (note 16).

Details of valuation

Investment properties with a fair value of R821 million were acquired from the Spear Property Trust (entity under common control) on 1 November 2016. All these properties were independently valued by MRB Gibbons of Mills Fitchet Magnus Penny Proprietary Limited, a registered valuer in terms of section 19 of the Property Valuers Professional Act, No 47 of 2000, to verify the acquisition date fair value.

7. Investment properties (including straight-line accrual) (continued)

Investment properties with a fair value of R572 million were acquired as part of the acquisition of subsidiaries (note 9) on 1 November 2016. The acquisitions were accounted for as investment property acquisitions and not business combinations.

All these properties were independently valued by MRB Gibbons of Mills Fitchet Magnus Penny Proprietary Limited, a registered valuer in terms of section 19 of the Property Valuers Professional Act, No 47 of 2000, to verify the acquisition date fair value.

Refer to note 32 for details on the fair values of investment properties.

8. Property, plant and equipment

		2017			2016		
	Useful lives	Cost R'000	Accumulated depreciation R'000	Carrying value R'000	Cost R'000	Accumulated depreciation R'000	Carrying value R'000
Computer equipment	3	35	(3)	32	–	–	–
Furniture and fixtures	6	97	(1)	96	–	–	–
Total		**132**	**(4)**	**128**	**–**	**–**	**–**

Reconciliation of property, plant and equipment: Group

	2017				
	Opening balance R'000	Additions R'000	Disposals R'000	Depreciation R'000	Closing balance R'000
Computer equipment	–	35	–	(3)	32
Furniture and fixtures	–	97	–	(1)	96
	–	132	–	(4)	128

A register containing the information required by Regulation 25(3) of the Companies Regulations, 2011 is available for inspection at the registered office of the company.

9. Investment in subsidiaries

		Group	Company	
		2017	2017	2016
	Holding	%	Carrying amount R'000	Carrying amount R'000
Spear Holdco Proprietary Limited	Direct	100	926 871	–
Upper Eastside Proprietary Limited	Indirect	100	–	–
Fundamental Holdings Proprietary Limited	Indirect	100	–	–
Pacivista Proprietary Limited	Indirect	100	–	–
Arrow 1 Investments Proprietary Limited	Indirect	100	–	–
Spear One Proprietary Limited	Indirect	100	–	–
			926 871	–

All subsidiaries are incorporated in South Africa and are held directly or indirectly by the company through ordinary shares.

All subsidiaries were acquired on 1 November 2016 through the issue of shares, except for Spear One that was acquired on 2 February 2017.

Refer to note 11 for details of amounts owing by subsidiaries.

10. Other financial asset

	Group	Company	
	2017	2017	2016
	R'000	R'000	R'000
Multi Rooms Management Proprietary Limited	1 714	–	–
Current assets	1 714	–	–
Non-current assets	–	–	–
	1 714	–	–

The group advanced funds to the hotel operator for use in operations and general refurbishment of the Double Tree by Hilton. The balance earns interest at prime less 1.25%, which is in line with the interest the group pays on its floating debt.

Credit quality of other financial asset

Management reviewed the credit risk and determined that the balance is fully recoverable and was not impaired at period end.

Fair value of other financial asset

The directors consider the carrying value of the other financial asset to approximate the fair value.

11. Loans to/(from) related parties

	Group	Company	
	2017	2017	2016
	R'000	R'000	R'000
Common controlled entity			
Spear Property Trust	(3 881)	(8)	(0.1)
All related party loans are unsecured, interest-free and repayable on demand.			
Current assets	–	–	–
Current liabilities	(3 881)	(8)	(0.1)
	(3 881)	(8)	(0.1)

Fair value of loans to and from related parties

The directors consider the carrying value of the loans to and from related parties to approximate their fair value.

	Group	Company	
	2017	2017	2016
	R'000	R'000	R'000
Common controlled entity			
Spear Property Trust	(3 881)	(8)	(0.1)
All related party loans are unsecured, interest-free and repayable on demand.			
Current assets	–	–	–
Current liabilities	(3 881)	(8)	(0.1)
	(3 881)	(8)	(0.1)

Fair value of loans to and from related parties

The directors consider the carrying value of the loans to and from related parties to approximate their fair value.

12. Trade and other receivables

	Group 2017 R'000	Company 2017 R'000	Company 2016 R'000
Trade receivables (tenants)	7 312	–	–
Property utility receivables	648	–	–
Other receivables	132	–	–
	8 092	–	–

All trade and other receivables are denominated in South African Rands and the carrying amounts approximate their fair value.

Credit quality of trade receivables

The credit quality of trade receivables is evaluated with reference to available financial information and history with the company as per note 6 and can be categorised into the following groups:

	Group 2017 R'000	Company 2017 R'000	Company 2016 R'000
Large nationals, large listed and government	9	–	–
Smaller international and national tenants	114	–	–
Other local tenants and sole proprietors	7 189	–	–
	7 312	–	–

The maximum exposure to credit risk for trade and other receivables are the carrying values.

Ageing of trade receivables

The ageing of trade receivables at the end of the 4-month period was as follows:

	Group 2017 R'000	Company 2017 R'000	Company 2016 R'000
Current – up to 30 days	7 173	–	–
Past due – between 31 and 90 days	68	–	–
Past due – 91 days and longer	71	–	–
	7 312	–	–

None of the past due amounts are impaired and no allowance for impairment of trade receivables at the end of the 4-month period has been recognised.

No trade receivables were identified as impaired during the 4-month period.

13. Financial assets

A subsidiary company of the group has a share trading account with a reputable brokerage house to trade in listed securities.

All listed shares acquired during the period were treasury shares and the cost of these shares held at reporting date was accounted for as a reduction in equity. The balance remaining reflects the cash holdings in the account as at the reporting date and is classified as cash and cash equivalents.

	Group	Company	
	2017	2017	2016
	R'000	R'000	R'000
Opening balance	–	–	–
Purchases	5 310	–	–
Disposals	(960)	–	–
Interest earned	31	–	–
Interest included in cash	(31)	–	–
Fair value adjustment	115	–	–
	4 465	–	–
Less: Fair value adjustment eliminated	(115)	–	–
Less: Treasury shares at cost (note 15)	(4 350)	–	–

14. Cash and cash equivalents

Composition of cash and cash equivalents

	Group 2017 R'000	Company 2017 R'000	Company 2016 R'000
Current accounts	1 287	8	0
Cash in investment account	681	–	–
Cash on call	10 664	–	–
	12 632	8	0

Credit exposure of cash and cash equivalents

Amounts in current and call accounts are invested with reputable institutions as follows:

	Credit rating 28 February 2017	Group 2017 R'000	Company 2017 R'000	Company 2016 R'000
Nedbank Limited	Baa2	1 472	8	0
Investec Limited	Baa2	10 479	–	–
Cash in investment account		681	–	–
		12 632	8	0

15. Stated capital

	Group	
	R'000	R'000
Authorised		
1 000 000 000 ordinary shares of the same class and no par value	0	0
Issued		
97 762 361 ordinary shares of the same class and no par value	97 762 361	917 538

	Company	
Authorised		
1 000 000 000 ordinary shares of the same class and no par value	0	0
Issued		
98 226 952 ordinary shares of the same class and no par value	98 226 952	926 872

The unissued shares are under the control of the directors (subject to limitations set by shareholders' resolutions) until the next annual general meeting.

		Group	
	Notes	Number of shares	Value of shares
Reconciliation of number of shares issued			
Opening balance		100	0.1
Shares repurchased from founders		(100)	(0.1)
Shares issued in capital raise – 11 November 2016		28 608 442	235 196
Shares issued for property acquisitions	7, 9	34 636 396	340 782
Shares issued for acquisition of subsidiaries	7, 9	22 169 903	217 982
Founders' contribution to equity	24	–	13 757
Share issue costs		–	(3 494)
Share-for-cash issue		12 812 211	119 154
Share issue cost – Share-for-cash			(1 489)
Treasury shares at cost	13	(464 591)	(4 350)
Closing balance		97 762 361	917 538

15. Stated capital (continued)

	Notes	Company Number of shares	Company Value of shares
Reconciliation of number of shares issued			
Opening balance		100	0.1
Shares repurchased from founders		(100)	(0.1)
Shares issued in capital raise –11 November 2016		28 608 442	235 197
Shares issued for acquisition of subsidiary	7, 9	56 806 299	572 521
Share-for-cash issue		12 812 211	119 154
Closing balance		**98 226 952**	**926 872**

16. Financial liabilities

	Group 2017 R'000	Company 2017 R'000	Company 2016 R'000
Held at amortised cost			
Nedbank Limited – Loan 30161109	193 958	–	–
Interest-only payment at a rate of prime less 1.25% for the duration of the loan period, repayable on 18 November 2019.			
Nedbank Limited – Loan 30138754	33 696	–	–
Interest-only payment at a fixed rate of 9.32% until 15 December 2017 and prime less 1% from 16 December 2017 to 16 January 2021.			
Nedbank Limited – Loan 30148005	100 000	–	–
Interest-only payment at a fixed rate of 9.81% for the duration of the loan period, repayable on 15 August 2019.			
Investec Limited	150 799	–	–
Interest-only payment at a fixed rate of 10.22% for the duration of the loan period, repayable on 11 November 2019.			
Total	**478 453**		**–**

16. Financial liabilities (continued)

Security – Nedbank Limited

Nedbank requires the following existing securities to remain in place as security for the borrower's obligation to Nedbank under loan (30161109) and to remain in full force and effect for the full term of the loan.

- Existing first sectional covering mortgage bond by Pacivista Proprietary Limited for R42 000 000 over Erf 161 Melrose North Extension.
- Existing first sectional covering mortgage bond by Upper East Side Hotel Proprietary Limited for R40 000 000 over the sectional title units consisting of sections 27, 40, 41 to 44, 47, 62, 83, 121 to 128 and 1602 and EUA parking bays and storerooms in the sectional title scheme known as Upper East Side, together with an undivided share in the common property of such sectional title scheme and includes the right to exclusive use of the exclusive use areas pertaining thereto.
- Existing first sectional covering mortgage bond by Arrow 1 Investments Proprietary Limited for R3 320 000 over Erf 161 Melrose North Extension.
- Existing covering mortgage bond for R177 000 000 as a first ranking by Upper East Side Hotel Proprietary Limited over the property described as the sectional title units consisting of section numbers 29, 31 and 32 in the sectional scheme known as Upper East Side, together with an undivided share in the common property of such sectional title scheme and includes the right to exclusive use of the exclusive use areas pertaining thereto.
- and as a first ranking by Upper East Side Hotel Proprietary Limited over the sectional title unit consisting of section number 30 and exclusive use areas being B1, RD1, RD2 and RD3 in the sectional scheme known as Upper East Side, together with an undivided share in the common property of such sectional title scheme and includes the right to exclusive use of the areas pertaining thereto.

Nedbank requires the following additional security for the loan:

New mortgage bonds/s:

- Registration by the borrower of the first covering mortgage bond for R78 000 000, plus an additional 25% to cover Nedbank's costs, expenses and disbursements over Erf 23392 Parow.
- Registration by the borrower of the first covering mortgage bond for R55 000 000, plus an additional 25% to cover Nedbank's costs, expenses and disbursements over Erf 1608685 Cape Town.
- Registration by the borrower of the first covering mortgage bond for R22 000 000, plus an additional 25% to cover Nedbank's costs, expenses and disbursements over Erf 14838 Cape Town.
- Registration by the borrower of the first covering mortgage bond for R8 000 000, plus an additional 25% to cover Nedbank's costs, expenses and disbursements over Erf 24136 Milnerton.
- Registration by the borrower of the first covering mortgage bond for R5 000 000, plus an additional 25% to cover Nedbank's costs, expenses and disbursements over Erf 27135 Milnerton.
- Registration by the borrower of the first covering mortgage bond for R82 000 000, plus an additional 25% to cover Nedbank's costs, expenses and disbursements over erven 879, 880, 881 and 930 Blackheath.
- Registration by the borrower of the first covering mortgage bond for R23 000 000, plus an additional 25% to cover Nedbank's costs, expenses and disbursements over portion 81 and 82 of the Farm Mellish 205 Atlas Gardens.
- Registration by Upper East Side Hotel Proprietary Limited of a first sectional covering mortgage bond for R20 000 000, plus an additional 25% to cover Nedbank's costs, expenses and disbursements over the sectional title units consisting of section number(s) 8 in the sectional title scheme known as Upper East Side, together with an undivided share in the common property of such sectional title scheme and includes, where applicable, any right of exclusive use.
- Registration by the borrower of a first sectional covering mortgage bond for R30 000 000, plus an additional 25% to cover Nedbank's costs, expenses and disbursements over the sectional title units 16, 17, 19. 20. 21, 28, 232, 233, 234 and 235 in the sectional title scheme known as Bella Rosa One and basement parking bays numbers 1 to 27, 237 to 247, 254 to 257 and 354, plus open parking bays numbers 718 to 737 and 825 to 835.
- Registration of a covering mortgage bond for R497 000 000, plus an additional 25% to cover Nedbank's costs, expenses and disbursements as a fist ranking by the borrower over the property described as Erf 35741 Bellville.

16. Financial liabilities (continued)

Security – Nedbank Limited (continued)

– and as a first ranking by the borrower over Remainder Erf 158602 Cape Town
– and as a first ranking by the borrower over Erf 21665 Bellville
– and as a first ranking by the borrower over Erf 25289 Bellville
– and as a first ranking by the borrower over Erf 38766
– and as a first ranking by the borrower over Erf 31651 Bellville
– and as a first ranking by the borrower over Erf 31651 Bellville
– and as a first ranking by the borrower over Erf 153935 Cape Town
– and as a first ranking by the borrower over Erven 16912, 16913, 16914, 16915, 16916, 16917, 16918 and 16919 Cape Town
– and as a first ranking by the borrower over Remainder Erf 17971 Cape Town
– and as a first ranking by the borrower over Remainder Erf 103257 Cape Town
– and as a first ranking by the borrower over Erf 142181 Cape Town

Suretyship/s:

– A limited deed of suretyship in favour of Nedbank, whereby Pacivista Proprietary Limited registration number 2011/117548/07 binds itself jointly and severally and as co-principal debtor with the borrower, limited to R25 000 000 of the borrower's indebtedness to Nedbank. The limitation of this deed of suretyship applies to the extent of the borrower's liability only, not to the cause of debt.

– A limited deed of suretyship in favour of Nedbank, whereby Upper East Side Hotel Proprietary Limited registration number 2010/005929/07 binds itself jointly and severally and as co-principal debtor with the borrower, limited to R100 000 000 of the borrower's indebtedness to Nedbank. The limitation of this deed of suretyship applies to the extent of the borrower's liability only, not to the cause of debt.

– A limited deed of suretyship in favour of Nedbank, whereby Arrow 1 Investments Proprietary Limited registration number 2012/076690/07 binds itself jointly and severally and as co-principal debtor with the borrower, limited to R3 200 000 of the borrower's indebtedness to Nedbank. The limitation of this deed of suretyship applies to the extent of the borrower's liability only, not to the cause of debt.

- A limited deed of suretyship in favour of Nedbank, whereby Spear REIT Limited registration number 2015407237/07 binds itself jointly and severally and as co-principal debtor with the borrower, limited to R485 000 000 of the borrower's indebtedness to Nedbank. The limitation of this deed of suretyship applies to the extent of the borrower's liability only, not to the cause of debt.

Security – Investec Limited

The loan is secured by way of a first covering mortgage bond for an amount of R300 000 000 over Erven 168730, 168972, 168973 and 168974 Cape Town.

In addition, Investec Limited holds a cession of the proceeds of the company's Building Insurance Policy and SASRIA extension for the full asset value of any property mortgaged and a cession of all present and future rights, title, benefit and interest in the above properties, including any and all rentals received or receivable.

A joint and several guarantee by Spear Holdco Proprietary Limited for R150 000 000 plus interest and costs, and further limited to the obligations of the borrower under this agreement.

The loan is secured by way of a first covering mortgage bond for an amount of R3 000 000 over Erven 168730, 168731, 168971, 168972, 168973 and 168974 Cape Town.

In addition, Investec Limited holds a cession of the proceeds of the company's Building Insurance Policy and SASRIA extension for the full asset value of any property mortgaged and a cession of all present and future rights, title, benefit and interest in the above properties, including any and all rentals received or receivable.

16. Financial liabilities (continued)

	Group	Company	
	2017	**2017**	2016
	R'000	**R'000**	R'000
Non-current liabilities			
At amortised cost	**478 453**	**–**	–
Current liabilities			
At amortised cost	**–**	**–**	–

Terms and conditions of loans

Interest is calculated daily at the rates listed above and is payable monthly. The full outstanding capital is repayable on the maturity dates listed in note 16 above.

All loans are subject to a loan-to-value covenant of 55%.

The interest cover ratio must remain above 1.5 for each financial period.

17. Trade and other payables

	Group	Company	
	2017	**2017**	2016
	R'000	**R'000**	R'000
Tenant deposits	**8 078**	**–**	–
Trade payables	**7 967**	**–**	–
Other accruals	**29**	**–**	–
Trade receivables with credit balances	**2 710**	**–**	–
Accrual for audit fees	**702**	**–**	–
VAT payable	**1 789**	**–**	–
Directors' fee accrual	**279**	**–**	–
	21 554	**–**	–

The fair value of trade and other payables approximates the carrying value due to the short-term nature thereof.

18. Straight-line lease accrual

	Group	Company	
	2017	2017	2016
	R'000	R'000	R'000
Contractual future lease receivables are as follows:			
Within 1 year	128 196	–	–
Between 1 and 5 years	281 891	–	–
More than 5 years	47 659	–	–
	457 746	–	–
Less: Revenue on straight-line basis	(426 939)	–	–
Straight-line lease accrual	30 807	–	–

Upon acquisition of the investment properties (note 7), the company acquired a straight-line asset of R33 453 642 included in the fair value of the investment properties.

During the 4-month period ending 28 February 2017 the company realised a straight-line lease accrual of R2 646 830, reducing the straight-line lease asset to R30 806 812.

19. Insurance claim receivable

The Sable Square property experienced fire damage during July 2016. This resulted in the property being devalued by the estimated cost to reinstate the building to its original operational condition. The reinstatement cost and loss of rental is covered by way of an insurance claim. The damage occurred before formation of the group.

The insurance proceeds receivable includes both estimated cost to reinstate and the estimated loss of rental for the duration of the reinstatement period.

The property was devalued by the estimated reinstatement cost of R23 million, as determined by the professional quantity surveyors. The estimated rental loss expected from the date the damage was incurred to completion of reinstatement was calculated as R5 million and recognised as deferred revenue at the date of damage to the property.

Monthly rental credits are provided to tenants affected by the damaged areas at Sable Square shopping centre and the rental loss insurance money received is utilised to offset the monthly rental loss arising from the credit provided to the tenant.

Reinstatement costs incurred to reinstate the building to the original condition are capitalised as costs are incurred.

The building value will be fully restored to the original value at the completion of the reinstatement period, scheduled to be completed in December 2017. When the funds received have been depleted, Fundamental Holdings will be eligible to receive additional insurance funds to cover the rental loss and reinstatement cost until such time as all reinstatement work has been completed.

	Group	Company	
	2017	2017	2016
	R'000	R'000	R'000
Deferred revenue reconciliation			
Opening balance	–	–	–
Insurance claim receivable	28 687	–	–
Insurance claims received	(10 000)	–	–
	18 687	–	–

20. Deferred taxation

With effect from 1 November 2016, the company and controlled property subsidiaries converted to REITs. As a result, section 25BB of the Income Tax Act will apply to qualifying REIT income and expenses. The legislation provides that capital gains on sale of investment properties are disregarded and previous building allowances claimed will be recouped at 28%. All rental income and dividends from property subsidiaries will be taxed at 28% and any dividends paid from these taxable profits will be deductible at 28%. Any amount in respect of a financial instrument will be taxed at 28%. As the group has not currently decided to pay out capital profits as dividends, income tax could arise on recoupment when investment properties are sold. This income tax is shielded by an accumulated loss.

	Group	Company	
	2017	**2017**	2016
	R'000	**R'000**	R'000
Opening balance	**–**	**–**	–
– Assessed losses	**6 533**	–	–
Net deferred tax asset	**6 533**	–	–
A deferred tax asset has been recognised for all temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. The total assessed losses for the group amount to R23 million.			
Movement in deferred tax balances	**–**	–	–
Temporary differences			
– Assessed tax losses	**6 533**	–	–
	6 533	–	–

21. Revenue

Revenue comprises gross contractual rentals as well as contractual recoveries of utility costs, property taxes and operating costs as applicable, adjusted for the accounting straight-lining of lease income.

	Group 2017 R'000	Company 2017 R'000	Company 2016 R'000
Contractual rental income	**51 916**	–	–
Straight-line rental accrual	**(2 647)**	–	–
Recoveries	**9 905**	–	–
	59 174	–	–

22. Other income

	Group 2017 R'000	Company 2017 R'000	Company 2016 R'000
Fee recoveries	**490**	–	–
Lease fees	**8**	–	–
Rental loss credits – 4-month period	**1 101**	–	–
Other income	**222**	–	–
Operating expenditure income	**267**	–	–
	2 088	–	–

23. Expenses by nature

Property operating and management expenditure

	Notes	Group 2017 R'000	Company 2017 R'000	Company 2016 R'000
Employee benefits	23.1	**2 547**	**–**	–
Head office expenditure	23.4	**2 011**	–	–
Property operating expenditure	23.4	**16 294**	–	–
Total		**20 852**	**–**	**–**

All properties of the company are income-generating and generated income for the full 4-month period ended 28 February 2017.

23.1 Employee benefits

	Notes	Group 2017 R'000	Company 2017 R'000	Company 2016 R'000
Salaries and wages		**930**	–	–
Non-executive directors' fees	23.2	**279**	–	–
Executive director emoluments	23.3	**1 338**	–	–
		2 547	–	–

23.2 Non-executive directors' fees

The following fees were paid to non-executive directors for their services as directors:

Director		Group 2017 R'000	Company 2017 R'000	Company 2016 R'000
Abubaker Varachhia	Non-executive chairman	**100**	–	–
Jalal Allie	Lead independent non-executive	**57**	–	–
Brian Goldberg	Independent non-executive	**62**	–	–
Niclas Matseke	Independent non-executive	**60**	–	–
		279	–	–

23.3 Executive director emoluments

Remuneration paid to executive directors comprised:

Director	Salary	Other benefits	Performance bonus	Total
Mike Flax (Chief Executive Officer)	**260**	**–**	**145**	**405**
Quintin Rossi (Managing Director)	**425**	**–**	**270**	**695**
Christiaan Barnard (Financial Director)	**188**	**–**	**50**	**238**
	873	**–**	**465**	**1 338**

No prior period fees were paid to executive directors.

23. Expenses by nature (continued)

23.4 Operating and head office expenditure

	Group	Company	
	2017	**2017**	2016
	R'000	**R'000**	R'000
Property taxes and utility expenses	**10 447**	**–**	–
Property operational costs	**5 847**	**–**	–
Depreciation and amortisation	**4**	**–**	–
Auditors' remuneration	**517**	**–**	–
Auditors' remuneration non-audit fees	**38**	**–**	–
Bad debts written off	**347**	**–**	–
Other operating expenditure	**1 105**	**–**	–
	18 305	**–**	–

24. Formation and listing costs

The total transaction costs of R5 367 145 related to listing on the AltX of the JSE on 11 November 2016. The costs were paid by the founders by way of the private placement of 1 612 000 shares with invited investors on listing date at R9 per share and the proceeds of the sale of the shares were used to settle transaction costs and liabilities. A contribution of R5 367 145 by the founders has been recognised as both equity (being an additional contribution made by an equity shareholder) and expense.

- The transaction costs of R3 494 092, directly attributable to the transaction, have been debited to stated capital in accordance with IAS 32 Financial Instruments: Presentation (note 15).
- The remainder of the transaction fees, not directly attributable to the listing, of R1 873 053 has been recognised as an expense in profit or loss.
- The remaining R8 387 455 raised at listing has been recognised as founders' 'contribution to equity and used to settle company liabilities.

25. Taxation

	Group	Company	
	2017	**2017**	2016
	R'000	**R'000**	R'000
Current tax			
Reversal of income tax liability acquired	**313**	–	–
Deferred tax			
Originating and reversing temporary differences	**6 533**	–	–
	6 846	–	–

The company has no liability for normal taxation as all cash profits, excluding capital, are paid out as a distribution (qualifying distribution)/debenture interest and shareholders/linked unitholders are consequently subject to tax according to the individual linked unitholder's tax status.

25. Taxation (continued)

The company is a Real Estate Investment Trust (REIT) and all subsidiaries in the group are "controlled companies" as defined in the Income Tax Act. After deducting the "qualifying distribution" from taxable income, no income tax is payable in the current period.

The deduction of the qualifying distribution from taxable earnings accounts for the entire difference in the standard tax rate of 28% and the effect is a tax rate of 0%.

	Group	Company	
	2017	2017	2016
	R'000	R'000	R'000
Reconciliation of tax expense			
Reconciliation between accounting profit and tax expense			
Taxable earnings	26 395	16 486	–
Less: Qualifying distribution	(22 987)	(22 987)	–
Add: Antecedent dividend	2 562	2 562	–
Add: Share-based payment reserve	–	3 939	–
Taxable profit not distributed	5 970	(0)	–
Utilisation of assessed loss	(5 970)	0	–
Tax at applicable rate: 28%	–	–	–
Normal taxation	–	–	–

No provision has been made for tax in the 2017 financial period as the company has no taxable income. The estimated tax loss available for set-off against future taxable income is R23 million after the current period utilisation of the assessed loss.

26. Cash generated from/(used in) operations

		Group	Company	
		2017	2017	2016
	Notes	R'000	R'000	R'000
Cash generated from operations				
Profit before tax		58 485	–	–
Adjustments for:				
Straight-line rental income accrual	18	2 647	–	–
Depreciation	8	4	–	–
Fair value adjustment – Investment property	7	(40 553)	–	–
Finance income	26.2	(3 825)	–	–
Finance cost	26.1	20 487	–	–
Formation and listing cost	24	1 873	–	–
Rental loss credits	22	(1 101)	–	–
Share-based payment expense	33	3 939	–	–
Working capital movements			–	–
Trade and other receivables	12	(8 092)	–	–
Trade and other payables	17	21 554	–	–
		55 418	–	–

26. Cash generated from/(used in) operations (continued)

26.1 Finance costs (continued)

	Group	Company	
	2017	**2017**	2016
	R'000	**R'000**	R'000
Interest paid on bank loans	**20 435**	**–**	–
Interest paid on bank accounts	**52**	**–**	–
	20 487	**–**	–

26.2 Finance income

	Group	Company	
Interest earned on cash savings	**(3 560)**	**–**	–
Interest earned on call accounts	**(265)**	**–**	–
	(3 825)	**–**	–

26.3 Tax paid

	Group	Company	
	2017	**2017**	2016
	R'000	**R'000**	R'000
Balance payable/receivable beginning of the period	**–**	**–**	–
Taxation per the Income Statement			
Taxation overpayment	**(11)**	**–**	–
Balance payable/receivable end of the period	**(11)**	**–**	–

27. Capital commitments

	Group	Company	
Contracted for acquisition of new land and buildings	**22 000**	**–**	–
Authorised tenant installations	**1 400**	**–**	–
Contracted for expansion to existing property	**56 000**	**–**	–
	79 400	**–**	–

28. Related parties

Related party relationships exist between the company, its subsidiaries, directors and their close family members, and key management of the company.

Key management of the company is the executive and non-executive directors as disclosed in note 23 as well as in the directors' report.

Investments in and amounts owing by related parties are detailed in notes 9 and 10.

Remuneration paid to directors, executive and non-executive, is set out in note 23.

Details of directors' interest in the ordinary shares of the company are provided in the director's report.

Details relating to share-based payments of key management are disclosed in note 33.

Details of expenses being settled by a related party are detailed in note 24.

Details of property acquisition from related parties are detailed in note 2.

In the ordinary course of business, the company entered into the following other transactions with related parties:	2017 R'000
– Investment property cost capitalised – Kitchen Emporium (close family member of executive director)	50
– Rental received – Kitchen Emporium (close family member of executive director)	51

29. Subsequent events

The directors are not aware of any events, other than those listed below, that have occurred since the end of the financial period, which have a material impact on the results and disclosures in these financial statements.

	Transfer date R'000	Acquisition value R'000
The group took transfer of the following properties after period end:		
– Selective House, Tygervalley	14 Mar 17	13 200
– 142 Edward Street, Tygervalley	1 Mar 17	41 200

The group entered into agreements to acquire the following properties:

	Notes	Expected transfer date R'000	Acquisition value R'000	Debt funding R'000	Equity funding R'000
– 2 Long Street, Cape Town	1	1 Jul 17	389 000	210 000	179 000
– 15 on Orange, Cape Town	2	1 Jul 17	298 000	175 000	123 000
– Mega Park, Bellville	3	1 Jun 17	379 157	224 000	155 157
– Virgin Active George, George	4	1 Jul 17	22 000	12 000	10 000
			1 088 157	621 000	467 157

29. Subsequent events (continued)

Note 1 – Equity funding will consist of a capital raise by way of placing Spear shares on the general market after Competition Commission approval is received. The Competition Commission approval was received on 24 May 2017.

Note 2 – Equity funding will consist of a capital raise by way of placing Spear shares on the general market after Competition Commission approval is received. The Competition Commission approval was received on 25 April 2017.

Note 3 – Equity funding will consist of a direct issue of Spear shares to the seller after Competition Commission approval is received. The Competition Commission approval was received on 6 June 2017.

Note 4 – The remaining R10 000 000 of the Virgin Active George property will be settled in cash and has been included in the capital commitments note in the financial statements (note 27).

30. Financial asset by category

The accounting policies for financial instruments have been applied to the line items below:

	Note	Loans and receivables R'000	Total R'000
Group – 2017			
Trade and other receivables	12	**8 092**	**8 092**
Cash and cash equivalents	14	**12 632**	**12 632**
Other financial assets	10	**1 714**	**1 714**
		22 438	**22 438**

The accounting policies for financial instruments have been applied to the line items below:

	Note	Loans and receivables R'000	Total R'000
Company – 2016			
Loan to related party	11	0.10	0.10
		0.10	0.10

31. Financial liability by category

The accounting policies for financial instruments have been applied to the line items below:

	Note	Financial liabilities at amortised cost R'000	Fair value through profit and loss R'000	Non-financial instruments R'000	Total R'000
Group – 2017					
Financial liabilities	16	478 453	–	–	478 453
Loans from related party	11	3 881	–	–	3 881
Deferred revenue		–	–	2 703	2 703
Trade and other payables	17	19 765	–	1 789	21 554
		502 099	–	4 492	506 591
Company – 2017					
Loans from related party	11	8	–	–	8
		8	–	–	8

32. Fair value disclosures

All assets and liabilities measured or disclosed at fair value are classified using a three-tiered fair value hierarchy that reflects the significance of the inputs used in determining the measurement, as follows:

Level 1 – Measurements in whole or in part are done by reference to unadjusted, quoted prices in an active market for identical assets and liabilities. Quoted prices are readily available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2 – Measurements are done by reference to inputs other than quoted prices that are included in Level 1. These inputs are observable for the financial instrument, either directly (i.e. as prices) or indirectly (i.e. from derived prices).

Level 3 – Measurements are done by reference to inputs that are not based on observable market data.

The fair value of financial assets and liabilities that are not traded in an active market is determined by using valuation techniques.

Valuation models are used to value investment properties (measurement and disclosure) and financial liabilities that have fixed interest rates (disclosure only).

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty and valuation techniques employed may not fully reflect all factors relevant to the positions the company holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors.

32. Fair value disclosures (continued)

	Group	Company	
	2017	**2017**	2016
	R'000	**R'000**	R'000
Levels of fair value measurements			
Assets			
Investment properties (Level 3)	**1 445 715**	**–**	–
Total assets at fair value	**1 445 715**	**–**	0
Liabilities			
Bank borrowings (Level 3)	**478 453**	**–**	–
Loan from related party (Level 3)	**3 881**	**8**	–
Trade and other payables (Level 3)	**21 554**	**–**	–
Total liabilities at fair value	**503 888**	**8**	–

Refer to note 7 for the reconciliation of investment properties from opening to closing balance.

The key input to the valuation of investment property is the capitalisation rate. Capitalisation rates used to determine the fair value of investment properties were risk-adjusted for all factors that influence the sustainability of cash flows from each property. Capitalisation rates varied between 8% and 9.25%.

The table below illustrates the sensitivity of the fair value to changes in the capitalisation rate:

	Group	Company	
	2017	**2017**	2016
	R'000	**R'000**	R'000
Sensitivity analysis to capitalisation rates			
Increase in fair value if capitalisation rates are decreased by 0.5%	**79 531**	**–**	–
Decrease in fair value if capitalisation rates are increased by 0.5%	**(79 531)**	**–**	–
	(0.00)	**–**	–

The sensitivity analysis assumes all other items remain unchanged and is based on the investment property value at the end of the reporting period.

The fair value of investment properties is updated at each reporting period, either by way of external valuations or directors' valuations. Investment property is required to be fair-valued with sufficient regularity so that the value is representative of the fair value. Per JSE requirements a third of investment properties is required to be valued by an independent valuer on an annual basis and the remaining two thirds is valued by management. Independent valuations were performed on all properties with effective date 1 October 2016 and the directors determined that the valuation is a fair representation of the fair value of the properties as at the period ending 28 February 2017.

At period end management performed internal valuations on all the investment properties and where it was noted that the internal valuations differed materially from the previous valuations performed by the independent valuer, the necessary fair value adjustments were made.

32. Fair value disclosures (continued)

Valuation techniques

Discounted cash flows: The valuation model considers the present value of net cash flows to be generated from the property, taking into account expected rental and expense growth rates, vacant periods, lease incentive costs such as rent-free periods and other costs not recovered from tenants. The expected net cash flows are discounted using a discount rate. The discount rate applied is derived using an appropriate capitalisation rate and adding a growth rate based on market-related rentals. This is tested for reasonableness by comparing the resultant Rand rate per m2 against comparative sales of similar properties in similar locations. Amongst other factors, the capitalisation rate estimation considers the quality of the building, its location, the tenant's credit quality and their lease terms.

As at 1 October 2016, the key assumptions and unobservable inputs used by the company in determining fair value were as follows:

Inter-relationship between key unobservable inputs and fair value measurements

The estimated fair value would increase/(decrease) if:

- expected market rental growth was higher/(lower);
- expected expense growth was lower/(higher);
- vacant periods were shorter/(longer);
- the occupancy rate was higher/(lower);
- rent-free periods were shorter/(longer);
- discount rate was lower/(higher); and
- reversionary capitalisation rate was lower/(higher).

32. Fair value disclosures (continued)

	Note	Discount rate %	Capitalisation rate %	Fair value of property 28 February 2017 R'000
List of properties				
1. 1 Paarden Eiland Rd, Paarden Eiland		13.75	8.75	**23 340**
2. 28 Marine Drive, Paarden Eiland		13.75	8.75	**36 880**
3. 30 Marine Drive, Paarden Eiland		14.00	9.00	**13 921**
4. 142 Bree Street, Cape Town CBD	1			**73 880**
5. Viking Business Park, Epping		14.00	9.00	**75 094**
6. Nampak Liquids, Epping		13.50	8.50	**71 015**
7. Bloemhof Building, Tygervalley		13.75	8.75	**55 450**
8. Omnipark, Tygervalley		14.25	9.25	**21 502**
9. Manhattan Plaza, Tygervalley		13.75	8.75	**72 972**
10. Sterling Place		14.00	9.00	**43 272**
11. The Forum, Tygervalley		14.25	9.25	**8 041**
12. Plum Park		13.75	8.75	**27 199**
13. 12 Pickwick Road		13.50	8.50	**22 777**
14. 1 Beacon Way, Distell		13.75	8.75	**80 049**
15. 8 Sandown Road		13.75	8.75	**8 544**
16. 12 Sandown Road		13.75	8.75	**4 604**
17. 10 Mill Street, Newlands (Care Cross)		13.50	8.50	**57 542**
18. Biella Building, Bella Rosa Village, Rosendal		13.75	8.75	**25 632**
19. Blackheath Warehouse		13.50	8.50	**84 937**
20. Tanker Services, Atlas Gardens		14.00	9.00	**23 647**
21. Sable Square Shopping Centre		13.50	8.50	**241 897**
22. Pembury Lodge, Melrose		13.20	8.20	**80 901**
23. Burger King Strand		13.00	8.00	**4 095**
24. UES Commercial, retail and residential section		13.75	8.75	**84 032**
25. UES Hotel, Double Tree by Hilton		*13.50*	*8.50*	**204 492**
				1 445 715

Note 1
We have applied the comparable sales method in order to determine the market value of the land.
We were advised of the two most recent sales in the city bowl as follows:
Site D (to be registered as Erf 171453) located on the foreshore of the CBD. The site measures approximately 3 500m^2 and sold in the latter part of 2015 for R80 000 000 to Southern Sun for an extension of their Cullinan Hotel. According to published information, it has bulk rights of 15 500m^2. On this basis the sale price equates to R5 161/m^2.
Site B (to be registered as Erf 165639) located on the foreshore of the CBD. The site measures approximately 3 932m^2 and sold on auction on 7 September 2016 for R86 500 000 to Growthpoint. According to published information, it has bulk rights of 17 500m^2. On this basis the sale price equates to R4 934/m^2.

Both these sites are zoned General Business.
We have applied the comparable sales method in order to determine the market value of the land.
This is a well-known office building in the heart of the Cape Town CBD.
We are advised that the subject property has bulk rights of 21 000m^2; this valuation is subject to town planner's confirmation of this. After considering the above sales, profiling the subject site, we have applied a value of R3 500/m^2 to the subject site, resulting in a value as follows:
– Permissible bulk 21 000m^2 @ R3 500/m^2 = R73 500 000

33 Share-based payment reserve

Description of executive share plan

The group operates a conditional share plan, which is classified as an equity-settled share-based payment plan, under which it receives services from employees as consideration for equity instruments of the company. The beneficiaries under the scheme are executive directors as well as the key employees employed at date of listing. Shares awarded to non-executive directors have no conditions other than the loan owing to the founders for the subscription of the shares to the Trust.

At the date of listing, the founding shareholders of the REIT sold shares in the REIT to certain employees. This was executed via the property trust that sold the core properties to the REIT in exchange for REIT shares (note 7). The shares were not issued by the REIT to the participants. The trust then sold shares on loan account to these employees, with the shares retained as security for the loans. The exercise price and interest on the loan are payable to the founders of the company and therefore no amounts will flow to and from the group.

The loans bear interest at 9% per annum and are repayable from distributions at each distribution declaration date. Any distribution that the participants are entitled to will be utilised to settle interest outstanding and capital, if in excess. If the distribution does not fully settle the interest outstanding at payment date, the excess interest will be capitalised.

As the loan account granted to employees is secured by the shares issued, in substance the shares are regarded as not having been issued. The employees therefore have a European call option against the trust, whereby they will call on the trust to sell them the shares should the market value of the shares exceed the share strike price. The shares have been valued using the Black Scholes method.

The effect of all conditional shares granted is not taken into account when calculating diluted earnings and diluted headline earnings per share as in substance the shares are options, rather than the form.

The total amount expensed to profit or loss is determined by reference to the fair value of the equity instruments granted to the employees (i.e. the fair value of the options). There are no market performance conditions. At the end of each reporting period, the group revises its estimates of the number of shares granted that are expected to vest and recognises the impact of any changes in profit or loss with a corresponding adjustment to equity. The full expense relating to non-executive directors was recognised at grant date.

The fair value of the employee services received in exchange for the grant of the options is recognised as an expense on a straight-line basis over the vesting period, with a corresponding adjustment to the share-based payment reserve, with the following assumptions:

Assumptions

	Group 1	Group 2	Group 3	Group 4
Number of shares	460 000	100 000	100 000	300 000
Grant date	11/11/2016	11/11/2016	11/11/2016	11/11/2016
Vesting date	10/11/2019	10/11/2019	11/11/2016	11/11/2016
Vesting period	3 years	3 years		
Exercise date	10/11/2021	10/11/2021	10/11/2021	10/11/2021
Strike price	5	5	5	5
Market price	9.6	9.6	9.6	9.6
Interest rate	10.00%	10.00%	10.00%	10.00%
Volatility	23%	23%	23%	23%
Performance factor	90%	90%	90%	90%

33. Share-based payment reserve (continued)

Detail of grants

The details of conditional shares awarded are set out below:

Name	Grant date	Issue price	Number of conditional shares	Number of conditional shares
Group 1				
Staff employed at listing date				
Staff employed at listing date	11/11/2016	5.00	460 000	–
Group 2				
Executive directors				
Christiaan Barnard	11/11/2016	5.00	100 000	
Group 3				
Non-executive directors				
Jalal Allie	11/11/2016	5.00	–	100 000
Group 4				
Non-executive directors				
Brian Goldberg	11/11/2016	2.67	–	300 000
Total conditional shares awarded and balance at 28 February 2017			**560 000**	**400 000**

	2017 R'000
Reconciliation of share-based payment reserve	
Opening balance	**–**
Expense recognised in profit or loss	**3 939**
Closing balance	**3 939**

34. Contingent liability

Spear Holdco Proprietary Limited, a wholly-owned subsidiary of the group, provided a guarantee to a shareholder, ILET "Ikamva Labantu Empowerment Trust", in favour of Nedbank property finance to settle any outstanding liabilities (interest and capital) relating to ILET's loan they obtained from Nedbank to subscribe for 3 611 111 Spear REIT Limited shares on the listing date. ILET subscribed for shares as part of the public placement at the market placement price of R9.00. ILET obtained a loan of R23.5 million and settled the remaining purchase price in cash. The group holds no right over the shares, nor are there any vesting conditions relating to the shares. Nedbank holds a pledge over the shares as security for the loan. Spear Holdco Proprietary Limited will only be liable if ILET is unable to settle any liability due relating to the share subscription loan if so called upon by Nedbank. Any interest settled in favour of ILET to Nedbank is refundable to the group by ILET and accrues interest compounded monthly at prime less 1.25%. ILET is an ordinary shareholder of the company.

35. Property analysis

	Location Cape Town	Sector	Gross lettable area	Average rental per m²	Value 28 February 2017	Date of last external valuation 1 October 2016
1 Paarden Eiland Rd, Paarden Eiland	Paarden Eiland	Industrial	5 538	32.09	23 340	22 160
28 Marine Drive, Paarden Eiland	Paarden Eiland	Retail	7 282	44.74	36 880	36 650
30 Marine Drive, Paarden Eiland	Paarden Eiland	Retail	2 764	52.97	13 921	13 850
142 Breë Street, Cape Town CBD	Cape Town	Commercial	3 025	110.70	73 880	73 500
Viking Business Park, Epping	Epping	Retail	9 320	68.07	75 094	71 000
Nampak Liquids, Epping	Epping	Industrial	15 450	33.79	71 015	70 650
Bloemhof Building, Tygervalley	Tygervalley	Commercial	4 233	90.10	55 450	55 115
Omnipark, Tygervalley	Tygervalley	Commercial	2 249	86.81	21 502	21 330
Manhattan Plaza, Tygervalley	Tygervalley	Commercial	4 744	134.82	72 972	72 000
Sterling Place	Tygervalley	Commercial	4 061	101.98	43 272	43 050
The Forum, Tygervalley	Tygervalley	Retail	668	96.27	8 041	8 000
Plum Park	Constantia	Commercial	2 035	122.73	27 199	26 963
12 Pickwick Road	Woodstock	Industrial	2 516	70.91	22 777	22 660
1 Beacon Way, Distell	Parow	Industrial	16 170	35.43	80 049	80 900
8 Sandown Road	Blouberg	Retail	600	122.96	8 544	8 500
12 Sandown Road	Blouberg	Residential	400	92.33	4 604	4 580
10 Mill Street, Newlands (Care Cross)	Newlands	Commercial	2 902	155.75	57 542	57 246
Biella Building, Rosendal	Rosendal	Commercial	1 935	119.11	25 632	25 500
Blackheath Warehouse	Blackheath	Industrial	22 315	27.13	84 937	84 500
Tanker Services, Atlas Gardens	Atlas Gardens	Industrial	9 972	17.74	23 647	23 525
Sable Square Shopping Centre	Century City	Retail	27 503	92.04	241 897	259 250
Burger King Strand	Strand	Commercial	300	107.00	4 095	3 863
UES Commercial, retail and residential	Woodstock	Commercial	11 339	121.38	84 032	84 031
UES Hotel, Double Tree by Hilton	Woodstock	Hospitality	7 182	68.48	204 492	165 639
	Location Gauteng					
Pembury Lodge, Melrose	Melrose	Residential	8 000	64.28	80 901	79 091
			172 503		1 445 715	1 413 553

35. Property analysis (continued)

Tenant profile	Number of tenants	Number of tenants %
A – Large nationals, large listed and government	49	18
B – Smaller international and national tenants	173	64
C – Other local tenants and sole proprietors	50	18
	272	**100**

	Gross lettable area (m^2)	Gross lettable area %	Number of tenants	Number of tenants %
A – Large nationals, large listed and government	104 844	60.78	49	18
B – Smaller international and national tenants	40 999	23.77	173	64
C – Other local tenants and sole proprietors	19 987	11.59	50	18
Parking and storage	5 089	2.95	–	–
Vacant	1 584	0.92	0	0
	172 503	**100**	**272**	**100**

Geographical split	Revenue R'000	Revenue %	Gross lettable area (m^2)	Gross lettable area %
Gauteng	2 098	3.30	8 000	4.64
Western Cape	61 410	96.70	164 503	95.36
	63 508	100.00	172 503	100.00

Sectoral split and vacancy profile	Revenue R'000	Gross lettable area (m^2)	Vacant area (m^2)	Vacancy %
Industrial	10 997	73 818	–	0.00
Commercial	16 572	40 559	861	2.12
Retail	20 342	38 320	723	1.89
Hospitality	13 346	11 339	–	0.00
Residential	2 251	8 467	–	0.00
	63 508	**172 503**	**1 584**	**0.92**

35. Property analysis (continued)

	Industrial %	Commercial %	Retail %	Hospitality %	Residential %	Total %
Lease expiry profile						
Lease expiry profile based on GLA						
Vacant	0	2	2	0	0	1
Monthly	0	0	3	0	0	1
Expiry in the year to 28 February 2018	17	13	19	0	4	15
Expiry in the year to 28 February 2019	47	27	15	0	1	29
Expiry in the year to 28 February 2020	7	14	10	0	0	9
Expiry in the year to 28 February 2021	26	25	26	0	0	23
Thereafter	3	19	25	100	95	22
	100	**100**	**100**	**100**	**100**	**100**
Lease expiry profile based on revenue						
Monthly	0	1	4	0	0	1
Expiry in the year to 28 February 2018	12	13	26	0	5	16
Expiry in the year to 28 February 2019	42	29	12	0	2	22
Expiry in the year to 28 February 2020	13	13	10	0	0	10
Expiry in the year to 28 February 2021	28	28	28	0	0	25
Thereafter	5	16	20	100	93	26
	100	**100**	**100**	**100**	**100**	**100**

Weighted average escalations and yields	Note	**Escalation %**	**Yields %**
Industrial		7	8.8
Office		8	6.4
Retail		8	9.5
Hospitality	1		20.0
Residential		9	7.5
Average annualised property yield			8.4

Note 1:
Lease with 3rd party operator is based on a fixed (60% of budgeted EBITDA) and variable (95% of actual EBITDA less fixed rental) that is agreed annually.