Hospitality PROPERTY FUND

Hospitality Property Fund Limited
(Incorporated in the Republic of South Africa)
(Registration number 2005/014211/06)
Share code for A-linked units: HPA ISIN for A-linked units: ZAE000076790
Share code for B-linked units: HPB ISIN for B-linked units: ZAE000076808
Income tax reference number : 9770/799/1/47
("Hospitality"or "the Fund" or "the Company")

Unaudited Interim Results for the six months ended 31 December 2014 and interest payment declaration

Comments

1. Introduction

Hospitality is the only Specialised Real Estate Investment Trust ("REIT") listed on the JSE that offers investors an investment vehicle in the hospitality sector through the ownership of a portfolio of hotel properties.

Hospitality's strategy is to focus on growing its exposure to large hotels in major metropolitan centres ("core portfolio"). The performance of the Fund during the first six months of the year reflected the impact of a weaker hospitality trading environment, however, its core portfolio occupancy and room rates continue to track industry trends. The Western Cape and Sandton portfolios continue to show strong growth. Strategic properties in the portfolio have also undergone selective refurbishments, sustaining their appeal within their target markets, with total capital expenditure of R50 million in the six months.

Distributable earnings per combined linked unit decreased by 7,4% to 82,45 cents (2014: 89,08 cents), and remains in line with the trading statement released on 25 November 2014 ("the forecast") of 82,33 cents. The A-linked unit distribution of 73,33 cents (2014: 69,83 cents) showed a 5,0% increase, consistent with the forecast and the distribution policy. The distribution of the B-linked unit declined 52,6% to 9,12 cents (2014: 19,25 cents), in-line with the forecast of 9,0 cents.

2. Trading environment

According to the STR Global South Africa Hotel Review, the hotel industry reported a year-on-year increase in occupancy of 1.0% to 64,3% for the reporting period. This is due to the subdued pace of domestic economic growth. Average daily rates ("ADR") for the industry were up 5,9% to R1,022, resulting in revenue per available room ("RevPAR") growth of 7,0%. In addition to the muted economy, other factors impacting the South African hospitality industry during the six months under review included reduced international travel as a result of the Ebola epidemic in Africa and its perceived impact on South Africa, while arrivals from Asian countries have also been negatively impacted by the recently implemented visa requirements. In addition, restricted public sector spending in line with cost saving measures imposed by the Finance Ministry also contributed to the lower demand from government segments. Hospitality's trading performance for the core portfolio which is subject to variable rental income and excluding conference hotels (hotels where the revenue generated from conferencing exceeds rooms revenue), was in line with the overall hotel and leisure market. Occupancy increased by 1.1% to 66.3%, ADR increasing 4.4% to R1,290 resulting in RevPar growth of 5.6% to R855 for the six months to 31 December 2014.

	OCCUPANCY			ADR			RevPAR		
	FY2015	FY2014	Variance	FY2015	FY2014	Variance	FY2015	FY2014	Variance
Core	66.3%	65.5%	1.1%	R1 290	R1 236	4.4%	R855	R810	5.6%
Secondary	50.9%	54.2%	(6.1%)	R725	R685	5.8%	R369	R371	(0.7%)
Total	62.6%	62.9%	(0.4%)	R1 182	R1 124	5.2%	R740	R706	4.8%

	Gross rental income		Property valuation	
	R 000	%	R 000	%
Fixed leases	19 713	9,1	287 720	5,7
F&V leases	197 680	90,9	4 748 835	94,3
Core portfolio	145 132	66,8	3 604 881	71,6
Secondary portfolio	12 830	5,9	302 891	6,0
Conference portfolio	39 717	18,3	841 063	16,7
	217 392	100,0	5 036 555	100,0

Management continually monitors and interacts with tenants to maintain a full understanding of their underlying business performance and to evaluate the serviceability of rentals. This has become an increasingly important driver of distribution growth as the proportion of the Fund's rental income from F&V leases has grown.

3. Results

The Fund reported rental income growth of 2,3% to R217,4 million (2014: R212,6 million), reflecting the weaker hospitality trading environment. In addition, the prior year result was boosted by higher rates in December 2013 with the arrival of a number of foreign dignitaries to South Africa, to pay tribute to the late President Nelson Mandela. The resultant year-on-year impact was a decline of some R10 million, experienced mainly at the Fund's Sandton properties. In addition, the negative impact of the lease conversion at Birchwood Hotel and OR Tambo Conference Centre ("Birchwood") from a fixed to a F&V lease was R6,7 million compared to the previous year. The Fund's properties in outlying areas, predominantly those on the disposal list ("secondary portfolio"), experienced a sharper decline in demand than in the core portfolio. However, strong trading results from its properties in the Western Cape, which are all well-located, somewhat ameliorated these factors. The Fund's Courtyard Hotels continued to underperform during the period and this portfolio is now also being marketed for sale. The change in hotel operator at Kopanong led to an improved performance.

Fund expenses decreased by R1,5 million (7,7%) to R18,3 million.

Net finance costs were up 13,7% to R80,3 million (2014: R70,6 million), due to additional debt of R196 million raised to fund acquisitions and capital projects, the impact of additional swaps contracted for and the 25 basis points rise in the South African prime overdraft rate in July 2014.

The following table reflects the operating financial results for the six months ended 31 December 2014 compared to the previous financial year:

	Actual 2014	Actual 2013	Variance	Variance
	R'000	R'000	R'000	%
Contractual rental	217 392	212 579	4 813	2.3
Fund expenses	(18 264)	(19 790)	1 526	7.7
Net finance costs	(80 266)	(70 565)	(9 701)	(13.7)
Taxation	–	(46)	46	100.0
Income from associates	101	83	18	21.7
Debenture interest	(118 963)	(122 261)	3 298	2.7
A-linked unit	(105 805)	(95 843)	(9 962)	(10.4)
B-linked unit	(13 158)	(26 418)	13 260	(50.2)

Distribution comparative to prior year and revised forecast :

	Actual 2014	Actual 2013	Variance %	Rev Fcst 2014	Variance %
Distribution – A-linked unit (cents)	73.33	69.83	5.0	73.33	0.0
Distribution – B-linked unit (cents)	9.12	19.25	(52.6)	9.0	1.3
Combined distribution (cents)	82.45	89.08	(7.4)	82.33	0.1
Number of units in issue	144 285 503	137 237 530	5.1	144 285 503	0.0

4. Funding

The group's debt facilities with financial institutions as at 31 December 2014 amounted to R1,89 billion. Total funds drawn on these facilities were R1,79 billion resulting in a loan to value ("LTV") ratio (total interest-bearing liabilities/investment properties plus properties held for sale) of 35,5% (2014: 34,6%). The interest cover ratio was 2,48 which is well within the minimum covenant level of 2,00 required by the debt providers.

The average cost of borrowings was 9,23% (2014: 9,02%) for the period under review, with 68% of the group's borrowings subject to fixed interest rates.

	Facility	Interest rate	Repmt date
Nedbank			
Loan 1	176 300 000	3-month JIBAR plus 2,67%	June 2020
Loan 2	400 000 000	3-month JIBAR plus 2,8%	Oct 2019
Loan 3	30 250 000	3-month JIBAR plus 2,85%	Oct 2018
Loan 4	150 000 000	3-month JIBAR plus 2,38%	Feb 2018
Loan 5	150 000 000	3-month JIBAR plus 2,84%	June 2016
Loan 6	50 000 000	3-month JIBAR plus 2,38%	Feb 2018
Loan 7	67 000 000	3-month JIBAR plus 2,38%	July 2018
	1 023 550 000		
	54%		
Corporate bonds			
Secured – HPF 01	150 000 000	3-month JIBAR plus 1.82%	April 2016
Unsecured – HPF 02	40 000 000	3-month JIBAR plus 2.4%	April 2015
Unsecured – HPF 03	80 000 000	3-month JIBAR plus 2.7%	April 2016
Secured – HPF 04.1	300 000 000	3-month JIBAR plus 2,0%	Feb 2017
Secured – HPF 04.2	100 000 000	3-month JIBAR plus 2,0%	Feb 2017
Secured – HPF 05	200 000 000	Fixed at 9.89%	Feb 2017
	870 000 000		
	46%		
	1 893 550 000		

SWAPS/FIXED		Nominal rate	Expiry
Nedbank swap 1	150 000 000	Collar swap – Floor 6.0%/ Ceiling 9.09%	Sep 2016
Nedbank swap 2	150 000 000	Vanilla swap – 6.4%	Oct 2016
Nedbank swap 3	100 000 000	Vanilla swap – 7.05%	Sep 2017
RMB swap 2	346 667 000	Vanilla swap – 7.96%	July 2016
RMB swap 3	250 000 000	Collar swap – Floor 6.65%/ Ceiling 9.20%	Feb 2016
RMB swap 4	100 000 000	Vanilla swap – 7.05%	Sep 2017
Secured – HPF 05	200 000 000	Fixed at 9.89%	Feb 2017
	1 296 667 000		

Additional five-year secured notes for R60 million and 2.5-year secured notes for R80 million were issued in February 2015. The proceeds will be utilised to repay the R40 million unsecured note that matures in April 2015 and to fund the capital expenditure programme for FY2016.

The Fund continually reviews the optimal method of funding new acquisitions and capital projects with consideration given to the options of new unit issues, replacement of bank funding and the group's DMTN programme. When contracting for new debt, the group endeavours to optimally spread the maturity to minimise its exposure to large debt maturities in any single year.

5. Capital structure

Hospitality was awarded REIT status by the JSE Limited ("JSE") with effect from 1 July 2013. In order to maintain its REIT status and ensure that it may continue to benefit from the tax efficiencies granted to REITs as set out in section 25BB of the Income Tax Act, the company is required to comply with section 13 of the JSE Listings Requirements.

The JSE has granted REIT companies dispensation until 1 July 2015 to comply with the gearing requirement of section 13 of the Listings Requirements that the total consolidated IFRS liabilities of a REIT may not exceed 60% of its consolidated IFRS assets. In this regard, the JSE agreed to the exclusion of the existing debentures issued as part of Hospitality's linked units and the related premium from its liabilities for the purposes of the gearing test until such date.

In this regard, Hospitality will propose a restructuring of the Company's linked unit capital structure to A and B shares by way of a scheme of arrangement in terms of sections 114 and 115 of the Companies Act, 71 of 2008 at a Special General Meeting to be held during the month of April 2015. A circular and meeting notice relating to the restructure will be circulated to linked unitholders in due course.

6. Property portfolio

The Fund's portfolio comprises interests in 26 hotel and resort properties in South Africa. As at 31 December 2014, the carrying amount of the portfolio was R5,0 billion.

The net asset value (NAV) per linked unit as at 31 December 2014 was R11,24, an increase of 2,5% from 2013. The combined linked unit market value of the Fund's securities at the end of the period traded at a 30% discount to the NAV.

The weighted average lease expiry period is 11.36 years.

7. Acquisitions and disposals

The Fund continues to evaluate opportunities to deliver on its strategy and is accelerating the disposal of properties from its secondary portfolio. This will unlock additional capital resources while releasing management time to focus on the core portfolio.

The renegotiation of the new fixed and variable lease at Birchwood from 1 July 2014 included the investment by the Fund of a further R60 million in the property for the Terminal Convention Centre development, funded through the issue of linked units to the sellers. This facility is uniquely positioned to accommodate large conferences of approximately 2 000 delegates. Its scale and proximity to the OR Tambo International Airport, coupled with the 665 available rooms continue to differentiate this hotel from its competitors.

The Fund invested R76,6 million to acquire additional units at the Radisson Blu Waterfront, increasing its share of the rental pool by 19% to 54%. The acquisition was funded by a combination of debt and equity. Due to its prime location at the Waterfront development in Cape Town, coupled with recent refurbishments, this property enjoys strong demand from both leisure travellers and corporate conferences.

8. Developments and capital projects

The Fund continued to upgrade several of its properties during the period, as follows:

- R11,0 million was invested to reposition the Mount Grace Country House and Spa with the construction of a mountain cycling club and children's entertainment facilities leading to improved demand in the peak summer holiday period.
- Refurbishment of 167 rooms at Birchwood for R12,3 million to support the hotel's initiatives to attract additional corporate clients, including the relaunch of a section of the hotel as "The Silverbirch Hotel".
- Four new rooms were added at the Radisson Blu Gautrain and the public areas were upgraded, with a total investment of R10,3 million.
- The Radisson Blu Waterfront conference facilities and public areas were refurbished, at a cost of R9,4 million.
- An outdoor swimming pool, with an investment of R8,4 million, was completed at The Westin Cape Town to enhance the appeal of the hotel to the leisure market.

The Fund is awaiting a final decision on the approval of Phase 2 at Arabella Hotel & Spa by the Minister of Environmental Affairs and Development Planning.

9. Liquidity

During the six months, 11.3% of the A-linked units and 35.4% of the B-linked units were traded on the JSE Limited.

10. Board of directors

Mr Kamil Abdul Karrim resigned as an independent non-executive director with effect from 31 December 2014. He served on the Board since listing of the Fund in 2006 and was a valued member of the Audit and Risk, and Investment Committees. The Board would like to express its gratitude to Mr Abdul Karrim for the significant contribution during this period. The Board and its committees remain properly constituted following Mr Abdul Karrim's resignation.

11. Prospects

The short-term outlook for the economy and the hospitality sector remains uncertain.

Hospitality's underlying performance will be impacted by a renewal of the lease at Champagne Sports Resort ("Champagne") from 1 July 2015. Due to escalations in the fixed rental since 2006 the rental at expiry is significantly higher than market which will result in a reversion of approximately R7 million per annum. Furthermore, a refurbishment will be required at the hotel in order to maintain market share.

No further fixed lease rental income reversions are due following the restructure of the Champagne lease.

12. Payment of distribution

Unitholders will receive distribution payment number 18 for the six-month period ended 31 December 2014 of 73,33 cents per A-linked unit and 9,12 cents per B-linked unit.

In accordance with Hospitality's status as a REIT, linked unitholders are advised that the distribution meets the requirements of a "qualifying distribution" for the purposes of section 25BB of the Income Tax Act, No. 58 of 1962 ("Income Tax Act").

The number of units in issue at the date of the declaration is 144 285 503.

Hospitality PROPERTY FUND

Continued …

Local tax residents

Qualifying distributions received by local tax residents must be included in the gross income of such linked unitholders (as a non-exempt dividend in terms of section 10(1)(k)(aa) of the Income Tax Act), with the effect that the qualifying distribution is taxable as income in the hands of the linked unitholder. These qualifying distributions are, however, exempt from dividend withholding tax in the hands of South African tax resident linked unitholders, provided that the South African resident linked unitholders provided the following forms to their Central Securities Depository Participant ("CSDP") or broker, as the case may be, in respect of uncertificated linked units, or the company, in respect of certificated linked units:

(a) a declaration that the distribution is exempt from dividends tax; and

(b) a written undertaking to inform the CSDP, broker or the company, as the case may be, should the circumstances affecting the exemption change or the beneficial owner ceases to be the beneficial owner, both in the form prescribed by the Commissioner for the South African Revenue Service. Linked unitholders are advised to contact their CSDPs, brokers or the company, as the case may be, to arrange for the abovementioned documents to be submitted prior to payment of the distribution, if such documents have not already been submitted.

Non-resident

Qualifying distributions received by non-resident linked unitholders will not be taxable as income and instead will be treated as ordinary dividends but which are exempt in terms of the usual dividend exemptions per section 10(1)(k) of the Income Tax Act. It should be noted that until 31 December 2013 qualifying distributions received by non-residents were not subject to dividend withholding tax. From 1 January 2014, any qualifying distribution received by a non-resident from a REIT will be subject to dividend withholding tax at 15%, unless the rate is reduced in terms of any applicable agreement for the avoidance of double taxation ("DTA") between South Africa and the country of residence of the linked unitholder. Assuming dividend withholding tax is withheld at a rate of 15%, the net amount due to non-resident unitholders will be 62,3305 cents per A-linked unitholder and 7,752 cents per B-linked unit. A reduced dividend withholding tax rate in terms of the applicable DTA, may only be relied on if the non-resident linked unitholder has provided the following forms to their CSDP or broker, as the case may be, in respect of uncertificated linked units, or the company, in respect of certificated linked units:

(a) a declaration that the dividend is subject to a reduced rate as a result of the application of a DTA; and

(b) a written undertaking to inform their CSDP, broker or the company, as the case may be, should the circumstances affecting the reduced rate change or the beneficial owner ceases to be the beneficial owner, both in the form prescribed by the Commissioner for the South African Revenue Service. Non-resident linked unitholders are advised to contact their CSDPs, brokers or the company, as the case may be, to arrange for the abovementioned documents to be submitted prior to payment of the distribution if such documents have not already been submitted, if applicable. Unitholders are requested to seek professional advise on the appropriate action to take.

Last day to trade *cum* interest	Friday, 13 March 2015
Linked units will trade *ex*-interest	Monday, 16 March 2015
Record date	Friday, 20 March 2015
Payment date	Monday, 23 March 2015

Unitholders may not dematerialise or rematerialise their linked units between Monday, 16 March and Friday, 20 March 2015 both days inclusive.

By order of the Board

D G Bowden
(Chairman)

A S Rogers
(Chief Executive Officer)

24 February 2015

Directors: D G Bowden (*Chairman*)*+, A S Rogers (*CEO*), R Asmal, L de Beer *+, S A Halliday *+, Z N Kubukeli*+, G A Nelson*, Z Ntwasa *+, W C Ross *+, A Soni*+
(*Non-Executive, +Independent*)

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Sponsor: Rand Merchant Bank (a division of FirstRand Bank Limited)

25 February 2015

BASIS OF PREPARATION AND ACCOUNTING POLICIES

These results were prepared by the Group Financial Manager, Mr R Erasmus CA(SA) under the supervision of the Financial Director; Mr R Asmal.

The condensed consolidated financial statements have been prepared in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports and the requirements of the Companies Act of South Africa. The Listings Requirements require preliminary reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting. KPMG Inc., the independent auditor, has not reviewed the financial statements. The accounting policies applied are consistent with those applied in the previous year's consolidated annual financial statements, with the exception of the adoption of new and revised standards which became effective during the year.

STATEMENTS OF COMPREHENSIVE INCOME

for the six months ended 31 December 2014

	Unaudited Dec 2014 R'000	Unaudited Dec 2013 R'000	Audited June 2014 R'000
Revenue	**217 027**	211 156	423 174
Rental income – contractual	217 392	212 579	426 276
– straight-line accrual	(365)	(1 423)	(3 102)
Expenditure	**(18 264)**	(19 790)	(40 524)
Operating expenses	(18 264)	(19 790)	(40 524)
Operating profit	**198 763**	191 366	382 650
Transaction costs on business combination	–	–	–
Profit on properties held for sale	–	–	–
Net finance cost	**(80 266)**	(70 565)	(146 041)
Finance income	4 511	1 349	4 371
Finance costs	(84 777)	(71 914)	(150 412)
Profit before distribution, goodwill, fair value adjustments and taxation	**118 497**	120 801	236 609
Recoupment of distribution	–	–	531
Distribution	(118 963)	(122 261)	(240 014)
Loss before fair value adjustments, goodwill and taxation	**(466)**	(1 460)	(2 874)
Fair value adjustments	**922**	7 592	116 275
Investment properties, before straight-lining adjustment	–	–	153 772
Straight-line rental income accrual	365	1 423	3 102
Total fair value of investment properties	365	1 423	156 874
Goodwill impairment	–	–	(53 400)
Interest-rate swaps	557	6 169	12 801
Profit before taxation	**456**	6 132	113 401
Debenture discount amortisation	**(4 082)**	(3 757)	(7 480)
Equity accounted profit from associate after tax	**93**	83	238
Taxation	–	(46)	(181)
Total profit/(loss) and comprehensive income for the period	**(3 533)**	2 412	105 978
Reconciliation between earnings, headline earnings and distributable earnings			
Total profit/(loss) and comprehensive income for the period	**(3 533)**	2 412	105 978
Adjustments: Distribution	118 963	122 261	240 014
Profit/(loss) (linked units)	**115 430**	124 673	345 992
Adjustments:			
Equity accounted profit from associate after tax	–	–	–
Gain on bargain purchase	–	–	–
Goodwill impairment	–	–	53 400
Fair value – investment properties revaluation, net of tax	–	–	(153 772)
Fair value – straight-line rental income	(365)	(1 423)	(3 102)
Headline earnings (linked units)	**115 065**	123 250	242 518
Fair value – interest rate swaps	(557)	(6 169)	(12 801)
HPF Employee Incentive Trust effects	8	–	(285)
Debenture discount amortisation	4 082	3 757	7 480
Straight-line rental income	365	1 423	3 102
Distributable earnings	**118 963**	122 261	240 014
Number of units/shares	–	–	–
A-linked unit	144 285 503	137 237 530	138 149 717
B-linked unit	144 285 503	137 237 530	138 149 717
Weighted average number of units/shares			
A-linked unit	140 506 693	137 237 530	137 639 080
B-linked unit	140 506 693	137 237 530	137 639 080
Distribution per linked unit (cents)			
A-linked unit	73.33	69.84	141.03
– Interim	73.33	69.84	69.83
– Final	–	–	71.20
B-linked unit	9.12	19.25	33.45
– Interim	9.12	19.25	19.25
– Final	–	–	14.20
	82.45	89.09	174.48
Profit per linked units (cents)			
A-linked unit	41.08	45.42	126.46
B-linked unit	41.08	45.42	126.46
	82.15	90.84	252.92
Headline earnings per linked unit (cents)			
A-linked unit	40.95	44.90	88.64
B-linked unit	40.95	44.90	88.64
	81.89	89.81	177.28
Earnings and diluted earnings per ordinary share (cents)	**41.08**	45.42	126.46

STATEMENT OF CASH FLOWS

for the six months ended 31 December 2014

	Unaudited Dec 2014 R'000	Unaudited Dec 2013 R'000	Audited June 2014 R'000
Cash flows from operating activities			
Cash generated from operations	192 059	159 931	391 132
Finance income received	4 511	1 349	4 371
Finance costs paid	(84 777)	(71 914)	(150 412)
Taxation	(134)	(383)	(1 200)
Distribution to unitholders	(118 142)	(106 504)	(227 607)
Net cash (outflow)/inflow from operating activities	(6 483)	(17 521)	16 284
Cash flows from investing activities			
Acquisition and development of investment properties	(208 655)	(37 991)	(104 228)
Properties held for trading	(362)	(209)	(827)
Acquisition of furniture and equipment	(173)	(344)	(484)
Dividends received from associate	200	150	150
Loan from associate	–	–	–
Net cash outflow from investing activities	(208 990)	(38 394)	(105 389)
Cash flows from financing activities			
Proceeds from the issue of linked units	119 694	–	18 985
Share issue expenses paid	(3 004)	–	(77)
HPF shares and debentures held by trust	–	–	(9 995)
Interest-bearing liabilities (repaid)/raised	16 536	20 512	200 000
Net cash inflow/(outflow) from financing activities	133 226	20 512	208 913
Net (decrease)/increase in cash and cash equivalents	(82 247)	(35 403)	119 808
Cash and cash equivalents at beginning of year	187 203	67 395	67 395
Cash and cash equivalents at end of period	**104 956**	31 992	187 203

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2014

	Unaudited Dec 2014 R'000	Unaudited Dec 2013 R'000	Audited Jun 2014 R'000
ASSETS			
Non-current assets	**4 745 015**	4 354 882	4 536 393
Investment properties	4 724 131	4 278 426	4 514 950
Straight-line rent income accrual	685	2 729	1 050
Investment properties and related accrual	4 724 816	4 281 155	4 516 000
Furniture, fittings and equipment	855	1 031	942
Goodwill	19 200	72 600	19 200
Investment in associate	144	96	251
Current assets	**475 989**	434 917	577 725
Non-current assets held for sale	311 739	326 736	311 900
Properties held for trading	20 897	19 917	20 535
Trade and other receivables	38 397	56 272	58 087
Cash and cash equivalents	104 956	31 992	187 203
Total assets	**5 221 004**	4 789 799	5 114 118
EQUITY AND LIABILITIES			
Equity	**832 617**	693 164	801 847
Share capital and share premium	515 619	476 199	481 316
Retained earnings	9 199	70 127	13 289
Fair value reserve	307 799	146 838	307 242
Non-current liabilities	**4 168 528**	3 692 072	4 066 078
Debentures	2 411 657	2 318 197	2 325 186
Interest-bearing liabilities	1 749 163	1 363 139	1 732 627
Derivative liability	7 708	10 736	8 265
Current liabilities	**219 859**	404 563	246 193
Trade and other payables	60 896	48 091	87 917
Short-term portion of interest-bearing liabilities	40 000	230 000	40 000
Derivative liability	–	4 162	–
Taxation	–	–	134
Distribution payable	118 963	122 310	118 142
Total equity and liabilities	**5 221 004**	4 789 799	5 114 118
A. *Net asset value per linked unit (Rand)*			
A-linked unit	11.24	10.97	11.40
B-linked unit	11.24	10.97	11.40

STATEMENT OF CHANGES IN EQUITY

for the six months ended 31 December 2014

	Share capital R'000	Share premium R'000	Retained earnings R'000	Fair value reserve R'000	Total R'000
Balance at 1 July 2013	27	476 172	73 884	140 669	690 752
Profit/total comprehensive income for the period	–	–	2 412	–	2 412
Transfer to fair value reserve – interest rate swaps	–	–	(6 169)	6 169	–
Balance at 31 December 2013	27	476 172	70 127	146 838	693 164
Balance at 1 July 2014	27	481 289	13 289	307 242	801 847
Issue of shares	2	37 305	–	–	37 307
Share issue expense, net of tax	–	(3 004)	–	–	(3 004)
Loss/total comprehensive loss for the year	–	–	(3 533)	–	(3 533)
Transfer to fair value reserve – interest rate swaps	–	–	(557)	557	–
Balance at 31 December 2014	29	515 590	9 199	307 799	832 617

CONDENSED SEGMENTAL INFORMATION

for the six months ended 31 December 2014

Information regarding the results of each reportable segment is included below. Performance is measured based on operating profit before finance costs, as included in the internal management reports that are reviewed by the group's CEO. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Intersegment pricing is determined on an arm's length basis.

R'000	Fixed lease agreements	F & V lease agreements	Variable lease agreements	Head Office	Total of all operating segments
Statement of Comprehensive Income – 31 December 2014					
Segment revenue	19 713	183 393	14 286	–	217 392
Expenditure	–	–	–	(18 264)	(18 264)
Segment results	19 713	183 393	14 286	(18 264)	199 128
Statement of Comprehensive Income – 31 December 2013					
Segment revenue	63 404	138 046	11 129	–	212 579
Expenditure	–	–	–	(19 790)	(19 790)
Segment results	63 404	138 046	11 129	(19 790)	192 789
Statement of Financial Position – 31 December 2014					
Non-current assets					
Investment properties	287 720	3 730 323	395 034	–	4 724 816
Current assets					
Non-current assets held for sale	–	311 739	–	–	311 739
Trade and other receivables	8	1 589	258	36 542	38 397
Segment assets	287 728	4 043 651	395 292	36 542	5 074 952
Statement of Financial Position – 31 December 2013					
Non-current assets					
Investment properties	926 403	3 092 207	262 545	–	4 281 155
Current assets					
Non-current assets held for sale	81 000	245 736	–	–	326 736
Trade and other receivables	6 207	367	29 243	20 455	56 272
Segment assets	1 013 610	3 338 310	291 788	20 455	4 664 163