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
("Hospitality" or "the Fund" or "the company")

Reviewed Results

for the year ended 30 June 2013 and interest payment declaration

Comments

1. Introduction

The Fund returned strong year-on-year distribution growth, underpinned by the recovering hospitality business environment following the adverse industry-wide environment operating conditions between 2009 and 2011. The successful resolution of Hospitality's debt refinancing issues in the previous year also contributed to the improved performance. Hospitality has exceeded the Forecast set out in its rights offer circular dated 28 May 2012 ("Forecast"), for the year ended 30 June 2013 ("the period").

The A-linked unit distribution grew by 19,1% to 134,63 cents, in line with the Fund's distribution structure and the Forecast. Distribution on the B-linked unit showed an increase of 128,6% to 18,08 cents compared to the previous corresponding period and exceeded the Forecast by 28,1%.

The A-linked units have a preferential claim to earnings with capped growth at the lower of CPI or 5% from the entitlement in the prior comparable period. The B-linked units receive the balance of the earnings.

Hospitality continues to enhance the overall quality of its property portfolio, in line with its strategy. Most notably, the Radisson Blu Gautrain Hotel that is located in the heart of Sandton was acquired for R443,4 million during the year. Selective refurbishments were also carried out at other properties to ensure their continued appeal.

2. Trading environment

According to STR Global, the hotel industry reported a year-on-year increase in occupancy of 4,9% to 61,2% and average room rates ("ARR") were up 6,8% to R930, resulting in revenue per available room ("RevPAR") growth of 12,0% for the year ended June 2013. The Fund's trading figures for that portion of its portfolio which is subject to variable rental income (i.e. dependent on operational earnings) continued to track industry trends with an increase in occupancy of 4,4% to 60,1%, while ARR rose 4,8% to R1020, leading to RevPAR growth of 9,4% for the 12-month period. The disparity between the Fund's RevPAR growth and the industry was more marked in the first six months. This was largely attributable to abnormal income from a product launch in the prior year at the Westin Cape Town and a reduction in available room stock at the Radisson Blu Waterfront during a refurbishment. Excluding these anomalies, the Fund's performance would have been aligned to hospitality industry trends.

The recovery trend in the industry has been underpinned by consistent growth in RevPAR since October 2011. The supply and demand fundamentals in the domestic trading environment are improving despite muted economic growth. Demand is improving as the oversupply of hotel rooms dissipates with no new major hotels earmarked for development. In order to manage its utility costs, the Fund completed the roll out of its energy saving initiatives throughout the portfolio by June 2013.

Insofar as the Fund's fixed lease properties are concerned, management constantly monitors and interacts with the tenants in order to understand their underlying business performance and evaluate the serviceability of rentals.

3. Results

Rental income was R5,9 million (1,7%) higher than the Forecast, growing by R29,7 million (9,1%) compared to 2012. The Fund's overall rental income growth was dampened by the impact of the average rental increase of 3,3% on the fixed lease portion of the portfolio, contributing 35% of total rental income. The Radisson Blu Gautrain Hotel had a marginal impact on reserves, contributing to the last two months of the financial year after the acquisition became effective on 30 April 2013. The rental income growth for the portfolio's other 22 properties subject to variable rental was 10,5%, driven mainly by improved sentiment in the hospitality industry and the higher ARR's achieved by the Fund.

Fund expenses declined by R10,4 million (25,87%) compared to 2012, but were R2,0 million higher than Forecast. The decline was primarily due to the impact in the prior year of the Absa bridge loan fee of R6,7 million, the Paulaner Brauhaus rental loss and closure costs of R4,8 million and a bad debt allowance of R3,8 million raised as a result of tenant arrears. The increase to Forecast was due to higher staff incentive costs and additional amortisation of debt raising fees.

Having successfully addressed the debt refinancing issues in the prior year, net finance costs showed a significant decrease of R44,3 million (25,1%) and came in R4,5 million (3,3%) lower than Forecast. The decline was due to the rights offer in 2012 which reduced overall debt levels and eliminated the Absa penalty bridge loan interest of R13,8 million that was paid in the last four months of 2012. The stable domestic interest rate environment has also been beneficial.

Distributable earnings per combined linked unit grew by 26,2% to 152,71 cents compared to the previous financial year, exceeding the Forecast of 148,74 cents by 2,7%. The A-linked unit distribution of 134,63 cents increased by 19,1%, and in line with Forecast, and due to the once off impairment of the bridge loan in 2012. The reported distribution of the B-linked unit of 18,08 cents is 128,6% higher than the previous year and 28,1% above Forecast.

For the last six-month period the B-linked unit distribution reflected growth of 86% to the Forecast.

The following table reflects the operating financial results for the year ended 30 June 2013 compared to the Forecast and the previous financial year.

Year ended 30 June

	FY 2013				FY 2012		
	Actual (R'000)	Forecast (R'000)	Variance (R'000)	%	Prior year (R'000)	Variance (R'000)	%
Contractual rental	**356 337**	**350 357**	**5 980**	**1.7**	326 681	29 656	9.1
Profit on sale of properties	**948**	**–**	**948**	**100.0**	–	948	100.0
Fund expenses	**(29 878)**	**(27 898)**	**(1 980)**	**(7.1)**	(40 289)	10 411	25.8
Net finance costs	**(132 320)**	**(136 899)**	**4 579**	**3.3**	(176 705)	44 385	25.1
Profit before debenture interest	**195 087**	**185 560**	**9 527**	**5.1**	109 687	85 400	77.9
Taxation	**(1 158)**	**–**	**(1 158)**	**(100.0)**	(84)	(1 074)	(1278.6)
Recoupment of debenture interest	**6 130**	**–**	**6 130**	**100.0**	15 469	(9 339)	(60.4)
Income from associates	**125**	**–**	**125**	**100.0**	222	(97)	(43.7)
Debenture interest	**(200 184)**	**(185 560)**	**(14 624)**	**(7.9)**	(125 293)	(74 891)	(59.8)
Distribution – A-linked unit	**(176 464)**	**(167 965)**	**(8 499)**	**(5.1)**	(118 272)	(58 192)	(49.2)
Distribution – B-linked unit	**(23 720)**	**(17 594)**	**(6 126)**	**(34.8)**	(7 021)	(16 699)	(237.8)
Number of linked units	**137 238**	**124 761**	**12 476**	**10.0**	124 761	12 476	10.0
Distribution – A-linked unit (cents)	**134.63**	**134.63**	**–**	**–**	113.08	21.55	19.1
– Interim	**66.51**	**66.51**	**–**	**–**	63.34	3.17	5.0
– Final	**68.12**	**68.12**	**–**	**–**	49.74	18.38	37.0
Distribution – B-linked unit (cents)	**18.08**	**14.11**	**3.97**	**28.1**	7.91	10.17	128.6
– Interim	**9.19**	**9.33**	**(0.14)**	**(1.5)**	7.91	1.28	16.2
– Final	**8.89**	**4.78**	**4.11**	**86.0**	–	8.89	100.0
Combined distribution (cents)	**152.71**	**148.74**	**3.97**	**2.7**	120.99	31.72	26.2
– Interim	**75.70**	**75.84**	**(0.14)**	**(0.2)**	71.25	4.45	6.2
– Final	**77.01**	**72.90**	**4.11**	**5.6**	49.74	27.27	54.8

4. Property Portfolio

The Fund's portfolio comprises interests in 27 hotel and resort properties in South Africa. As at 30 June 2013, the carrying value of the portfolio was R4,56 billion. In line with its strategy of focusing on large, well located properties with strong brands in major metropolitan areas, the Fund has identified certain non-core properties amounting to R318,9 million for disposal. It is currently in various stages of negotiation regarding the disposals. The net asset value per linked unit as at 30 June 2013 was R10,95, an increase of 9,5% from 2012 primarily as a result of an increase in the valuation of the standing portfolio. The weighted average lease expiry period is 9,04 years.

In April 2014, the ownership of the Courtyard Cape Town property, currently 50:50 owned by the Fund and City Lodge, will revert to the University of Cape Town. The valuation of this property was written down to zero in June 2013 from R0,95 million in the prior year and there will be no further impairment in 2014.

5. Real Estate Investment Trust (REIT)

Hospitality's application for REIT status was approved by the JSE Limited effective from 1 July 2013. In terms of tax legislation REITS are exempt from capital gains tax and profits are effectively taxed in the hands of investors providing an investment akin to direct ownership of the underlying property.

6. Funding

The group's debt facilities with financial institutions as at 30 June 2013 amounted to R1,73 billion. Total funds outstanding on these facilities were R1,57 billion resulting in a loan to value (LTV) ratio (total interest bearing liabilities/investment property value) of 34,4% (2012: 35,2%). The interest cover ratio (ICR) was 2,47 which meets the minimum covenant level required by the debt providers. The Fund has R300 million debt maturing in June 2014 and is currently engaging with financial institutions regarding the refinancing of this facility. The average cost of borrowings was 8,56% (2012: 9,74%) for the period under review with 44% of the group's borrowings at year-end subject to fixed interest rates through interest rate swap structures. The interest rate swap agreements that were in place with Absa at year-end amounted to R693,3 million.

The Fund continually plans and strategises the best possible method of funding new acquisitions and replacing debt. This includes considering new unit issues, replacement of bank funding and the Group's note programme. When issuing new debt the Group intends to spread the maturity so that it is not dependent on replacing large amounts in any one single year.

Debt facilities

	Facility	Expiry	Margin
Nedbank	**R000's**		
Loan 1	176 300	July 2015	3 month JIBAR plus 2,9%
Loan 2	400 000	May 2016	3 month JIBAR plus 2,9%
Loan 3	30 250	May 2016	3 month JIBAR plus 2,9%
Loan 4	150 000	June 2015	3 month JIBAR plus 2,7%
Loan 5	150 000	June 2016	3 month JIBAR plus 2,84%
	906 550		
Absa Bank			
Facility A – 2 year	200 000	June 2014	3 month JIBAR plus 2.05%
Facility B – 3 year	150 000	June 2015	3 month JIBAR plus 2.47%
Facility C – 4 year	100 000	June 2016	3 month JIBAR plus 2.84%
Facility D – revolving loan	100 000	June 2014	3 month JIBAR plus 2.05%
	550 000		
Corporate bonds			
Secured – HPF 01	150 000	April 2016	3 month JIBAR plus 1.82%
Unsecured – HPF 02	40 000	April 2015	3 month JIBAR plus 2.4%
Unsecured – HPF 03	80 000	April 2016	3 month JIBAR plus 2.7%
	270 000		
Total facility	**1 726 550**		

The following swap agreements were in place at year end:

	FY 2013	FY 2012	Nominal rate	Maturity date
Swap 1	–	346.67	7.42%	11 June 2013
Swap 2	346.67	346.67	7.75%	11 June 2014
Swap 3	346.67	346.67	7.98%	11 June 2015
	693.34	**1 040.01**		

7. Acquisitions and disposals

In line with the Fund's acquisition strategy, Hospitality secured the Radisson Blu Gautrain Hotel for a total consideration of R443.4 million on 30 April 2013. The acquisition was funded by a R275 million vendor consideration placement, the issuance of R150 million secured notes and the private placement of R18.4 million unsecured notes.

The Radisson Blu Gautrain Hotel is highly visible, directly across from the Sandton Gautrain Station on Rivonia Road, which is the main transport hub in the Sandton CBD. The hotel is made up of various sections of the sectional title scheme known as Sandton Eye and comprises 216 rooms, 8 conference facilities, the Central One Restaurant and Bar, an outdoor bar and swimming pool, as well as a fitness centre.

Based on its anticipated trading performance and cost of funding, the property is expected to be earnings accretive from the outset, with a projected yield of approximately 8.15% in year one with growth in rental for year two expected to be approximately 15%. The seller has provided a limited rental guarantee for the first two years of trading following registration of transfer.

8. Development and capital projects

The Fund invested a total of R19.7 million to complete various refurbishment projects during the period under review.

Details of the significant refurbishment projects are as follows:

- Protea Hotel The Richards, located in Richards Bay, is undergoing a R4,5 million renovation to upgrade the soft furnishings in 97 bedrooms.
- A R6,0 million project at the Protea Hotel Hluhluwe & Safaris, located close to the Umfolozi/Hluhluwe Game Reserve. The renovation of the property's 75 bedrooms will be completed ahead of schedule and before the peak summer trading season.

Although two of the refurbishment projects are being carried out on properties earmarked for disposal, these investments will ensure that they maintain their market positioning while enhancing their appeal to potential buyers.

Virtually all fixed and variable lease properties have been refurbished during the last five years, and therefore require minimal further capital expenditure in the short term. The high quality of the Fund's properties will continue to provide a solid platform to benefit from improved trading in a recovering market.

The application process for the development rights on the Phase 2 land at Arabella Hotel and Spa is in progress. The Fund submitted its revised environmental impact assessment on 16 July 2013, which incorporated adjustments to the development to meet the additional requirements of the Ministry of Local Government, Environmental Affairs and Development Planning while, still positioning Arabella to attain its full potential as a premier golf and leisure resort of international standing. This new development option that has been tabled is confined to areas of low environmental sensitivity and is also more cost effective with regard to the provision of bulk services infrastructure and roads. It also has the added benefit of providing a greater spectrum of recreational facilities to expand the resort's existing offering. The Fund expects a response from the relevant authorities in 2013. If the development rights are secured, the Fund will market this scheme with a view to realising a profit from the sales of 352 residential stands, which will be classified as distributable income.

9. Liquidity

During the year, 27.1% of the A-linked units and 41% of the B-linked units were traded on the JSE Limited.

10. Board of directors

New appointments to the board during the year were as follows:

- Mr Donald Bowden was appointed as an independent non-executive director to the Board with effect from 24 August 2012 and took up the position of Chairman from Mr Willy Ross on 30 June 2013. Mr Ross had assumed the role of Acting Chairman following Mr Frank Berkeley's resignation in February 2012;
- Mr Syd Halliday was appointed as Independent Non-Executive Director on 30 June 2013;
- Mrs Anitha Soni was appointed as Independent Non-Executive Director on 30 June 2013;
- Ms Zola Ntwasa was appointed as Independent Non-Executive Director on 8 July 2013.

The following resignations from the board of directors took place during the financial year:

- Mr Youseph Aminzadeh resigned as non-executive director with effect from 1 December 2012;
- Mr William Midgley has resigned as non-executive director with effect from 29 March 2013;
- Mrs Brenda Madumise resigned as non-executive director from the board on 30 April 2013.

The Board thanks Messrs Aminzadeh, Midgley and Madumise for their invaluable contributions.

Mr Gerald Nelson, who was the co-founder of the Fund and has held the position of Chief Executive Officer ("CEO"), retired as CEO from the Fund at the end of June 2013 and remains on the board as a non-executive director. He was succeeded by Mr Andrew Rogers, the deputy CEO of the Fund, assisted by Mr Ridwaan Asmal in his continuing role as Financial Director.

Following the reconstitution of the Board, the majority of the directors are non-executive and independent as recommended in terms of King III Code of Corporate Governance.

11. Prospects

The outlook for the hospitality industry is positive, particularly in major cities where business volumes have shown a strong recovery. Whilst room rate growth has been muted, and has not achieved the levels required to justify new hotel developments, the lack of new capacity is likely to lead to demand outstripping medium term supply in the major markets. Room rates remain lower than the long term trend that was reflected prior to 2008 and are largely still recording rates last seen at that time. The high cost of land, the limited availability of capital and a residual perception of oversupply in major nodes will mean that the pace of new hotel developments is likely to be slow. Currently acquisition opportunities are providing higher relative returns than bringing new developments on stream.

The Fund's focus over the next year continues to be on optimally growing room rates in order to further improve its profitability as occupancies continue to track upwards across the industry.

Distributions for the 12 months ending 30 June 2014 are expected to be at least in line with the Forecast of 141,36 cents per A-linked unit and 26,72 cents per B-linked unit earned evenly across the distribution periods.

The Fund's underlying performance in 2015 is likely to be impacted by a change within its fixed lease portfolio as the current lease at Birchwood Hotel & OR Tambo Conference Centre converts into a fixed and variable lease at the end of June 2014. This is expected to result in a reversion in rental at Birchwood of between 10% and 20% in the 2015 financial year. The Fund is currently exploring yield enhancing opportunities to expand this property's income stream, thereby mitigating the impact of the rental dilution.

12. Payments of debenture interest

Unitholder's will receive debenture interest payment number 15 for the six-month period ended 30 June 2013 of 68,12 cents per A-linked unit and 8,89 cents per B-linked unit.

Last day to trade cum interest	**6 September 2013**
Linked units will trade ex-interest	**9 September 2013**
Record date	**13 September 2013**
Payment date	**16 September 2013**

The above distribution is not regarded as a dividend and therefore no Dividend's Tax is payable on the distribution amount.

Unitholders may not dematerialise or rematerialise their linked units between Monday, 9 September 2013 and Friday, 13 September 2013, both days inclusive.

By order of the Board

D G Bowden
(Chairman)

A S Rogers
(Chief Executive Officer)

20 August 2013

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

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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 annual financial statements have been prepared in accordance with the recognition and measurement requirements of International Financial Reporting Standards (IFRS), including the presentation and disclosure requirements of IAS34 (Interim Financial Reporting), the SAICA Financial Reporting Guides as issued by the Accounting Practices Board and the requirements of the Companies Act of South Africa, 2008. KPMG Inc, the independent auditor, has reviewed the financial statements and expressed an unqualified review opinion, which is available for inspection at Hospitality's registered office. The accounting policies used are consistent with those used in the annual financial statements for the year ended 30 June 2012.

STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 30 June 2013

	Reviewed 2013 R'000	Audited 2012 R'000
Revenue	356 042	315 956
Rental income – contractual	356 337	326 681
– straight-line accrual	(295)	(10 725)
Expenditure	(29 878)	(40 289)
Operating expenses	(29 878)	(40 289)
Operating profit	326 164	275 667
Transaction costs on business combinations	(1 975)	–
Profit on properties held for sale	948	–
Net finance cost	(132 320)	(176 705)
Finance income	1 819	1 214
Finance costs	(134 139)	(177 919)
Profit before debenture interest, goodwill, fair value adjustments and taxation	192 817	98 962
Recoupment of debenture interest	6 130	15 469
Debenture interest	(200 184)	(125 293)
Loss before fair value adjustments, goodwill and taxation	(1 237)	(10 862)
Gain on bargain purchase	7 615	–
Fair value adjustments	199 356	(218 776)
Investment properties, before straight-lining adjustment	218 441	(169 132)
Straight-line rental income accrual	295	10 725
Total fair value of investment properties	218 736	(158 407)
Contingent consideration	–	–
Goodwill	(41 400)	(38 822)
Interest-rate swaps	22 020	(21 547)
Profit/(loss) before taxation	205 734	(229 638)
Debenture discount amortisation	(5 635)	(174)
Equity accounted profit from associate after tax	126	222
Taxation	35 572	14 053
Total profit/(loss) and comprehensive income for the year	235 797	(215 537)
Reconciliation between earnings, headline earnings and distributable earnings		
Total profit/(loss) and comprehensive income for the year	235 797	(215 537)
Adjustments: Debenture interest	200 184	125 293
Profit/(loss) (linked units)	435 981	(90 244)
Adjustments:		
Gain on bargain purchase	(7 615)	–
Goodwill impairment	41 400	38 822
Fair value – investment properties revaluation, net of tax	(255 172)	154 994
Fair value – straight-line rental income	(295)	(10 725)

	Reviewed 2013 R'000	Audited 2012 R'000
Headline earnings (linked units)	214 299	92 847
Fair value – interest rate swaps	(22 020)	21 547
Transaction costs on business combinations	1 975	–
Debenture discount amortisation	5 635	174
Straight-line rental income	295	10 725
Distributable earnings	200 184	125 293
Number of units/shares		
A-linked unit	137 237 530	124 761 391
B-linked unit	137 237 530	124 761 391
Weighted average number of units/shares		
A-linked unit	129 273 310	90 040 080
B-linked unit	129 273 310	90 040 080
Distribution per linked unit (cents)		
A-linked unit	134.63	113.08
– Interim	66.51	63.34
– Final	68.12	49.74
B-linked unit	18.08	7.91
– Interim	9.19	7.91
– Final	8.89	–
	152.71	120.99
Profit/(loss) per linked units (cents)		
A-linked unit	168.63	(50.11)
B-linked unit	168.63	(50.11)
	337.26	(100.22)
Headline earnings per linked unit (cents)		
A-linked unit	82.89	51.55
B-linked unit	82.89	51.55
	165.78	103.10
Earnings per ordinary share (cents)	91.20	(119.69)

STATEMENTS OF FINANCIAL POSITION

as at 30 June 2013

	Reviewed 2013 R'000	Audited 2012 R'000
ASSETS		
Non-current assets	4 324 662	3 758 599
Investment properties	4 246 848	3 639 508
Straight-line rent income accrual	4 152	4 447
Investment properties and related accrual	4 251 000	3 643 955
Furniture, fittings and equipment	899	482
Goodwill	72 600	114 000
Investment in associates	163	162
Current assets	448 263	275 678
Non-current assets held for sale	318 900	217 900
Properties held for trading	19 708	18 980
Trade and other receivables	42 260	23 356
Cash and cash equivalents	67 395	15 442
Total assets	4 772 925	4 034 277
EQUITY AND LIABILITIES		
Equity	690 752	370 883
Share capital and share premium	476 199	392 127
Retained earnings	73 884	115 278
Fair value reserve	140 669	(136 522)
Non-current liabilities	3 708 134	3 563 628
Debentures	2 314 441	2 124 285
Interest-bearing liabilities	1 372 627	1 359 527
Derivative liability	21 066	43 086
Deferred taxation	–	36 730
Current liabilities	374 039	99 766
Trade and other payables	67 151	37 631
Short-term portion of interest-bearing liabilities	200 000	–
Taxation	1 153	84
Debenture interest payable	105 735	62 051
Total equity and liabilities	4 772 925	4 034 277
A. Net asset value per linked unit (Rand)		
A-linked unit	10.95	10.00
B-linked unit	10.95	10.00
B. Net asset value per linked unit (excluding deferred taxation) (Rand)		
A-linked unit	10.95	10.15
B-linked unit	10.95	10.15

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2013

	Share capital R'000	Share premium R'000	Retained earnings R'000	Fair value reserve R'000	Total R'000
Balance at 30 June 2011	**18**	**342 844**	**123 718**	**70 575**	**537 155**
Loss/Total comprehensive loss for the year			(215 537)		(215 537)
Transactions with owners, recorded directly in equity	7	49 258	207 097	(207 097)	49 265
Issue of shares	7	59 407			59 414
Share issue expenses, net of tax		(10 149)			(10 149)
Transfer from fair value reserve – investment properties (net of deferred tax)			154 995	(154 995)	–
Transfer to fair value reserve – contingent consideration			30 555	(30 555)	–
Transfer to fair value reserve – interest rate swaps			21 547	(21 547)	–
Balance at 30 June 2012	**25**	**392 102**	**115 278**	**(136 522)**	**370 883**
Loss/Total comprehensive loss for the year	**–**	**–**	**235 797**		**235 797**
Transactions with owners, recorded directly in equity	**2**	**84 070**	**(277 191)**	**277 191**	**84 072**
Issue of shares	**2**	**84 321**			**84 323**
Share issue expenses, net of tax		**(251)**			**(251)**
Transfer from fair value reserve – investment properties (net of deferred tax)			**(255 171)**	**255 171**	**–**
Transfer to fair value reserve – interest rate swaps			**(22 020)**	**22 020**	**–**
Balance at 30 June 2013	**27**	**476 172**	**73 884**	**140 669**	**690 752**

STATEMENT OF CASH FLOWS

for the year ended 30 June 2013

	Reviewed 2013 R'000	Audited 2012 R'000
Cash flows from operating activities		
Cash generated from operations	**336 430**	275 121
Finance income received	**1 819**	1 214
Finance costs paid	**(134 139)**	(177 919)
Taxation	**(89)**	–
Distribution to unitholders	**(156 500)**	(136 235)
Net cash inflow/(outflow) from operating activities	**47 521**	(37 819)
Cash flows from investing activities		
Acquisition and development of investment properties	**(481 989)**	(75 257)
Acquisition of properties held for trading	**(728)**	(2 040)
Acquisition of fixtures, furniture and equipment	**(799)**	(35)
Dividends received from associates	**125**	–
Loan repaid from associate	**–**	60
Net cash outflow from investing activities	**(483 391)**	(77 272)
Cash flows from financing activities		
Proceeds from the issue of linked units	**274 974**	530 280
Share issue expenses paid	**(251)**	(10 149)
Interest-bearing liabilities raised/(repaid)	**213 100**	(380 815)
Net cash inflow from financing activities	**487 823**	139 316
Net increase in cash and cash equivalents	**51 953**	24 225
Cash and cash equivalents at beginning of year	**15 442**	(8 783)
Cash and cash equivalents at end of year	**67 395**	15 442

CONDENSED SEGMENTAL INFORMATION

for the year ended 30 June 2013

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. Inter-segment pricing is determined on an arm's length basis.

R000's	Fixed lease agreements	F & V lease agreements	Variable lease agreements	Head Office	Total of all operating segments
Statement of Comprehensive Income – 30 Jun 2013					
Segment revenue	124 756	214 108	17 473		356 337
Expenditure	–	–	–	(29 878)	(29 878)
Segment results	124 756	214 108	17 473	(29 878)	326 459
Statement of Comprehensive Income – 30 Jun 2012					
Segment revenue	120 796	192 965	12 920		326 681
Expenditure	–	–	–	(40 289)	(40 289)
Segment results	120 796	192 965	12 920	(40 289)	286 392
Statement of Financial Position – 30 Jun 2013					
Non-current assets					
Investment properties	**927 000**	**3 064 000**	**260 000**	**–**	**4 251 000**
Current assets					
Non-current assets held for sale	**79 000**	**239 900**	**–**	**–**	**318 900**
Trade and other receivables	**7 743**	**1 660**	**223**	**32 634**	**42 260**
Segment assets	**1 013 743**	**3 305 560**	**260 223**	**32 634**	**4 612 160**
Statement of Financial Position – 30 Jun 2012					
Non-current assets					
Investment properties	1 042 000	2 352 000	249 955	–	3 643 955
Current assets					–
Non-current assets held for sale	–	217 900	–	–	217 900
Trade and other receivables	4 613	9 068	(45)	9 720	23 356
Segment assets	1 046 613	2 578 968	249 910	9 720	3 885 211