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Orion

REAL ESTATE LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

Orion Real Estate Limited, it's subsidiary companies and controlled trust

Incorporated in the Republic of South Africa (Registration number 1997/021085/06)

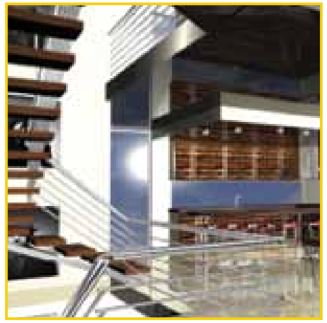

orion

CONTENTS

COMPANY PROFILE







ORION REAL ESTATE LIMITED

Orion Real Estate Limited was originally formed in 1991 with the purchase of Intec House in downtown Johannesburg's financial district, the Company has grown steadily since and evolved into a Group with property holdings and investments in excess of R700 million. Orion Real Estate Ltd currently also manages private property portfolios for related parties.

With the acquisition of Alpina Investments Ltd, the Company gained a listing on the Johannesburg Stock Exchange (JSE) in March 2006. The listed portfolio (Orion Real Estate Ltd) consists of 34 properties with a market value of R711 million.

The long-term goal is to own properties in 50 countries and to have an annual compound growth rate of not less than 28% at a gearing level of 50%.

Orion Real Estate Limited has been identified as one of the Top Performing Companies by the Top Companies Publication in 2012. The Orion Group has also been acknowledged as one of the Best Employers, South Africa 2012/13.

KEY PERFORMANCE INDICATORS

REVENUE	R90 828 412
PROFIT FOR THE YEAR	R47 879 617
BASIC EARNINGS PER LINKED UNIT (CENTS)	7,65
DILUTED EARNINGS PER LINKED UNIT (CENTS)	7,65
HEADLINE EARNINGS PER LINKED UNIT (CENTS)	0,07
DILUTED HEADLINE EARNINGS PER LINKED UNIT (CENTS)	0,07
NET ASSET VALUE PER LINKED UNIT (CENTS)	69,86

CHAIRMAN'S REPORT

RICHARD WILKINSON

The adoption of the new Companies Act in South Africa has changed the business environment significantly. We have moved into a dispensation where companies need to understand that reporting does not only include the communication of financial results to shareholders, but also sharing its social, environmental responsibilities and financial performance in an integrated way with all stakeholders. The responsibility of the Group has therefore widened substantially to a much bigger audience of stakeholders.

Orion Real Estate Ltd has accepted this responsibility and the Board and management will ensure that the Company will operate in an ethical way and share its social, environmental and financial achievements in a responsible way with all stakeholders. A first Integrated Annual Report has been prepared to share this broader information with stakeholders.

The business environment both locally and internationally remains uncertain and this uncertainty poses various challenges. Although several attempts were made by the European community to stabilise the economies of member states, global confidence in these bailout attempts remain low and as such limited economic stability is expected in that region. The American policy makers have also attempted to revive the American economy, but the attempts were met with limited positive growth indicators. Continued growth in Asia is dependent on a more vibrant and growing international economy.

The negative impact on South African industries is felt by all sectors of the trade, as both the European Union and the US market are major trading partners and export markets for South African goods.

The admittance of South Africa as part of the BRICS Group was a major political milestone, but seen from an economic perspective a substantial challenge. The relatively small South African economy is in many instances the bullied by the major BRICS economies. Exports, but in most instances the dumping of cheap subsidised products, has led to the disruption of local industries.

The South African economy remains subdued while recent unrest in the mining sector has not contributed to a more positive environment. The lack of service delivery on a broad front continues to hamper economic growth and in many instances inhibits business in general. Unrest due to a lack of service delivery could also in the near future have a negative influence on business activities.

The Directors and staff members remain positive about the future of the Group and opportunities that still exist in the broader market. Such opportunities are actively pursued to the benefit of the Group and shareholders.

Associate companies, responsible for service delivery to Orion Real Estate Ltd, moved from a mainly outsourced service delivery strategy to a predominantly “in-sourced” strategy. This led to substantial cost savings in respect of tenant installations and general maintenance services. These specialised staff continue with a view to further cost savings across the Group.

The Group also undertook an initiative to utilise available technology to affect substantial energy savings in all buildings owned by the Company. This initiative will not only lead to substantial savings in terms of utility costs but will also enable the Company to offer tenants lower recoverable utility costs in the future. It is critical that companies do not only look after their own interests, but for future sustainability and growth the interest of stakeholders on a broader front should also be considered.

The Group is busy with an initiative to re-plan and redevelop a number of buildings to keep in line with market developments and changing needs. These initiatives have already identified opportunities to subdivide identified industrial buildings into smaller units to meet new market needs, reduce risk and as such also utilise the opportunity to generate more income per square metre. Buildings have also been identified where existing unused space could be converted into rentable space and as such improve not only income but also the value of such properties.

The Bethlehem project is still hampered by administrative red tape, but indications are that it should be resolved in the near future. Opportunities remain to make this planned initiative a major source of growth and development for the future.

The positive financial results of the Group is a clear indication that an optimistic outlook and the identification of opportunities in the current subdued market conditions can still produce positive outcomes to shareholders. A positive outlook, innovation and improved productivity would remain the core business philosophy of the Group.

I want to thank all staff members, including the staff members of the associate companies for their hard work and dedication to make the positive results of the reporting period a reality.

I also want to thank my fellow Directors for their dedication and cooperation at Board meetings and for their valued inputs and frank discussions to formalise and realise competitive strategies for the Group in challenging market conditions.

I also extend my appreciation to the executive Directors for their valued inputs from the coalface to ensure that the Board remains in touch with reality and to ensure that new goals and strategies are realistic and achievable.

Richard Wilkinson

Chairman

CHIEF EXECUTIVE OFFICER'S REPORT

FRANZ GMEINER

The new Companies Act and the acceptance of the King III Report have created a new reporting environment for companies in South Africa. Orion Real Estate has accepted this responsibility to report to a much wider audience and the reporting would also cover a much wider sphere of information in line with the recommendations of the King III Report.

THE COMPANY

Orion Real Estate Ltd came into existence in March 2006 when Alpina Investments Ltd was aquired via a reverse takeover through the injection of the Gmeiner property portfolio. Franz Gmeiner remains the controlling shareholder in the Company through the Franz Gmeiner Property Trust, which holds 93,04% of the linked units. A more detailed ownership profile forms part of the annual financial statements (pages 102 to 104).

Orion Real Estate Ltd is a property investment Company that invests in commercial, hospitality, industrial, residential and retail properties in order to derive income from rental. The Company also owns some development land for future development. The properties are primarily situated in the Gauteng Province, but the Company also owns properties in Mpumalanga, KwaZulu-Natal, and the Western Cape. We are planning to expand our portfolio of properties by way of acquisition and development. We are acutely aware of the need to build critical mass in order to reduce our proportional overhead costs. A detailed list of the investment properties currently held is available on pages 53 to 56 of the annual financial statements.

THE COMPANY CULTURE AND VALUES

The Company's purpose of "maximizing shareholder value through innovative investment strategies" remains our guiding principle in growing and expanding the Company.

The Company's culture is based on the entrepreneurial spirit of its founders and we espouse a "can do" attitude. Our brand promise "It's Happening" aptly describes the intentions of the Company to grow.

Our operating philosophy "Our business is getting better every day in every way" again indicates continuous growth and improvement.

The Orion Value System is based on the values below:

- **Honesty**
- **Integrity**
- **Productivity and innovation**
- **Generosity**
- **Recognition**
- **Treating people with dignity**

GOVERNANCE STRUCTURE

Orion Real Estate Ltd has a unitary Board, which fulfils oversight and controlling functions. The responsibilities of the Board are set out in the Board Charter. The Board consists of four Non-executive Directors, including the Chairman of the Board, and two executive Directors. Three of the Non-executive Directors are independent as defined in King III. The roles of the chairman and the chief executive officer are separate, ensuring a clear division of responsibilities. The Directors bring a wealth of knowledge, experience and skills to the Board. The Board has established a number of committees to enable it to perform its duties. These are the audit and risk management committee, the social and ethics committee and the remuneration committee.

ASSURANCE

As described in the integrated reporting discussion paper (DP), integrated reporting is a new approach to reporting and there are no specific guidelines on assurance at present. It suggests that organisations are likely to follow a combined assurance model whereby assurance for different aspects of the report will be provided by different assurance providers, including external auditors and assurers, internal auditors, the audit committee and management. As this is the first summarised integrated report and formalised assurance policies have not been put in place, the audit committee has agreed to limit external assurance to the financial information.

THE STRATEGY AND HIGHLIGHTS FOR 2012

At the 2012 annual strategic conference the Company outlined ten key strategic objectives in the financial, internal business process, customer and learning and growth perspectives within which Orion Real Estate Ltd functions, and action plans to deliver on these strategies. The key elements of the strategic plan are indicated below.

Orion Real Estate Ltd has formulated the following purpose statement for the 2012 calendar year, namely:

Maximising shareholder value through innovative investment strategies.

The following objectives were identified:

Financial perspective: Expectations in terms of growth and profitability

- Increase portfolio value by R200 million
- Access to capital
- Waste management and greening

Internal business process perspective: Processes which generate the right forms of value for shareholders

- Good corporate governance
- Continuous process and system improvement
- Develop infrastructure
- Execution of strategy

Customer perspective: The way value was created for our internal and external customers creating customer enrolment

- Sales and marketing drive
- Customer service excellence and living Orion values

Learning and growth perspective

- People development

The implementation of the plan is monitored on a regular basis through management information and reporting to the Board of Directors. Substantial progress in a number of the identified areas has been made and further implementation is ongoing.

CHIEF EXECUTIVE OFFICER'S REPORT

KEY FINANCIAL HIGHLIGHTS

It is a privilege to report to shareholders that Orion Real Estate has shown good growth in a number of areas.

Revenue has increased from R82 million in 2011 to R90,8 million in 2012. This was an improvement of 10,7%. Unfortunately the average vacancy factor of the portfolio has increased from 12,95% to 27,72%. This has influenced the rate of the increase negatively.

This weakness has become the core focus of management and it is our aim to reduce the average vacancy percentage in the new reporting period to less than 10%. The successful implementation of this strategy will ensure substantial additional income in the next reporting period.

The total comprehensive income for the year attributable to equity holders of the Group has improved from a loss of R1,8 million in 2011 to a profit of R47,97 million in 2012. As indicated, an improvement of occupancies across the portfolio can have a substantial positive influence in terms of both comprehensive income and headline earnings.

The headline profit has reduced from R2,1 million (restated) in 2011 to R417 647 in 2012. Headline earnings are down from 0,33 cent (restated) per linked unit in 2011 to 0,07 cent per linked unit in 2012. Basic earnings per share have improved from (0,29) cents (loss) per linked unit to 7,65 cents profit per linked unit.

The value of the property portfolio has increased from R646 523 400 in 2011 to R711 458 238 in 2012. This represents a growth rate of 10,04%. Properties to the value of R16 264 535 were identified and held-for-sale.

RISKS FACING THE GROUP

Effective risk management is integral to the Company's objective of consistently adding value to the business. Management is continuously developing and enhancing its risk and control procedures to improve the mechanisms for identifying and monitoring risks. This means the Company will:

- utilise an effective and integrated risk management process while maintaining business flexibility;
- identify and assess material risk to enable continued growth of the business; and
- monitor, manage and mitigate risks.

At each audit and risk management committee meeting the financial director reports the most significant risks, considering both financial and non-financial risks, along with plans or processes to manage these risks.

Orion Real Estate Ltd maintains financial and operational systems of internal control. The systems include a documented organisational structure and division of responsibility, established policies and procedures, including a code of ethics to foster a strong ethical climate, which is communicated throughout the Group through staff training.

Based on its assessment, the Group believes that, as at 30 June 2012, its system of internal control over financial reporting and over safeguarding of assets against unauthorised acquisitions, use or disposition met the required criteria. Despite the substantial progress made in risk management over the past few years, the Board considered that there was still room for improvement in the following:

- Loss of income
- Increase in expenditure
- Information technology
- Quality of staff and retention of quality staff

Other identified risks that could also have a major impact on the operational success of the organisation are the following:

- Interest rate risk
- Political instability
- Natural disasters

OCCUPATIONAL HEALTH AND SAFETY AND HIV PROGRAMME

HIV/AIDS

The management of HIV/AIDS is an important challenge for Orion Real Estate Ltd, which has as part of the Orion Group of companies developed an HIV/AIDS policy that addresses the key issues to minimise the identified risks. The Company will work towards developing and implementing a workplace HIV/AIDS programme aimed at preventing new infections, providing support for colleagues who are infected and managing the impact of the epidemic on the organisation.

HEALTH AND OCCUPATIONAL SAFETY

The audit and risk management committee is directly responsible for the assessment of Orion Real Estate Ltd's health and occupational safety policies. We have contracted internal and external service providers to put the required policies and procedures in place to ensure that health and safety at each and every building of the Company is a priority and that the necessary policies and procedures are continuously updated and improved in line with legislation.

ENVIRONMENTAL SUSTAINABILITY

Orion Real Estate Ltd proactively engages in these processes to ensure that its current and planned operations meet requirements. Orion Real Estate Ltd is not aware of any pending environmental litigation, and no fines or penalties have been imposed during 2012 for non-compliance with environmental regulations and permits.

The audit and risk management committee is currently performing an assessment of the Group's buildings to determine how each building could be made more environmentally compliant and energy efficient.

IT GOVERNANCE AND SUSTAINABILITY

IT governance is dealt with in detail in the King Report on Governance for South Africa and the King Code of Governance Principles (King III) for the first time. In line with King III, IT governance should focus on four key areas.

Strategic alignment	Value delivery	Risk management	Resource management
Alignment with the Group's strategy has been achieved.	Controls are in place to deliver value-enhancing projects that enable business growth and are aligned with operational plans. An example includes the evaluation of projects on a return-on-investment basis.	Robust systems and controls are in place to mitigate risks relating to disaster recovery, continuity of operations and the safeguarding of IT assets.	Regular assessments are undertaken to confirm that resources under management (people, infrastructure, information and applications) are being utilised effectively.

Orion Real Estate Ltd has further developed an IT Charter, approved by the Board, in line with the guidelines of King III that adhere to the following Principles of Good Governance in terms of the report:

C H I E F   E X E C U T I V E   O F F I C E R ' S   R E P O R T

Orion Real Estate Ltd has also experienced external recognition for its business efforts and achievements. Orion Real Estate has been identified as one of the Top Performing Companies by the Top Companies Publication. The Orion Group has also been acknowledged as one of the Best Employers, South Africa 2012/13.

I want to thank the Directors and staff of the Orion Group for their dedicated efforts to realise these achievements.

Franz Gmeiner
Chief Executive Officer

CORPORATE GOVERNANCE STATEMENT

Orion Real Estate Limited complies broadly with the principles and spirit of the Code of Corporate Practices and Conduct contained in the King Report on Corporate Governance for South Africa ("King III Report").

Full compliance was not continuously maintained through the financial year under review, in respect of:

1. **Internal Audit Services**

   A high turnover of appointed internal auditors, as a consequence of the demand for internal auditors in South Africa, resulted in internal audit services not being regularly rendered to the business of the Company.

2. **Audit Committee**

   The members of the Audit Committee were, as a consequence of their other commitments, not able to attend all Audit Committee meetings. This resulted in a number of decisions being taken by a resolution of members of the Audit Committee.

The Board is addressing the above, with a view to an on-going improvement.

THE CONSTITUTION AND OPERATION OF THE BOARD OF DIRECTORS

The Board:

- is accountable and responsible for the performance and affairs of the Company;
- has adopted a Charter outlining its responsibilities;
- takes responsibility for guiding and monitoring compliance with all applicable laws, regulations and codes of business practice;
- maintains oversight over compliance and risk management, but delegates operational control to management;
- has defined levels of materiality;
- has delegated relevant matters to the executive Directors and senior management based on detailed authority levels;
- believes it has full and effective control over the Company and oversight of management activities; and
- has the commitment of individual Directors to:
  - act in good faith;
  - perform in the best interests of the Company;
  - apply a high degree of skill and care; and
  - avoid conflicts with personal interests.

BOARD CONSTITUTION

The Board operates a unitary Board, consisting of two executive and four Non-executive Directors of whom four are independent Non-executive Directors.

The Board Chairman is an independent Non-executive Director.

The Non-executive Directors, who are trained and experienced, bring insight and expertise to Board deliberations. The resignation of Professor A L Boessenkool as a director, after the end of the year under review, was noted with regret.

CORPORATE GOVERNANCE STATEMENT

COMPANY SECRETARY

The Company secretary provides guidance to the Board as a whole and to individual Directors, in the discharge of their responsibilities. The Company secretary is empowered to fulfil duties and the Board is satisfied that the responsibilities of the Company secretary are exercised in a meaningful and competent manner.

ACCESS TO INFORMATION

Directors have full and unrestricted access to all relevant Company information.

Non-executive Directors enjoy unrestricted access to executive management.

All Directors have unrestricted access to independent professional advice at the Company's expense, by arrangement with the Company secretary's office, and on the approval of the Chairman of the Board.

CONFLICTS OF INTEREST

The Directors declare actual and possible conflicts of interest to their co-directors and ensure that declarations are included in the minutes of the Board Meeting. The Directors with an interest in any matter also recuse themselves from the relevant Board Meeting, while their co-directors take a decision on the matter.

SUCCESSION PLANNING

The Board regularly participates in the review of succession planning for key senior executive positions.

The Directors periodically discuss succession planning and are comfortable that, in the event of any executive and senior management transition, plans are in place to ensure smooth transition.

DIRECTORS: RETIREMENT BY ROTATION

Directors are appointed and re-appointed, by shareholders on the basis of one third of the Non-executive Directors resigning at each Annual General Meeting.

OTHER DIRECTORSHIPS

The Board believes that other directorships held by Directors do not affect their ability to fully discharge their responsibilities as Directors of Orion Real Estate Limited.

PROFESSIONAL ADVICE

The Board and its Committee have unimpeded access to independent outside professional advice.

BOARD MEETINGS

During the year under review the Board met on a quarterly basis. All Directors are encouraged to attend the Annual General Meeting.

Details of Board attendance for the year under review are included on page 14.

The Board has during the year under review conducted a continuous Board and Audit Committee evaluation process, to identify training needs, missed opportunities and governance matters.

CORPORATE GOVERNANCE STATEMENT

BOARD COMMITTEES

The Board has an Audit and Risk Management Committee, the members of which are independent Non-executive Directors.

The Board is satisfied that the Committee has satisfactorily fulfilled its responsibilities, in line with its respective terms of reference, during the year under review.

AUDIT AND RISK MANAGEMENT COMMITTEE

Professor Boessenkool and Professor Viruly were the members of the Audit and Risk Management Committee during the year under review. Dr A Parker joined the Committee after the financial year-end. Professor Boessenkool resigned as member on 1 August 2012.

In line with the requirements of section 94 of the Companies Act of South Africa the Audit and Risk Management Committee has confirmed the following:

- All members of the Audit and Risk Management Committee were independent Non-executive Directors.
- The duties of the Audit and Risk Management Committee are specified in the report of the Audit Committee.

- Other duties of the Audit and Risk Management Committee include the following:
  - Nominating the external auditor for appointment as auditor of the Group.
  - Verifying the independence of any proposed appointee as external auditor, before the appointment becomes final.
  - Approval of audit fees.
  - Specifying the nature and extent of non-audit services.
- Pre-approval of contracts for non-audit services.
- Dealing with concerns or complaints relating to the following:
  - Accounting policies
  - Internal audit
  - The audit or content of annual financial statements
  - Internal financial controls
- The effectiveness of risk management, internal controls and the governance processes.

DIRECTORS' AND EXECUTIVE MANAGEMENT PERFORMANCE EVALUATION AND REWARD

Remuneration, in particular as it relates to executive management, is motivated by the dual criteria of delivering sustainable financial return to shareholders and the recognition and reward for outstanding performance. Executive compensation is also linked to the achievement of the organisation's non-financial goals.

Details of the remuneration of each individual director are provided on pages 81 to 82 of the Annual Financial Statements.

After review by the Board, the remuneration rates for Non-executive Directors, are approved by the shareholders at each Annual General Meeting, for implementation with retrospective effect to the beginning of the financial year, following the year under review. There is no anticipated increase in the rates for 2012/13 from those applicable in the 2011/12 financial year.

CORPORATE GOVERNANCE STATEMENT

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board is responsible and accountable for risk management and internal control.

Executive management, under the Board's oversight, assumes responsibility for the integration of risk practices into operational activities.

The Board is satisfied that management is attuned to both the negative and positive aspects of business risk. The Board believes it has adequate information to facilitate the balanced assessment and management of significant risks, the latter through effective internal control systems.

The Board believes that, in the year under review and up to the date of approval of annual reports and financial statements, Orion Real Estate Limited operated an adequate system of internal controls to minimise operational and financial risks. The system of internal controls, which is risk-based, is regularly reviewed and tested. The Board believes that the system of internal control provides reasonable, but not absolute, assurance of the effectiveness and efficacy of controls, throughout the business.

Managerial responsibility for monitoring and reviewing controls lies with the Financial Director.

Currently the Internal Audit function focuses primarily on:

- verifying the effectiveness of controls, mentioned above; and
- advising management on improvements to operational procedures and risk management practices.

The internal auditor position was vacant for the last two months of the financial year, but the posistion has since been filled.

SUSTAINABILITY REPORT

Management is aware of the need to uplift the communities in which it operates. This is done by recruiting employees locally and providing training to improve their quality of life and skills.

DIRECTORS' ATTENDANCE AT MEETINGS

Attendance at the Board of Directors' meetings and the Audit and Risk Management Committee meetings were as follows:

	Number of meetings attended	
DIRECTOR	Board of Directors	Audit and Risk Management Committee
Executive Directors		
Mr F Gmeiner	4/4	
Mr C Nolte	4/4	
Non-executive Director		
Dr A C Gmeiner	3/4	
Independent Non-executive Directors		
Mr R S Wilkinson	4/4	
Prof A Boessenkool	2/4	2/4
Prof F Viruly	3/4	3/4
Dr A Parker	2/3	2/3

Regards

CLIVE D KNEALE
CORPORATE GOVERNANCE FACILITATORS CC
CHARTERED SECRETARIES
Company Secretary to Orion Real Estate Limited

BOARD OF DIRECTORS

Independent
Non-executive Chairman
Richard Wilkinson
(Age: 73)

Non-executive Director
Dr Antoinette Gmeiner
(Age: 50)
DCur; Master Exec Coach

Financial Director
Coen Nolte
(Age: 62)
B Com MBA

Group CEO and MD
Franz Gmeiner
(Age: 54)
B Com (Hons) CA (SA)

Independent
Non-executive Director
Dr Andre Parker
(Age: 62)
MA (Cum Laude) PhD

Independent
Non-executive Director
Prof Francois Viruly
(Age: 51)
MsC (Kent) Economics

BOARD OF DIRECTORS continued

RICHARD WILKINSON

Mr Richard Wilkinson retired as Executive Director of the Institute of Directors in Southern Africa during 2003, a position he held since 1991. He provided the Secretariat to, and was a member of the King Committee on Corporate Governance. He holds several Directorships on listed and non-listed companies and in the NGO sector. He retired in 1991 as Executive Director of the Pennies Group Limited having served the enterprise for 35 years.

DR ANTOINETTE GMEINER

Dr Antoinette Gmeiner is the CEO of Orion Business Solutions, and also a director of OBS Coach House. She completed her doctorate in Nursing Science in 1993 at RAU. She is a Master Executive Coach and has extensive coaching Experience on EXCO and Board level. She has been coaching for more than thirteen years and has established an internal Coaching Programme for the Orion Group, where thirteen teams are being coached on a monthly basis. Dr Antoinette Gmeiner and a partner, have a Business Partner relationship with an LPL (Learning Performance Link), as well as the ETDP SETA, where they have established a coaching academy. She specialises in team coaching and has been coaching internal and external teams in organisations for more than 24 years.

FRANZ GMEINER

Mr Franz Gmeiner attained his BCom Accounting (Hons) and qualified as one of the top ten students in the Chartered Accountants examination in 1983. During his accountancy career he became a partner in Cohen and Gmeiner Accountants, which he led to become one of the largest auditing firms in South Africa. He founded a property Company in 1991, which has grown into the current Orion Real Estate Ltd, listed on the Johannesburg Stock Exchange. During 1999 he took over the hotel operations of the Hotel Devonshire and since then the Orion Hotels Division has built up a portfolio of 15 hotels. He is a member of several clubs and organisations and holds numerous Directorships and trusteeships.

PROF FRANCOIS VIRULY

Professor Francois Viruly completed a BA Economics degree from Wits University followed by a MsC Dev Economics from the University of Kent (UK) in 1988. He is a property economist and was Professor in Property Studies at the University of the Witwatersrand lecturing in property economics, property finance and valuation. He held the position of Chief Economist at the Chamber of Mines before taking the position of Head of Research at JHI Professional Services (valuations, research and legal services). He established Viruly Consulting in 1999 specialising in property research and property training. He has lectured postgraduate courses at Wits University, the University of Cape Town and the University of Pretoria. He is currently employed by the University of Cape Town.

DR ANDRE PARKER

Dr Andre Parker obtained a PhD in Organisation Leadership and Change at the University of Johannesburg in 2006. He has 36 years' experience in a variety of executive leadership positions in tertiary education, pharmaceuticals, heavy engineering, transport and beverages. He is an organisation strategy, performance and change specialist and thought leader. He currently has his own practice as a business scientist. He previously served as Director on the Board of Orion Real Estate Limited (2004 – 2006).

COEN NOLTE

Mr Coen Nolte holds a BCom (UFS) and an MBA (WBS) degree and has completed a senior management course in New Venture Creation as well as senior courses in risk management and coaching. He has more than thirty years of management experience and specialises in strategic and business planning, start-up of emerging businesses and the mentoring of emerging entrepreneurs. He has been instrumental in the repositioning of several major organisations. Mr Nolte has assisted emerging organisations and projects with their business and financial planning, structuring and strategic positioning.

During the eighties and nineties he was, at executive management level, involved in the repositioning and financial turnaround of the SABC. Mr Nolte also assisted various private clients and the Government with the development of business plans, mostly in the fields of agriculture and agri-tourism.

FOR THE 2011/12 FINANCIAL YEAR

Introduction

The Audit and Risk Management Committee has pleasure in submitting this report, as required by section 94.7(f), (g) and (h) of the Companies Act of South Africa.

Functions of the Audit and Risk Committee

The functions of the Audit and Risk Committee include the following:

- Review of year-end financial statements and accounting practices, culminating with a recommendation to the Board.
- Review of the external audit reports, after audit of year-end financial statements.
- Review of the internal audit and risk management reports, which, when relevant, culminates in recommendations being made to the Board of Directors.
- In the course of its review the Committee:
  - takes appropriate steps to ensure that financial statements are prepared in accordance with International Financial Reporting Standards (IFRS);
  - considers, and makes recommendations to the Board on internal financial controls and the going-concern concept analysis;
  - verifies the independence of the external auditor;
  - authorises the audit fees in respect of year-end audits;
  - specifies guidelines on the nature and extent and pre-approves agreements with the auditors, for the provision of non-audit services;
  - evaluates the effectiveness of risk management, controls and the governance processes, in all Group companies;
  - evaluates the performance of the Financial Director, as required by JSE Listings Requirement 3.84(i); and
- deals with concerns or complaints relating to the following:
  - Accounting practices.
  - Internal audit.
  - The audit or content of Annual Financial Statements.
  - Internal financial controls.

Members of the Audit and Risk Management Committee

- The Audit and Risk Management Committee has, during the year under review, consisted of three independent Non-executive Directors, namely Professor A Boessenkool, Professor F Viruly and Dr A J Parker.
- After the end of the financial year under review, Professor A Boessenkool resigned as a member of the Board and of the Audit and Risk Management Committee. His resignation was accepted with regret.
- The current members of the Audit and Risk Management Committee have at all times acted in an independent manner.

Auditors' attendance at Committee meetings

The internal and external auditors attended and reported to all meetings of the Audit and Risk Management Committee. The internal auditor position was vacant for the last two months of the financial year, but the posistion has since been filled.

Invitations to attend meetings of the Committee

Committee members of the Audit and Risk Management Committee regularly hold meetings with the internal and external auditors.

REPORT OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

The Directors who are not members of the Audit and Risk Management Committee, including the Chairman of the Board, have a standing invitation to attend meetings of the Committee, on a "by invitation" basis.

Independence of Audit

During the year under review the Audit and Risk Management Committee reviewed reports and, after conducting its own review, confirmed the independence of the auditor.

Expertise and Experience of Financial Director

As required by JSE Listings Requirement 3.84(i), the Audit and Risk Management Committee has satisfied itself that the Financial Director has appropriate expertise and experience.

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FINANCIAL STATEMENTS

CERTIFICATE BY COMPANY SECRETARY

We declare that, to the best of our knowledge, in terms of the Companies Act of South Africa, as amended, that in respect of the financial year ended 30 June 2012, the Company has lodged with the Companies and Intellectual Property Commission all such returns as are required of a public Company in terms of the Companies Act of South Africa, as amended, and that all such returns are true, correct and up-to-date.

CORPORATE GOVERNANCE FACILITATORS CC

Chartered Secretaries

27 September 2012

DIRECTORS' RESPONSIBILITY AND APPROVAL

The Directors are required in terms of the Companies Act of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report.

It is their responsibility to ensure that the financial statements fairly present the state of affairs of the Group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Group and place considerable importance on maintaining a strong control environment. To enable the Directors to meet these responsibilities, the Board sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk.

These controls are monitored throughout the Group and all employees are required to maintain the highest ethical standards in ensuring the business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Group is on identifying, assessing, managing and monitoring all known forms of risk across the Group. While operating risk cannot be fully eliminated, the Group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Group Audit Committee plays an integral role in risk management as well as overseeing the Group's integrated reporting and internal audit function.

The Code of Corporate Practices and Conduct has been integrated into Group strategies and operations.

The Directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements.

However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Directors have reviewed the Group's cash flow forecast for the year to 27 September 2013 and, in the light of this review and the current financial position, they are satisfied that the Group has, or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Group's financial statements and Company financial statements. The financial statements have been examined by the external auditors and their report is presented on page 23.

DIRECTORS' RESPONSIBILITY AND APPROVAL

continued

The external auditors were given unrestricted access to all financial records and related data, including minutes of all meetings of the shareholders, the Board of Directors and committees of the Board. The Directors believe that all representations made to the independent auditors during their audit are valid and appropriate.

The financial statements set out on pages 24 to 105, which have been prepared on the going-concern basis, were approved by the Board on 27 September 2012 and were signed on its behalf by:

F Gmeiner
Managing Director
Johannesburg

C B Nolte
Financial Director
Johannesburg

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF ORION REAL ESTATE LIMITED

We have audited the consolidated and separate financial statements of Orion Real Estate Limited set out on page 24 to 105, which comprise the statements of financial position as at 30 June 2012, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies, other explanatory information and the Directors' report.

Directors' responsibility for the financial statements

The Company's Directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated and separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An Audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Orion Real Estate Limited as at 30 June 2012, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and requirements of the Companies Act of South Africa.

PricewaterhouseCoopers Inc

PricewaterhouseCoopers Inc

Director: HO Zastrau

Registered Auditor

Johannesburg

27 September 2012

DIRECTORS' REPORT

The Directors have pleasure in submitting their report, which forms part of the audited financial statements of the Group and the Company for the year ended 30 June 2012.

MAIN BUSINESS OPERATIONS

Orion Real Estate Limited is a property investment and development Company listed on the JSE Limited ("JSE") investing in commercial, hospitality, industrial, residential and retail properties and deriving income from rentals. The Company was incorporated in South Africa on 4 December 1997 and obtained its certificate to commence business on the same day.

COMPANY ADDRESSES

The Company's addresses are as follows:

Registered office and business address	Postal address
16th Floor, Orion House 49 Jorissen Street Braamfontein Johannesburg 2017	PO Box 31416 Braamfontein Johannesburg 2017

FINANCIAL RESULTS

The financial statements, on pages 24 to 105, set out fully the financial positions, results of operations and cash flows of the Group and Company for the financial year ended 30 June 2012.

The Group's performance against the previous year's results is summarised as follows:

	2012	2011	% change
Revenue	90 828 412	82 042 959	10,7
Profit/(Loss) before taxation	79 264 442	(970 816)	(8 264,7)
Net profit/(loss) attributable to equity holders	47 966 586	(1 841 453)	(2 704,8)

	2011	2010	% change
Revenue	82 042 959	75 079 731	9,3
(Loss)/Profit before taxation	(970 816)	64 004 167	(101,5)
Net profit/(loss) attributable to equity holders	(1 841 453)	54 700 361	(103,4)

	2010	2009	% change
Revenue	75 079 731	57 271 458	31,1
Profit before taxation	64 004 167	169 460 101	(62,2)
Net profit attributable to equity holders	54 700 361	125 056 563	(56,3)

	2009	2008	% change
Revenue	57 271 458	27 787 065	106,1
Profit before taxation	169 460 101	35 304 991	380,0
Net profit attributable to equity holders	125 056 563	20 803 645	501,1

	2008	2007	% change
Revenue	27 787 065	24 826 696	11,9
Profit before taxation	35 304 991	28 124 790	25,5
Net profit attributable to equity holders	20 803 645	20 860 511	(0,3)

Total revenue

Consolidated revenue increased from R82 042 959 in 2011 to R90 828 412 in 2012. This is in line with annual rental increases.

Results

The Group had a consolidated profit before taxation for the year of R79 264 442 in 2012 in comparison to a consolidated loss of R970 816 in 2011. The increase is attributed predominately to the revaluation of investment property.

BOARD OF DIRECTORS

The following were Directors of the Company throughout the financial year:

Name	*Nature of appointment*	*Nationality*
Mr RS Wilkinson	Independent Non-executive Chairman	South African
Prof A Boessenkool	Independent Non-executive	Dutch
Prof FM Viruly	Independent Non-executive	Dutch
Dr AJ Parker	Independent Non-executive	South African
Dr AC Gmeiner	Non-executive Director	South African
Mr F Gmeiner	Managing Director	Austrian
Mr CB Nolte	Financial Director	South African

DIRECTORS' REMUNERATION

The Directors' remuneration for the year ended 30 June 2012 was approved by way of a special resolution passed at the Annual General Meeting held on 22 November 2011. Details of the remuneration are disclosed in note 26.

DIVIDENDS AND DISTRIBUTIONS

Dividends

No dividends were declared during the year under review (2011: R Nil).

Debenture interest distribution

A debenture interest distribution was made to linked unit holders in accordance with the third supplemental trust deed.

The adjusted profit in rands was calculated as follows:	2012	2011
Profit/(Loss) before taxation	79 264 442	(970 816)
Adjusted for:		
Linked debenture interest (amortisation)	(5 656 163)	5 700 000
Debenture interest distribution	279 674	722 482
Fair value adjustments on investment properties	(72 376 415)	(2 089 209)
Operating lease adjustment	(672 517)	(1 195 012)
Adjusted profit before taxation	839 021	2 167 445
Debenture interest distribution of 33,3% of adjusted profit before taxation	279 674	722 482

DIRECTORS' TERM OF SERVICE

Half of the Directors in office are to retire at each Annual General Meeting. The Directors to retire shall be those who have been the longest in office since their last election or appointment. The managing director may be appointed by contract for a maximum period of five years at any one time. Retiring Directors shall be eligible for re-election.

DIRECTORS' REPORT continued

The Managing Director shall be eligible for re-appointment at the expiry of any period of appointment.

Prof F M Viruly was re-elected as director on 22 November 2011. Dr A J Parker was appointed as Director on 22 November 2011. Prof A Boessenkool resigned as Director on 1 August 2012.

DIRECTORS' INTEREST IN CONTRACTS

During the year the Group and Company's property portfolio were managed (in terms of an agreement) by OFM Property, Management Proprietary Limited. The Company is fully controlled in terms of shareholding by Mr F Gmeiner and Dr A C Gmeiner who are also Directors of the Company.

Rental agreements are in place between Orion Real Estate Limited, its subsidiaries and controlled trust with the following companies:

Company	*Controlled by*
8 Mile Investments Proprietary Limited	F Gmeiner & A C Gmeiner
Atlantic Securities Proprietary Limited	F Gmeiner
Hotel Devonshire Proprietary Limited	F Gmeiner
Orion Creative Business Ideas Proprietary Limited	F Gmeiner & A C Gmeiner
Orion Facilities Management Proprietary Limited	F Gmeiner & A C Gmeiner
OFM Property Management Proprietary Limited	F Gmeiner & A C Gmeiner
Orion Hotels and Resorts Proprietary Limited	F Gmeiner

All related party transactions and balances are fully disclosed in note 30.

BORROWING POWERS OF DIRECTORS

The articles of association authorises the Directors to borrow or raise for the purposes of the Company such sums as they deem fit in particular by mortgage bond or by the issue of debentures or debenture stock of the Company, whether unsecured or charged upon all or any part of the property of the Company. The level of borrowings are within the limits authorised by the articles of association.

AUTHORISED AND ISSUED SHARE CAPITAL AND DEBENTURES (LINKED UNITS)

The authorised share capital comprises of 2 000 000 000 shares of 1 cent each. There were no changes in the authorised or issued share capital of the Company during the year under review.

As at 30 June 2012 there where 630 698 688 (2011: 630 698 688) linked units in issue, each comprising of one ordinary share of 1 cent and one unsecured debenture of 1 cent each.

The ordinary shares and debentures trade as linked units on the JSE Limited's Main Board. In terms of the debenture trust deed, the interest payable on the debenture component of the linked unit is payable based on 33,3% of profit before taxation excluding capital profits and losses and extraordinary adjustments. Details of the authorised share capital and share premium are stated in note 9 and details of the debentures are stated in note 10.

LINKED UNIT HOLDERS SPREAD

The linked unit holders spread is disclosed in note 34.

DIRECTORS' LINKED UNIT HOLDING

The Directors' linked unit holding is disclosed in note 34.

SUBSIDIARY COMPANIES AND CONTROLLED TRUSTS

Details of the Company's investment in subsidiary companies and controlled trusts are disclosed in note 5.

The net income/(loss) after taxation per subsidiaries and controlled trust for 2012 were as follows:

Name of subsidiary or trust	*Net income/(loss) after taxation (R)*
CBB Properties Proprietary Limited	11 455
Elma Park 195 Limited	(26 697 135)
GEHS Leasing Company Proprietary Limited	7 167 700
Gold Edge III Proprietary Limited	5 837
Ixia Trading 532 Proprietary Limited	8 802 206
Orion Developments One Proprietary Limited	(579 895)
Orion Developments Two Proprietary Limited	(9 065)
Orion Developments Three Proprietary Limited	–
Orion Property Holding Trust	–
SBD Investments Proprietary Limited	11 240
	(11 287 657)

The above entities are incorporated in the Republic of South Africa.

COMPANY SECRETARY

The secretary of the Company is Corporate Governance Facilitators CC (C Kneale) whose sole member has extensive experience and is professionally qualified as a company secretary and in corporate governance matters. The contact addresses of the company secretary is as follows:

Business address	*Postal address*
1126 Colonial Drive	PO Box 279
Eagle Canyon	Randpark Ridge
Honeydew	2156
2040	

SPECIAL RESOLUTIONS AND AMENDMENTS TO ARTICLES OF ASSOCIATION

The following special resolutions were passed in the Group during the year:

Financial Assistance – InterCompany Loans

Special resolutions have been passed at the Annual General Meeting, to authorise the Company to provide financial assistance to certain related and/or inter-related companies.

Change in financial year-end

Special resolutions have been passed to change the year-end of the following companies in the Group:

- Orion Developments One Proprietary Limited
- Orion Developments Two Proprietary Limited
- Orion Developments Three Proprietary Limited

DIRECTORS' REPORT continued

AUDITORS

PricewaterhouseCoopers Inc will continue in office in accordance with section 90 of the Companies Act of South Africa.

GOING CONCERN

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

EVENTS AFTER THE REPORTING PERIOD

Except for the below, the Directors are not aware of any other matter or circumstance arising since the end of the financial year, not otherwise dealt within the financial statements, which would affect the operations of the Company and the Group or the results of these operations significantly.

The Group is in the process of transferring the Selborne Hotel into the Orion Group investment property portfolio. An amount of R2,6 million is under dispute of which R1,3 million has been placed within a trust account with the entities' attorneys.

LIQUIDITY AND SOLVENCY

The Directors have performed the liquidity and solvency tests required by the Companies Act of South Africa.

STATEMENTS OF FINANCIAL POSITION

as at 30 June 2012

Figures in Rand		Group			Company		
ASSETS	Notes	**2012**	2011 (restated)	2010 (restated)	**2012**	2011 (restated)	2010 (restated)
Non-current assets		**695 784 321**	646 904 513	639 747 239	**54 036 160**	58 942 993	57 565 576
Investment properties	3	**695 193 703**	646 523 400	639 139 351	**33 000 000**	37 902 000	36 532 653
Property, plant and equipment	4	**590 618**	381 113	607 888	**8 016**	12 849	3 959
Investments in subsidiaries and controlled trusts	5				**21 028 144**	21 028 144	21 028 964
Deferred tax assets	16	**–**	–	–	**–**	–	–
Current assets		**33 993 706**	22 333 524	20 603 642	**380 097 584**	298 785 171	272 804 124
Loans to related parties	12	**2 700 135**	–	88 487	**2 272 973**	–	88 487
Loans to Group companies	13				**373 086 937**	298 487 587	272 262 158
Trade and other receivables	7	**28 335 287**	22 333 524	20 426 684	**1 809 871**	297 584	220 103
Cash and cash equivalents	8	**2 958 284**	–	88 471	**2 927 803**	–	233 376
Investment properties held-for-sale	3.2	**16 264 535**	–	–	**–**	–	–
Total assets		**746 042 562**	669 238 037	660 350 881	**434 133 744**	357 728 164	330 369 700

STATEMENTS OF FINANCIAL POSITION continued

EQUITY AND LIABILITIES	Notes	Group 2012	Group 2011 (restated)	Group 2010 (restated)	Company 2012	Company 2011 (restated)	Company 2010 (restated)
Capital and reserves							
Share capital and share premium	9	**74 235 526**	74 235 526	74 235 526	**74 272 415**	74 272 415	74 272 415
Debenture reserve		**10 675 886**	10 675 886	10 675 886	**10 675 886**	10 675 886	10 675 886
Retained earnings		**303 725 058**	255 758 472	257 599 925	**216 208 711**	159 326 493	144 949 032
Total equity attributable to owners of the parent		**388 636 470**	340 669 884	342 511 337	**301 157 012**	244 274 794	229 897 333
Non-controlling interest		**(267 426)**	(180 457)	(177 608)	**–**	–	–
Total equity		**388 369 044**	340 489 427	342 333 729	**301 157 012**	244 274 794	229 897 333
Non-current liabilities		**169 806 707**	241 682 450	279 157 750	**112 913 119**	99 403 003	93 428 141
Linked debentures	10	**49 386 923**	55 043 086	49 343 086	**50 045 106**	55 701 269	50 001 269
Borrowings	11	**51 796 490**	145 036 215	185 272 159	**10 026 066**	12 679 812	14 420 869
Deferred tax liabilities	16	**68 623 294**	41 603 149	44 542 505	**52 841 947**	31 021 922	29 006 003
Current liabilities		**187 866 811**	87 066 160	38 859 402	**20 063 613**	14 050 367	7 044 226
Current income tax liabilities		**12 715 619**	6 315 840	2 616 731	**10 673 545**	5 249 092	1 982 788
Loans from shareholders	14	**1 998 792**	1 471 907	1 359 768	**1 998 792**	1 471 907	1 359 768
Loans from Directors	15	**2 598 511**	2 598 511	2 898 435	**–**	–	–
Loans from related parties	12	**905 609**	1 736 046	777 707	**500 000**	1 655 411	778 627
Loans from Group companies	13				**31 930**	40 754	–
Tenant deposits		**6 246 795**	5 939 753	6 245 092	**–**	262 200	262 200
Trade and other payables	17	**24 448 808**	16 601 850	9 061 245	**2 012 011**	2 036 663	761 842
Borrowings	11	**136 569 656**	51 154 229	15 900 424	**2 474 314**	2 064 949	1 899 001
Bank overdraft	8	**2 383 021**	1 248 024	–	**2 373 021**	1 269 391	–
Total liabilities		**357 673 518**	328 748 610	318 017 152	**132 976 732**	113 453 370	100 472 367
Total equity and liabilities		**746 042 562**	669 238 037	660 350 881	**434 133 744**	357 728 164	330 369 700

The notes on pages 34 to 105 are an integral part of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 30 June 2012

Figures in Rand	Notes	Group 2012	Group 2011	Company 2012	Company 2011
Revenue	18	**90 828 412**	82 042 959	**3 617 526**	4 133 540
Other income	19	**3 043 398**	1 753 375	**502 095**	450 000
Other direct property operating costs	20	**(60 791 997)**	(49 416 333)	**(13 331 369)**	(8 172 671)
Adminstrative and management expenses	20	**(11 965 192)**	(11 395 598)	**(641 800)**	(417 330)
Repairs and maintenance	20	**(4 951 860)**	(3 476 676)	**(55 195)**	(553 922)
Profit distribution from controlled trust	33	**–**	–	**93 260 773**	30 520 892
Fair value measurement of investment property	3	**72 376 415**	2 089 209	**(4 902 000)**	1 402 000
Operating profit		**88 539 176**	21 596 936	**78 450 030**	27 362 509
Finance income	21	**2 274 522**	1 803 626	**11 278**	5 862
Linked debenture interest	10	**5 656 163**	(5 700 000)	**5 656 163**	(5 700 000)
Finance costs	22	**(17 205 419)**	(18 671 378)	**(1 597 368)**	(2 008 687)
Profit/(Loss) before taxation		**79 264 442**	(970 816)	**82 520 103**	19 659 684
Taxation	23	**(31 384 825)**	(873 486)	**(25 637 885)**	(5 282 223)
Profit/(Loss) for the year		**47 879 617**	(1 844 302)	**56 882 218**	14 377 461
Other comprehensive income		**–**	–	**–**	–
Total comprehensive income/(loss) for the year		**47 879 617**	(1 844 302)	**56 882 218**	14 377 461
Profit/(Loss) and total comprehensive income/(loss) for the year attributable to:					
Owners of the parent		**47 966 586**	(1 841 453)		
Non-controlling interest		**(86 969)**	(2 849)		
		47 879 617	(1 844 302)		
Earnings per linked unit					
Basic earnings per linked unit (cents)	24	**7,65**	(0,29)		
Diluted earnings per linked unit (cents)	24	**7,65**	(0,29)		

The notes on pages 34 to 105 are an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

for the year ended 30 June 2012

GROUP

Figures in Rand	Share capital	Share premium	Total share capital and premium	Debenture reserve	Retained earnings	Total	Non-controlling interest	Total equity
Opening balance at 1 July 2010	6 270 098	67 965 428	74 235 526	10 675 886	257 599 925	342 511 337	(177 608)	**342 333 729**
Total comprehensive income for the year	–	–	–	–	(1 841 453)	(1 841 453)	(2 849)	**(1 844 302)**
Balance at 30 June 2011	6 270 098	67 965 428	74 235 526	10 675 886	255 758 472	340 669 884	(180 457)	**340 489 427**
Total comprehensive income for the year	–	–	–	–	47 966 586	47 966 586	(86 969)	**47 879 617**
Balance at 30 June 2012	**6 270 098**	**67 965 428**	**74 235 526**	**10 675 886**	**303 725 058**	**388 636 470**	**(267 426)**	**388 369 044**

COMPANY

Figures in Rand	Share capital	Share premium	Total share capital and premium	Debenture reserve	Retained earnings	Total equity
Balance at 30 June 2010	6 306 987	67 965 428	74 272 415	10 675 886	144 949 032	**229 897 333**
Total comprehensive income for the year	–	–	–	–	14 377 461	**14 377 461**
Balance at 30 June 2011	6 306 987	67 965 428	74 272 415	10 675 886	159 326 493	**244 274 794**
Total comprehensive income for the year	–	–	–	–	56 882 218	**56 882 218**
Balance at 30 June 2012	**6 306 987**	**67 965 428**	**74 272 415**	**10 675 886**	**216 208 711**	**301 157 012**

The notes on pages 34 to 105 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

for the year ended 30 June 2012

Figures in Rand	Notes	Group 2012	Group 2011	Company 2012	Company 2011
Cash flows from operating activities		**4 333 814**	4 294 849	**(8 884 297)**	(5 335 275)
Cash generated by/(utilised in) operations	25.1	**23 148 936**	23 079 961	**(5 774 412)**	(3 326 588)
Interest paid		**(17 205 419)**	(18 671 378)	**(1 597 368)**	(2 008 687)
Taxation paid	25.2	**(1 609 703)**	(113 734)	**(1 512 517)**	–
Cash flows from investing activities		**8 317 458**	(1 508 246)	**15 854 350**	4 330 207
Profit distribution from Orion Property Holdings Trust	33	**–**	–	**93 260 773**	30 520 892
Loans advanced to Group companies		**–**	–	**(74 599 350)**	(26 225 429)
(Repayment of)/proceeds from loans from Group companies		**–**	–	**(2 818 351)**	40 754
Purchase of investment property		**–**	(3 300 000)	**–**	–
Proceeds on sale of investment property		**6 600 000**	–	**–**	–
Interest received		**2 274 522**	1 803 626	**11 278**	5 862
Purchases of property, plant and equipment		**(557 064)**	(11 872)	**–**	(11 872)
Cash flows from financing activities		**(10 827 985)**	(4 123 098)	**(5 145 880)**	(497 699)
Proceeds from loans from shareholders		**526 885**	112 139	**526 885**	112 139
Repayment of loans from Directors		**–**	(299 924)	**–**	–
Movement in loans with related parties		**(3 530 572)**	1 046 826	**(3 428 384)**	965 271
Interest bearing borrowings repaid		**(7 824 298)**	(4 982 139)	**(2 244 381)**	(1 575 109)
Net increase/(decrease) in cash, cash equivalents and bank overdrafts		**1 823 287**	(1 336 495)	**1 824 173**	(1 502 767)
Cash, cash equivalents and bank overdrafts at the beginning of the year		**(1 248 024)**	88 471	**(1 269 391)**	233 376
Cash, cash equivalents and bank overdrafts at the end of the year	8	**575 263**	(1 248 024)	**554 782**	(1 269 391)

Investing and financing transactions that did not require the use of cash, cash equivalents and overdrafts are excluded from the cash flow statement.

The notes on pages 34 to 105 are an integral part of these financial statements.

ACCOUNTING POLICIES

1.1 Basis of preparation

Orion Real Estate Limited is a property investment and development Company. The Company is a public limited Company, which is listed on the Johannesburg Stock Exchange and is incorporated and domiciled in South Africa.

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and the Companies Act of South Africa. The consolidated financial statements have been prepared under the historical cost basis, except for the measurement of investment properties and certain financial instruments at fair value, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 1.19.

1.2 Basis of consolidation

The consolidated financial statements include the individual financial statements of Orion Real Estate Limited, its subsidiary companies and its controlled trust, which are controlled by the Company.

Control exists when the Company has the power to govern the financial and operating policies of an entity to obtain benefits from its activities.

1.2.1 Subsidiaries and controlled trust

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders give the Group the power to govern the financial and operating policies, etc.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at air value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

Inter-Company transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from inter-Company transactions that are recognised in assets are also eliminated.

Accounting policies of subsidiaries have been changed, where necessary, to ensure consistency with the policies adopted by the Group.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

1.2.2 Non-controlling interest

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

1.2.2 Non-controlling interest continued

When the Group ceases to have control or significant influence, any retained interests in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

1.3 Financial instruments

1.3.1 Classification

The Group classifies its financial assets in the category loans and receivables. The classification depends on the purpose for which the assets were acquired and takes place at initial recognition. Classification is re-assessed on an annual basis. Management determines the classification of financial instruments, or their component parts, as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

- Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise "trade and other receivables" and "cash and cash equivalents" in the statement of financial position.
- Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest rate method.

1.3.2. Recognition and measurement

Financial instruments are recognised initially when the Company becomes a party to the contractual provisions of the instruments. Financial instruments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortised cost using the effective interest rate method, less accumulated impairment losses.

1.3.3. Recognition and measurement

Interest calculated using the effective interest rate method is recognised in the statement of comprehensive income as part of other income for financial assets classified as loans and receivables.

1.3.4 Fair value determination

The fair value of quoted instruments is based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Company estimates fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and other pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

ACCOUNTING POLICIES

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the statement of comprehensive income when there is objective evidence that the asset is impaired.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operations expenses in the statement of comprehensive income.

Trade and other receivables are classified as loans and receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances. Cash and cash equivalents are initially and subsequently recorded at fair value.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method.

Bank overdrafts and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Company's accounting policy for borrowing costs.

Bank overdrafts and borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

The fair value of the liability portion of a convertible instrument is determined using a market interest rate for an equivalent non-convertible instrument. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the instrument. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

Linked debenture instruments

Compulsory redeemable debentures are compound instruments, consisting of a liability component and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible debt. The difference between the proceeds of issue of the redeemable instruments and

ACCOUNTING POLICIES

1.3.4 Fair value determination

Linked debenture instruments continued

the fair value assigned to the liability component, representing the embedded option to convert the liability into equity of the Company, is included in equity.

Combined units are compound instruments, consisting of a debenture (liability) component and a share (equity) component. The debentures are carried at amortised cost using the effective interest rate method.

Issue costs are apportioned between the liability and equity components of the compound instruments based on their relative carrying amounts at the date of issue. The portion relating to the equity component is charged directly against equity.

Loans from shareholders and Directors

These financial liabilities are classified as financial liabilities at amortised cost.

Loans to/(from) Group companies and related parties

These include loans to and from fellow subsidiaries and related parties and are recognised initially at fair value plus direct transaction costs.

Loans to Group companies and related parties are classified as loans and receivables.

Loans from Group companies and related parties are classified as financial liabilities measured at amortised cost.

1.3.5 Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when the Company has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1.3.6 Impairment of financial assets

At each reporting date the Group assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or Group of financial assets has been impaired.

For amounts due to the Group: Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator of impairment. If any such evidence exists for available for sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity as a reclassification adjustment to other comprehensive income and recognised in profit or loss.

Impairment losses are recognised in the statement of comprehensive income.

ACCOUNTING POLICIES

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in the statement of comprehensive income except for equity investments classified as available-for-sale.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in the statement of comprehensive income within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

1.4 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the consolidated Group, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property.

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

Investment property consists of land and buildings as well as vacant land held to earn rental income for the long term. Properties are stated initially at cost on acquisition and subsequent additions that enhance the value of the property are capitalised. Investment property under construction is valued at cost. Direct costs relating to major capital projects are capitalised until the properties are brought into commercial operation.

Investment property is measured initially at cost, including related transaction costs and borrowing costs.

Investment property is maintained, upgraded and refurbished, where necessary, in order to preserve or improve the capital value as far as is possible to do so. Maintenance and repairs which neither materially add to the value of the properties nor prolong their useful lives, are charged to the statement of comprehensive income during the financial period in which they are incurred.

Subsequent to initial measurement investment property is measured at fair value.

Independent valuations are obtained on a rotational basis, ensuring that every property is independently valued every three years. Valuations are performed as at the financial position date by professional valuers who hold recognised and relevant professional qualifications and have received experience in the location and category of the investment property being valued. The Directors value the remaining properties annually, using the capitalisation of net income method and taking into account the effects of lease smoothing in terms of IAS 40. This method takes net rentals and capitalises them at a rate which is consistent with comparable market transactions. The capitalisation rates reflect the risks inherent in the net cash flows and are constantly monitored by reference to comparable market transactions.

ACCOUNTING POLICIES

1.4 Investment property continued

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. Some of those outflows are recognised as a liability, including finance lease liabilities in respect of leasehold land classified as investment property; others, including contingent rent payments, are not recognised in the financial statements.

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. When part of an investment property is replaced, the replacement part is recognised in the carrying amount of the investment property and the carrying amount of the replaced part is derecognised.

If a valuation obtained for a property held under a lease is net of all payments expected to be made, any related lease asset or liability recognised separately in the statement of financial position is added back to arrive at the comprising value of the relevant property for accounting purposes.

Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

Where the Group disposes of a property at fair value in an arm's length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in the statement of comprehensive income with the net gain from fair value adjustment on investment property.

Surpluses and deficits on revaluation or disposals of investment properties are recognised in profit and loss in the statement of comprehensive income in the period in which it arises.

1.5 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases – lessor

Operating lease income is recognised as an income on a straight-line basis over the lease term. The difference between the amount recognised as income and the contractual payments is recognised as an operating lease liability. The liability is not discounted.

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

Income for leases is disclosed under revenue in the statement of comprehensive income.

ACCOUNTING POLICIES

Properties leased out under operating leases are included in investment property in the statement of financial position. Refer to note 1.6 for the recognition of rental income.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between amounts recognised as an expense and the contracted payments are recognised as an operating lease asset. The asset is not discounted. Any contingent rents are expensed in the period they are incurred.

1.6 Revenue

Revenue from the letting of investment property comprises gross rental income. Recoveries of municipal charges are classified as revenue as the Company acts as principal in these transactions.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Rental income from operating leases is recognised on a straight-line basis over the lease term. When the Group provides incentives to its tenants, the cost of incentives is recognised over the lease term, on a straight-line basis, as a reduction of rental income. ervice and management charges are recognised in the accounting period in which the services are rendered. When the Group is acting as an agent, the commission rather than gross income is recorded as revenue.

1.7 Borrowing costs

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

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

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

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

1.7 Borrowing costs continued

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

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

1.8 Provisions and contingencies

Provisions are recognised when:

- the Group has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation. Where some or all of the expenditure to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingencies are disclosed in note 29.

1.9 Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method. Certain Group companies obtain deposits from tenants as a guarantee for returning the property at the end of the lease term in a specified good condition or for the lease payments for a period ranging from 1 to 12 months. Such deposits are treated as financial liabilities in accordance with IAS 39 and they are initially recognised at fair value. The difference between fair value and cash received is considered to be part of the minimum lease payments received for the operating lease (refer to note 1.6 for the recognition of rental income). The deposit is subsequently measured at amortised cost.

1.10 Income tax

Income tax expenses

Tax expense comprises current and deferred tax.

Current and deferred taxes are recognised as income or an expense and included in the statement of comprehensive income for the period, except to the extent that the tax arises from a transaction recognised in other comprehensive income or a business combination.

ACCOUNTING POLICIES

Current and deferred tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised directly in equity, in which case the tax is also recognised in equity.

Current income tax assets and liabilities

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

Current income tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry-forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Secondary tax

South African resident companies are subject to a dual corporate tax system, one part of the tax being levied on taxable income and the other, a secondary tax (called STC), on distribution income. A Company incurs STC charges on the declaration or deemed declaration of dividends (as defined under tax law) to its shareholders. STC is not a withholding tax on shareholders, but a tax on companies.

ACCOUNTING POLICIES

1.10 Income tax

Secondary tax continued

The STC tax consequence of dividends is recognised as a taxation charge in the statement of comprehensive income in the same period that the related dividend is accrued as a liability. The STC liability is reduced by dividends received during the dividend cycle. Where dividends declared exceeds the dividends received during a cycle, STC is payable at the current STC rate on the net amount. Where dividends received exceeds dividends declared within a cycle, there is no liability to pay STC. The potential tax benefit related to excess dividends received is carried forward to the next dividends cycle as an STC credit. Deferred tax assets are recognised on unutilised STC credits to the extent that it is probable that the Group will declare future dividends to utilise such STC credits.

1.11 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest rate method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the date or the statement of financial position.

Refer to note 11 for additional information regarding financing by way of mortgage bonds.

1.12 Impairment of non-financial assets

The Group assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in the statement of comprehensive income. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

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The increased carrying amount attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in the statement of comprehensive income. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.13 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the business segments, has been identified as the managing director, in consultation with the Board of Directors.

1.14 Property, plant and equipment

All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the Company; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

The residual value and the useful life of each asset are reviewed at the end of each reporting period.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately.

Land is not depreciated. Depreciation is calculated on the straight-line basis over their useful lives to their estimated residual values.

ACCOUNTING POLICIES

1.14 Property, plant and equipment continued

The useful lives of property, plant and equipment have been assessed as follows:

Item	*Average useful life*
Fittings	2 years
Computer equipment	3 years
Furniture	6 years

The depreciation charge for each period is recognised in the statement of comprehensive income unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the recognition of an item of property, plant and equipment is determined as the difference between net disposal proceeds, if any, and the carrying amount of the item.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

1.15 Non-current assets held-for-sale

Non-current assets are classified as held-for-sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

A non-current asset is not depreciated (or amortised) while it is classified as held-for-sale, or while it is part of a disposal Group classified as held-for-sale.

Interest and other expenses attributable to the liabilities of a disposal Group classified as held-for-sale are recognised in the statement of comprehensive income.

Assets classified as held-for-sale are held at fair value less cost to sell.

1.16 Related parties

Relationships between related parties are disclosed irrespective of whether there have been transactions between those related parties. Transactions during the year and balances between related parties are disclosed at as arm's length transactions.

Related parties mostly consists of other entities controlled by Directors of this Group. Refer to note 30 where detailed disclosure regarding related party balances and transactions are presented.

Key management consist of members of the Board of Directors.

1.17 Share capital and equity

Ordinary shares are classified as equity. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Shares are issued as linked units comprising 1 ordinary share classified as equity and one variable rate debenture classified as liability. Linked debenture instruments are discussed under 1.3.3.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

1.18 Employee benefits

Short-term benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The expected cost of profit-sharing and bonus payments is recognised as an expense when there is a legal or contractual obligation to make such payments as a result of past performance.

1.19 Significant judgements and key sources of Estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions affecting the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements. Significant judgements include:

1.19.1 Trade receivables and loans and receivables

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

The impairment for trade receivables and loans and receivables is calculated on a case by case basis, based on known factors relating to the specific item. (Note 7)

1.19.2 Provisions

Provisions were raised and measurement determined on estimates based on the information available. (Note 17)

1.19.3 Fair value estimation

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

1.19.4 Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less cost to sell. These calculations require the use of estimates and assumptions.

The Group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are Grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each Group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. (Note 4)

1.19.5 Investment property

In the application of the accounting policies, the Directors are required to make judgements, estimates and assumptions about the fair value of investment properties that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The fair value of investment properties are from the building managers and determined on an open market basis taking into account the expected future rental that a particular building will generate. An appropriate discount rate or valuation multiple is used that reflects the risk associated with the particular building.

The deferred tax rate applied to the fair value adjustments of investment properties is determined by the expected manner of recovery. The expected recovery of investment property is through sale and therefore the capital gains tax rate of 18,66% (2011:14%) is used.

The values of land and buildings respectively are calculated based on the weighted-average percentage for all the properties valued by the independent valuator in 2010. These weighted-average percentages split between land and buildings was used to calculate the separate land and building values per the director's valuations for 2010, 2009 and 2008 to assist on the calculation for deferred taxation using the capital gains tax rate of 18,66%. Refer to note 3 for detailed disclosure on fair value assumptions.

In terms of IAS 40, consideration has been given to whether Orion House should be classified as being owner-occupied. However, due to the immaterial percentage occupation by Group companies, the main use of the property results in the treatment as investment property with revaluation under IAS 16.

1.19.6 Linked debenture instruments

The Group and Company have determined, in terms of the requirements of accounting standards, that linked debentures upon recognition should be present valued and amortised over the lifetime of each debenture issued. Per the principle debenture trust deed, these debentures are redeemable after 25 years from issue date. The total allotment of these debentures for every separate year of issue is present valued and amortised separately based on the market-related interest rate in the year of issue. Included in the separate tranches is the net present value of budgeted future distributions allocated between the individual debentures tranches. Judgement is used by the Directors on the predicted profit distributions of these debentures, the Directors have assumed an average growth rate of 15% (2011:17%) to calculate the future distributions to the debenture holders, present valued and recorded as a liability. (Note 10)

ACCOUNTING POLICIES

1.19.7 Linked unit distribution

The Group's share capital consists of a linked unit containing 1 share capital at 1 cent each and 1 debenture at par value of 1 cent each, which is traded together on the JSE Ltd's main Board. When the Group and Company issue new linked units, the Directors uses their discretion on the allocation between allotment of share premium and debenture premium with each issue of linked units as the principle debenture trust deed does not provide guidance on the allocation of the share premium and debenture premium when new linked units are issued. The judgement regarding the split between share premium and debenture premium will based on the average split used for previously issued units. (Note 10)

1.19.8 Expected manner of realisation of deferred tax

Deferred tax is provided for on the fair value adjustments of investment properties based on the expected manner of recovery, i.e. sale or use. This manner of recovery affects the rate used to determine the deferred tax liability. (Note 16)

1.19.9 Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The Group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the Group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realise the net deferred tax assets recorded at the end of the reporting period could be impacted. (Note 16.23)

1.19.10 Statement of comprehensive income

The presentation format of the statement of comprehensive income is a mixture of both nature and function which in the opinion of the Directors, provides the reader with a comprehensive understanding of the operations of the Group. A detailed analysis of expenses by nature is included in Note 20.

ACCOUNTING POLICIES

2. NEW STANDARDS AND INTERPRETATIONS

2.1 Standards and interpretations early adopted

The following amendment has been early adopted in accordance with the transitional provisions of the standards or interpretations:

Amendment to IAS 12 "Income Taxes" on Deferred Tax: Recovery of Underlying Assets

In terms of the amendment, if deferred tax liabilities or assets arise from investment properties that are measured using the fair value model in IAS 40 Investment Properties, there is a rebuttable presumption that the carrying amount of the investment property will be recovered through sale.

The Group has elected to early adopt the IAS 12 amendment, which requires retrospective application. This has resulted in the deferred tax liability previously raised in respect of certain investment property surpluses being restated from the use rate to the sale rate and has correspondingly impacted the Statement of Comprehensive Income. The affected comparative figures for 2010 and, in the case of the financial statement position and related notes for 2009 have been restated and presented in the financial statements for the year ended 30 June 2011.

2010 Annual Improvements Project: Amendments to IFRS 7 Financial Instruments: Disclosures

Additional clarification is provided on the requirements for risk disclosures.

The effective date of the amendment is for years beginning on or after 1 January 2011.

This was early adopted in the Group's 2011 financial statements.

2.2 Standards and interpretations not yet effective

The Group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Group's accounting periods beginning on or after 1 July 2012 or later periods:

IAS 32 (Amendment) Offsetting of Financial Assets and Financial Liabilities

The application guidance of IAS 32 has been amended to clarify some of the requirements for offsetting financial assets and financial liabilities on the statement of financial position. The amendments do not change the current offsetting model in IAS 32, but clarify that the right of set-off must be available today – that is, it is not contingent on a future event. It also must be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendments also clarify that gross settlement mechanisms (such as through a clearing house) with features that both (i) eliminate credit and liquidity risk and (ii) process receivables and payables in a single settlement process, are effectively equivalent to net settlement; they would therefore satisfy the IAS 32 criterion in these instances. Master netting agreements where the legal right of offset is only enforceable on the occurrence of some future event, such as default of the counterparty, continue not to meet the offsetting requirements.

The effective date of the amendment is for years beginning on or after 1 January 2014.

It is unlikely that the amendment will have a material impact on the Group's financial statements.

ACCOUNTING POLICIES

IFRS 7 (Amendment): Financial Instruments: Disclosures – Offsetting of Financial Assets and Financial Liabilities

The amended disclosures will require more extensive disclosures than are currently required under IFRS. The disclosures focus on quantitative information about recognised financial instruments that are offset in the statement of financial position, as well as those recognised financial instruments that are subject to master netting or similar arrangements irrespective of whether they are offset.

The effective date of the amendment is for years beginning on or after 1 January 2013.

It is unlikely that the amendment will have a material impact on the Group's financial statements.

IFRS 10 – Consolidated Financial Statements

This standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements. The standard provides additional guidance to assist in determining control where this is difficult to assess. This new standard might impact the entities that a Group consolidates as its subsidiaries.

The effective date of the amendment is for years beginning on or after 1 January 2013.
It is unlikely that the amendment will have a material impact on the Group's financial statements.

IFRS 13 – Fair Value Measurement

This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP.

The effective date of the amendment is for years beginning on or after 1 January 2013.

It is unlikely that the amendment will have a material impact on the Group's financial statements.

IAS 27 (revised 2011) – Separate Financial Statements

This standard includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10.

The effective date of the amendment is for years beginning on or after 1 January 2013.

It is unlikely that the amendment will have a material impact on the Group's financial statements.

IFRS 12 – Disclosures of Interests in Other Entities

This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off-balance-sheet vehicles.

The effective date of the amendment is for years beginning on or after 1 January 2013.

It is unlikely that the amendment will have a material impact on the Group's financial statements.

2.2 Standards and interpretations not yet effective continued

IFRS 9 Financial Instruments

This new standard is the first phase of a three-phase project to replace IAS 39 Financial Instruments: Recognition and Measurement. Phase one deals with the classification and measurement of financial assets. The following are changes from the classification and measurement rules of IAS 39:

- Financial assets will be categorised as those subsequently measured at fair value or at amortised cost.
- Financial assets at amortised cost are those financial assets where the business model for managing the assets is to hold the assets to collect contractual cash flows (where the contractual cash flows represent payments of principal and interest only). All other financial assets are to be subsequently measured at fair value.
- For hybrid contracts, where the host contract is within the scope of IFRS 9, then the whole instrument is classified in accordance with IFRS 9, without separation of the embedded derivative. In other circumstances, the provisions of IAS 39 still apply.
- Investments in equity instruments may be measured at fair value through profit and loss. When such an election is made, it may not subsequently be revoked, and gains or losses accumulated in equity are not recycled to profit or loss on derecognition of the investment. The election may be made per individual investment.
- IFRS 9 does not allow for investments in equity instruments to be measured at cost under any circumstances.

In December 2011, the effective date of IFRS 9 was delayed. The original effective date for annual periods beginning on/after 1 January 2013 has been delayed to annual periods beginning on/after 1 January 2015. The amendment also modifies the relief from restating prior periods, in that if IFRS 9 is adopted for reporting periods: beginning before 1 January 2012, comparatives need to be restated nor does the additional disclosure requirements of IFRS 7 need to be provided; beginning on/after 1 January 2012 and before 1 January 2013, either the additional disclosure required by IFRS 7 must be provided or the prior periods need to be restated; beginning on/after 1 January 2013, the IFRS 7 additional disclosure is required but the entity need not restate prior periods.

The effective date of the amendment is for years beginning on or after 1 January 2015.

It is unlikely that the amendment will have a material impact on the Group’s financial statements.

3. Investment properties

Figures in Rand	Group 2012	Group 2011 (restated)	Group 2010 (restated)	Company 2012	Company 2011 (restated)	Company 2010 (restated)
Carrying value at beginning of year	**637 289 209**	631 900 000	568 480 000	**37 902 000**	36 500 000	35 750 000
Additions at cost	**–**	3 300 000	–	**–**	–	–
Transferred to investment property reclassified as held-for-sale (note 3.2)	**(16 190 000)**	–	–	**–**	–	–
Disposals at fair value	**(7 236 000)**	–	–	**–**	–	–
Fair value adjustment	**72 376 415**	2 089 209	63 420 000	**(4 902 000)**	1 402 000	750 000
Fair value of investment property for accounting purposes	**686 239 624**	637 289 209	631 900 000	**33 000 000**	37 902 000	36 500 000
Add: Straight-line lease income adjustments (note 6)	**9 028 615**	9 234 191	7 239 351	**–**	–	32 653
Less: Straight-line lease adjustment transferred to property reclassified as held-for-sale (note 3.2)	**(74 536)**	–	–	**–**	–	–
Fair value of investment property (note 3.1)	**695 193 703**	646 523 400	639 139 351	**33 000 000**	37 902 000	36 532 653

3.1 Investment property comprises
Group

Property name	Situated	2012 Land value	2012 Building value	2012 Total value	2011 (restated) Land value	2011 (restated) Building value	2011 (restated) Total value
67 7th Street	67 7th Street, Linden, Johannesburg	**1 529 112**	**6 513 048**	**8 042 160**	1 393 271	5 934 451	7 327 722
72 Voortrekker Street	72 Voortrekker Avenue, Edenvale	**360 689**	**5 098 777**	**5 459 466**	495 846	7 009 398	7 505 244
ACA Kranz Building	35 Symonds Road, Auckland Park	**21 727 894**	**53 516 288**	**75 244 182**	10 965 126	62 135 716	73 100 842
City Deep	95 Merino Park, City Deep, Johannesburg	**8 880 620**	**9 917 517**	**18 798 137**	4 632 893	5 173 828	9 806 721
Dan Perkins	20 John Street, Selby, Johannesburg	**11 319 307**	**7 288 792**	**18 608 099**	6 144 162	3 956 384	10 100 546
Kensington B	Cnr Bram Fischer and Frere Road, Randburg	**4 038 882**	**10 857 414**	**14 896 296**	3 301 387	8 874 863	12 176 250
Kent Stand 962	296 Kent Avenue, Ferndale, Randburg	**2 007 500**	**30 992 500**	**33 000 000**	5 685 300	32 216 700	37 902 000
Laser Park Stand 100	1055 Ridge Road, Roodepoort	**1 132 968**	**4 245 144**	**5 378 112**	905 850	3 394 150	4 300 000
Laser Park Stand 101	1052 Schooner Street, Honeydew	**3 436 951**	**16 228 700**	**19 665 651**	2 864 031	13 523 470	16 387 501
Laser Park Stand 123	123 Schooner Street, Honeydew	**–**	**–**	**–**	2 146 950	5 653 050	7 800 000
Laser Park Stand 124-126	124 Ridge Road, Roodepoort	**4 449 815**	**17 865 377**	**22 315 192**	3 230 788	12 971 158	16 201 946
Marlboro 142	7-5th Avenue, Marlboro, Sandton	**385 317**	**2 183 460**	**2 568 777**	308 112	1 745 966	2 054 078
Marlboro 161	41-14th Street, Marlboro, Sandton	**601 735**	**3 409 833**	**4 011 568**	572 400	3 243 600	3 816 000
Marlboro 196	24-14th Street, Marlboro, Sandton	**–**	**–**	**–**	1 090 357	6 178 689	7 269 046

3.1 Investment property comprises continued
Group

		2012			2011 (restated)		
Property name	Situated	**Land value**	**Building value**	**Total value**	Land value	Building value	Total value
Marlboro 211 & 212	4-14th Street, Marlboro, Sandton	**878 721**	**4 979 421**	**5 858 142**	830 700	4 707 300	5 538 000
Marlboro 213	42-14th Street, Marlboro, Sandton	**779 986**	**4 419 919**	**5 199 905**	649 050	3 677 950	4 327 000
Marlboro 78	3 Martha Rd, Eastgate Gardens Comm Park, Marlboro, Sandton	**–**	**–**	**–**	514 650	2 916 350	3 431 000
Marlboro 84	3 Olympia Street, Marlboro, Sandton	**–**	**–**	**–**	187 650	1 063 350	1 251 000
Marlboro 97	2-15th Street, Marlboro, Sandton	**440 886**	**2 498 359**	**2 939 245**	390 268	2 211 521	2 601 789
Meyers Building	Cnr Rietfontein and Shamrock Rd, Primrose, Germiston	**1 634 015**	**6 113 470**	**7 747 485**	1 132 360	6 416 708	7 549 068
Mountain View Shopping Centre	10 Somerlust Street, Gordon's Bay	**4 024 881**	**13 015 470**	**17 040 351**	1 154 929	6 544 600	7 699 529
Northcliff Atrium	189 Beyers Naude Drive, Northcliff	**3 519 206**	**19 039 807**	**22 559 013**	2 249 663	12 748 092	14 997 755
Orion Centre Erf 195	Cnr 1st Avenue and Boeing Road, Edenvale	**–**	**72 492 047**	**72 492 047**	–	75 289 965	75 289 965
Orion Centre Erf 257	Cnr 1st Avenue and Boeing Road, Edenvale	**32 775 114**	**–**	**32 775 114**	52 480 940	–	52 480 940
Orion House	49 Jorissen Street, Braamfontein	**3 768 110**	**67 514 993**	**71 283 103**	9 943 532	56 346 682	66 290 214
Primrose Mall	Cnr Rietfontein and Shamrock Rd, Primrose, Germiston	**4 600 827**	**9 147 064**	**13 747 891**	1 953 480	11 069 721	13 023 201
Promenade shopping centre and hotel complex	Cnr Louis Trichardt and Henshall Streets, Nelspruit	**16 797 046**	**111 629 268**	**128 426 314**	13 343 299	88 676 465	102 019 764
Score – Delft	Cnr Sandelhout and Main Street, Delft, Cape Town	**557 874**	**8 270 014**	**8 827 888**	425 524	6 308 038	6 733 532
Score – Macassar	Cnr Phala and Tutu Street, Khayalitsha Village, Macassar	**443 194**	**6 800 290**	**7 243 484**	349 218	5 358 337	5 707 555
Score – Mfuleni	Cnr Lukhanyo and Main Street, Mfuleni, Cape Town	**551 645**	**7 389 261**	**7 940 906**	430 406	5 765 278	6 195 684
Score – Roosendal	Erf 3550, situated at Roosendal, Western Cape	**583 054**	**6 865 134**	**7 448 188**	462 870	5 450 045	5 912 915
Score – Wesbank	Cnr Silversands and Westbank, Main Street, Wesbank, Cape Town	**549 313**	**7 001 377**	**7 550 690**	448 305	5 713 965	6 162 270
Standard Bank Bramley	Cnr Louis Botha and Forest Road, Bramley	**1 207 790**	**5 744 652**	**6 952 442**	1 847 154	8 785 679	10 632 833
Wartburg Hotel	53 Noodsbrug Road, Wartburg	**1 453 268**	**9 354 805**	**10 808 073**	1 191 226	7 668 016	8 859 242
Wendywood	Daphne Street, Wendywood, Sandton	**7 008 213**	**23 357 569**	**30 365 782**	3 610 833	20 461 385	24 072 218
Fair value of investment property		**141 443 933**	**553 749 770**	**695 193 703**	137 332 530	509 190 870	646 523 400

3. Investment property continued

Group

Property name	Situated	2010 (restated) Land value	Building value	Total value
67 7th Street	67 7th Street, Linden, Johannesburg	3 928 302	8 071 697	11 999 999
72 Voortrekker Street	72 Voortrekker Avenue, Edenvale	142 704	1 657 296	1 800 000
ACA Kranz Building	35 Symonds Road, Auckland Park	12 556 839	74 156 957	86 713 796
City Deep	95 Merino Park, City Deep, Johannesburg	6 024 979	7 542 500	13 567 479
Dan Perkins	20 John Street, Selby, Johannesburg	4 754 127	5 239 856	9 993 983
Kensington B	Cnr Bram Fischer and Frere Road, Randburg	2 431 359	8 568 641	11 000 000
Kent Stand 962	296 Kent Avenue, Ferndale, Randburg	3 282 319	33 250 334	36 532 653
Laser Park Stand 100	1055 Ridge Road, Roodepoort	637 523	3 765 021	4 402 544
Laser Park Stand 101	1052 Schooner Street, Honeydew	1 578 406	9 321 594	10 900 000
Laser Park Stand 123	123 Schooner Street, Honeydew	1 171 174	6 916 605	8 087 779
Laser Park Stand 124–126	124 Ridge Road, Roodepoort	2 230 041	13 169 959	15 400 000
Marlboro 142	7-5th Avenue, Marlboro, Sandton	891 900	2 208 100	3 100 000
Marlboro 161	41-14th Street, Marlboro, Sandton	895 191	2 316 617	3 211 808
Marlboro 196	24-14th Street, Marlboro, Sandton	1 534 308	5 381 172	6 915 480
Marlboro 211 & 212	4-14th Street, Marlboro, Sandton	1 812 766	2 658 684	4 471 450
Marlboro 213	42-14th Street, Marlboro, Sandton	991 000	2 609 000	3 600 000
Marlboro 78	3 Martha Rd, Eastgate Gardens Comm Park, Marlboro, Sandton	907 378	2 144 683	3 052 061
Marlboro 84	3 Olympia Street, Marlboro, Sandton	891 900	608 100	1 500 000
Marlboro 97	2-15th Street, Marlboro, Sandton	891 900	1 558 100	2 450 000
Meyers Building	Cnr Rietfontein and Shamrock Rd, Primrose, Germiston	1 522 500	4 577 500	6 100 000
Mountain View Shopping Centre	10 Somerlust Street, Gordon's Bay	1 160 778	6 855 209	8 015 987
Northcliff Atrium	189 Beyers Naude Drive, Northcliff	4 480 995	14 923 882	19 404 877
Orion Centre Erf 195	Cnr 1st Avenue and Boeing Road, Edenvale	–	71 772 958	71 772 958
Orion Centre Erf 257	Cnr 1st Avenue and Boeing Road, Edenvale	60 061 054	–	60 061 054
Orion House	49 Jorissen Street, Braamfontein	2 547 027	58 876 442	61 423 469
Primrose Mall	Cnr Rietfontein and Shamrock Road, Primrose, Germiston.	2 865 500	9 134 500	12 000 000
Promenade shopping centre and hotel complex	Cnr Louis Trichardt and Henshall Streets, Nelspruit	9 693 204	75 983 606	85 676 810
Score – Delft	Cnr Sandelhout and Main Street, Delft, Cape Town	982 299	5 309 347	6 291 646
Score – Macassar	Cnr Phala and Tutu Street, Khayalitsha Village, Macassar	852 432	5 468 562	6 320 994
Score – Mfuleni	Cnr Lukhanyo and Main Street, Mfuleni, Cape Town	1 102 561	5 841 146	6 943 707
Score – Roosendal	Erf 3550, situated at Roosendal, Western Cape	1 138 227	5 482 767	6 620 994

3. Investment property continued

Group

Property name	Situated	2010 (restated) Land value	2010 (restated) Building value	2010 (restated) Total value
Score – Wesbank	Cnr Silversands and Westbank, Main Street, Wesbank, Cape Town	1 116 123	5 869 919	6 986 042
Standard Bank Bramley	Cnr Louis Botha and Forest Road, Bramley	2 660 933	7 099 614	9 760 547
Wartburg Hotel	53 Noodsbrug Road, Wartburg	1 239 734	7 321 500	8 561 234
Wendywood	Daphne Street, Wendywood, Sandton	6 693 000	17 807 000	24 500 000
Fair value of investment property		145 670 483	493 468 868	639 139 351

Refer to Note 35 for a discussion around the restatement of comparative figures.

Company

		2012			2011 (restated)		
Property name	Situated	**Land value**	**Building value**	**Total value**	Land value	Building value	Total value
Kent Stand 962	296 Kent Avenue, Ferndale, Randburg	**2 007 500**	**30 992 500**	**33 000 000**	5 685 300	32 216 700	37 902 000

		2010 (restated)		
Property name	Situated	Land value	Building value	Total value
Kent Stand 962	296 Kent Avenue, Ferndale, Randburg	3 282 319	33 250 334	36 532 653

Orion Centre Erf 195 is held under sectional title.

Investment properties are valued by the Directors on an annual basis and in addition all properties are valued on a rotational basis on a three-year cycle by external valuation experts.

The external valuator used was Bradley R Ryle M.I.V.(S.A.). Mr Ryle is not connected to the Group and Company and has recent experience in location and category of the investment properties being valued in June 2012 and holds a recognised relevant professional qualification.

3. Investment property continued

External valuations

ACA Kranz Building	Northcliff Atrium
296 Kent Avenue	Orion House
Meyers Building	Promenade Shopping Centre
Primrose Mall	Wendywood Shopping Centre
Mountain View Shopping Centre	Orion Centre Erf 195

Internal valuations

Marlboro properties	Standard Bank Bramley
Score properties	67 7th Street Linden
Laser park properties	Kensington B
Dan Perkins	City Deep
72 Voortrekker	Orion Centre Erf 257 (Land)
Wartburg property	

The Directors have fair valued the Group and Company's investment property at 30 June 2012 based on a valuation carried out at that date by taking into account prevailing market rentals, occupation levels, expected rental income and capitalisation rates applied to the property portfolio between 9,5% (2011:10,5%) and 12% (2011:13%) with an average of 10,8% (2011:11%).

The capitalisation rate applied to the Company property portfolio was 11,5% (2011:10,5%). The capitalisation percentage for each building was determined by evaluating the type of building, the condition of the building and the locality of the property.

Summary of valuations:	**2012**	2011
Value of external valuations	**R471 906 168**	R141 809 991
Value of internal valuations	**R223 287 535**	R504 713 409
Total value of portfolio	**R695 193 703**	R646 523 400

The Group's investment properties are valued annually and the valuations are determined by the Directors. A 1% decrease in the capitalisation rates would increase the property valuation by R77 708 349 (Company: R3 142 857) and a 1% increase in the capitalisation rates would decrease the property valuation by R57 453 521 (Company: R2 640 000).

The director's valuations are consistent when comparing to the calculations by the sworn independent appraiser's referred to above. The investment properties are encumbered by first covering mortgage bonds over the properties, as detailed in note 11.

The values of land and buildings of the investment property of the independently valued property as mentioned above were determined by the independent valuator. The values of land and buildings of investment property valued by the Directors were determined based on the value of land as determined by the external valuator in previous external valuations and was applied appropriately to calculate the value of the associated buildings.

3.2 Investment property reclassified as held-for-sale – Group

The following properties were transferred from Investment Property (Note 3):

		2012		
Property name	Situated	Land value	Building value	Total value
Marlboro 78	3 Martha Rd, Eastgate Gardens Comm Park, Marlboro, Sandton	598 500	3 391 500	3 990 000
Marlboro 84	3 Olympia Street, Marlboro, Sandton	330 000	1 870 000	2 200 000
Laser Park Stand 123	123 Schooner Street, Honeydew	2 773 016	7 301 519	10 074 535
		3 701 516	12 563 019	16 264 535

The properties reclassified as held-for-sale are properties that the Directors decided will be recovered through sale rather than through use. These properties relate to investment properties in the commercial sector. The properties were fair valued using prospective sale values. These properties have been sold and Marlboro 84 has subsequently been transferred to the new owner and the others will be transferred in due course.

4. Property, plant and equipment

Group 2012				
Figures in Rands	**Total**	Fittings	Computer equipment	Furniture
Cost	**1 026 835**	436 873	566 833	23 129
Accumulated depreciation	**(645 722)**	(214 016)	(421 577)	(10 129)
Carrying value at 30 June 2011	**381 113**	222 857	145 256	13 000
Opening carrying value at 1 July 2011	**381 113**	222 857	145 256	13 000
Additions	**557 064**	175 319	381 745	–
Depreciation	**(347 559)**	(88 834)	(254 370)	(4 355)
Closing carrying value at 30 June 2012	**590 618**	309 342	272 631	8 645
Cost	**1 583 899**	612 192	948 578	23 129
Accumulated depreciation	**(993 281)**	(302 850)	(675 947)	(14 484)
Carrying value at 30 June 2012	**590 618**	309 342	272 631	8 645

4. Property, plant and equipment continued

Group 2011				
Figures in Rands	**Total**	Fittings	Computer equipment	Furniture
Cost	**1 014 963**	436 873	554 961	23 129
Accumulated depreciation	**(407 075)**	(133 950)	(265 512)	(7 613)
Carrying value at 30 June 2010	**607 888**	302 923	289 449	15 516
Opening carrying value at 1 July 2010	**607 888**	302 923	289 449	15 516
Additions	**11 872**	–	11 872	–
Depreciation	**(238 647)**	(80 066)	(156 065)	(2 516)
Closing carrying value at 30 June 2011	**381 113**	222 857	145 256	13 000
Cost	**1 026 835**	436 873	566 833	23 129
Accumulated depreciation	**(645 722)**	(214 016)	(421 577)	(10 129)
Carrying value at end of year – 30 June 2011	**381 113**	222 857	145 256	13 000

Company 2012				
Figures in Rands	**Total**	Fittings	Computer equipment	Furniture
Cost	**85 773**	392	77 500	7 881
Accumulated depreciation	**(72 924)**	(287)	(65 427)	(7 210)
Carrying value at 30 June 2012	**12 849**	105	12 073	671
Opening carrying value at 1 July 2011	**12 849**	105	12 073	671
Additions	**–**	–	–	–
Depreciation	**(4 833)**	(79)	(4 549)	(205)
Closing carrying value at 30 June 2012	**8 016**	26	7 524	466
Cost	**85 773**	392	77 500	7 881
Accumulated depreciation	**(77 757)**	(366)	(69 976)	(7 415)
Carrying value at end of year – 30 June 2012	**8 016**	26	7 524	466

4. Property, plant and equipment continued

Company 2011	2010 (restated)			
Figures in Rands	**Total**	**Fittings**	Computer equipment	Furniture
Cost	**73 901**	392	65 628	7 881
Accumulated depreciation	**(69 942)**	(209)	(63 836)	(5 897)
Carrying value at beginning of year – 1 July 2010	**3 959**	183	1 792	1 984
Additions	**11 872**	–	11 872	–
Depreciation	**(2 982)**	(78)	(1 591)	(1 313)
Cost	**85 773**	392	77 500	7 881
Accumulated depreciation	**(72 924)**	(287)	(65 427)	(7 210)
Carrying value at end of year – 30 June 2011	**12 849**	105	12 073	671

A register containing the information required by the Companies Act is available for inspection at the registered office of the Company.

5. Investment in subsidiaries and controlled trust – Company

		2012			2011		
Figures in Rand	Nature of business	Issued share capital	Percentage holding	Cost less impairments	Issued share capital	Percentage holding	Cost less impairments
Beneficiaries of Trust							
Orion Property Holding Trust*	Property trust	**100**	**100**	**–**	100	100	–
Investment in Subsidiaries							
CBB Properties Proprietary Limited	Dormant	**100**	**100**	**100**	100	100	100
Erf 195 Elma Park Limited	Property	**200**	**100**	**21 024 659**	200	100	21 024 659
GEHS Leasing Company Proprietary Limited	Property	**1000**	**100**	**1 000**	1000	100	1 000
Gold Edge III Proprietary Limited	Dormant	**1000**	**100**	**1 000**	1000	100	1 000
Investment in Subsidiaries							
Ixia Trading 532 Proprietary Limited	Property	**100**	**100**	**100**	100	100	100
Orion Development One Proprietary Limited	Property	**100**	**85**	**85**	100	85	85
Orion Development Two Proprietary Limited (Previously known as Gold Edge VI Proprietary Limited)	Dormant	**100**	**100**	**100**	100	100	100
Orion Development Three Proprietary Limited (Previously known as Gold Edge XIV Proprietary Limited)	Dormant	**100**	**100**	**100**	100	100	100
SBD Investments Proprietary Limited	Dormant	**1000**	**100**	**1 000**	1000	100	1 000
				21 028 144			21 028 144

All subsidiaries are incorporated in the Republic of South Africa. Refer to note 30 for disclosure on loans between the Company and fellow subsidiaries. The percentage holding equates the percentage voting power.

* Per the trust deed of Orion Property Holding Trust the sole capital and income beneficiary of the trust is Orion Real Estate Limited (Note 33). In addition Orion Real Estate Limited has the only right to nominate the trustees of the Orion Property Holding Trust.

6. Straight-line lease adjustments

	Group		Company	
Figures in Rands	**2012**	2011	**2012**	2011
Straight-line lease asset	**9 337 896**	8 665 379	**–**	32 653
Future minimum lease income				
The future minimum aggregate lease commitments receivable under non-cancellable operating leases are as follows:				
Not later than 1 year	**42 265 790**	41 577 353	**–**	649 328
Later than 1 year and no later than 5 years	**79 578 715**	84 422 043	**–**	–
Later than 5 years	**12 037 866**	12 308 822	**–**	–
Total future contractual lease revenue	**133 882 371**	138 308 218	**–**	649 328
Operating lease straight line adjustment already accrued for – non current	**(9 028 615)**	(9 234 191)	**–**	–
Operating lease straight line adjustment already accrued for – current	**(309 281)**	568 812	**–**	(32 653)
Future straight-line lease revenue	**124 544 475**	129 642 839	**–**	616 675

The balance recognised relates to rental income recognised on a straight-line basis, which does not necessarily match the cash payments received.
The Group and Company enter into lease contracts with tenants in exchange for their use of the property.

7. Trade and other receivables – current

	Group		Company	
Figures in Rands	**2012**	2011	**2012**	2011
Trade receivables – performing	**2 677 111**	4 818 986	**–**	–
Trade receivables – past due	**25 924 795**	25 739 471	**–**	–
Less: provision for impairment of trade receivables	**(4 900 189)**	(9 032 601)	**–**	–
Trade receivables – net	**23 701 717**	21 525 856	**–**	–
Deposits	**2 451 598**	159 542	**1 360 823**	977
Operating lease straight-line adjustment – current	**309 281**	–	**–**	32 653
Other receivables	**515 125**	422 444	**142 561**	103 906
VAT receivable	**1 357 566**	225 682	**306 487**	160 048
	28 335 287	22 333 524	**1 809 871**	297 584

The carrying amounts of the Group and Company's trade and other receivables are denominated in South African Rands.
The fair value of trade and other receivables is disclosed in note 32. The Group and Company do not hold any collateral as security.

7. Trade and other receivables – current continued

Trade and other receivables past due but not impaired

Trade receivables 30 days and older are past due at reporting date. Ageing of trade receivables impaired and net of impairment below. Each trade receivable has been reviewed for impairment and provided for when required based on payment history, signed acceptance of debt and other relevant known information pertaining to the tenant.

Ageing analysis of trade and other receivalbes net of impairment:

		2012			2011		
	Past due	**Gross**	**Impaired**	**Net**	Gross	Impaired	Net
Current		**2 677 111**	**449 812**	**2 227 299**	4 818 986	483 774	4 335 212
30 days	Past due	**1 649 986**	**438 325**	**1 211 661**	2 481 808	260 982	2 220 826
60 days	Past due	**1 541 982**	**515 060**	**1 026 922**	1 989 266	295 329	1 693 937
90 days	Past due	**1 192 966**	**276 732**	**916 234**	2 083 451	300 798	1 782 653
Over 90 days	Past due	**21 539 861**	**3 220 260**	**18 319 601**	19 184 946	7 691 718	11 493 228
		28 601 906	**4 900 189**	**23 701 717**	30 558 457	9 032 601	21 525 856

	Group		Company	
Reconciliation of provision for impairment of trade and other receivables:	**2012**	2011	**2012**	2011
Accumulated impairment losses at beginning of year	**9 032 601**	5 891 935	**–**	–
Additional impairment losses recognised during the year, net	**6 635 470**	5 769 505	**–**	–
Amounts written off during the year as uncollectible	**(10 767 882)**	(2 628 839)	**–**	–
Accumulated impairment losses at end of year	**4 900 189**	9 032 601	**–**	–

Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.
The maximum exposure to credit risk at the reporting date is the carrying value of receivables.

8. Cash and cash equivalents

	Group		Company	
Figures in Rand	**2012**	2011	**2012**	2011
Bank balances	**2 946 790**	–	**2 926 803**	–
Bank overdraft	**(2 383 021)**	(1 248 024)	**(2 373 021)**	(1 269 391)
Petty cash	**11 494**	–	**1 000**	–
	575 263	(1 248 024)	**554 782**	(1 269 391)
Current assets	**2 958 284**	–	**2 927 803**	–
Current liabilities	**(2 383 021)**	(1 248 024)	**(2 373 021)**	(1 269 391)
	575 263	(1 248 024)	**554 782**	(1 269 391)

Credit quality of cash and cash equivalents:

The credit quality of cash and cash equivalents can be assessed by reference to external credit ratings or historical information about counterparty default rates:

Credit rating				
BBB+	**563 769**	(1 248 024)	**553 782**	(1 269 391)
	563 769	(1 248 024)	**553 782**	(1 269 391)

For the purpose of the statement of cash flows, cash, cash equivalents and bank overdrafts include total cash assets less bank overdrafts.

9. Ordinary share capital

	Group		Company	
Figures in Rand	**2012**	2011	**2012**	2011
Authorised				
2 000 000 000 shares of 1 cent each	**20 000 000**	20 000 000	**20 000 000**	20 000 000
Issued				
630 698 688 (2011: 630 698 688) ordinary shares of 1 cent each	**6 306 987**	6 306 987	**6 306 987**	6 306 987
3 688 866 (2011: 3 688 866) treasury shares of 1 cent each	**(36 889)**	(36 889)	**–**	–
Share premium at the end of the year	**67 965 428**	67 965 428	**67 965 428**	67 965 428
	74 235 526	74 235 526	**74 272 415**	74 272 415

9. Ordinary share capital continued

In terms of the Company's memorandum of association, each ordinary share is linked to a debenture to form a "linked unit". This means that each share may only be issued and traded together with the debenture with which it is linked, until such time as it is de-linked in accordance with the Company's memorandum of association and debenture trust deed. The balance of the unissued ordinary shares are under the control of the Directors until the next Annual General Meeting, subject to the provisions of the Companies Act and the Listings Requirements of the JSE Limited.

10. Linked debentures

	Group		Company	
Figures in Rand	**2012**	2011	**2012**	2011
Issued				
630 698 688 (2011: 630 698 688) debentures of 1 cent each	**6 306 987**	6 306 987	**6 306 987**	6 306 987
3 688 866 (2011: 3 688 866) treasury debentures of 1 cent each	**(36 889)**	(36 889)	**–**	–
Debenture premium at the end of the year	**43 738 119**	49 394 282	**43 738 119**	49 394 282
Debenture premium at the beginning of the year	**49 394 282**	43 694 282	**49 394 282**	43 694 282
Amortisation of debenture premium during the year	**(5 656 163)**	5 700 000	**(5 656 163)**	5 700 000
Treasury debenture premium	**(621 294)**	(621 294)	**–**	–
	49 386 923	55 043 086	**50 045 106**	55 701 269

Each debenture is linked to one ordinary share capital of the Company, together comprising one linked unit. The split of the premium portion between the share premium and debenture premium of further linked units issued will be determined by the Directors.

In terms of the debenture trust deed, debentures shall bear interest calculated on the capital at a variable rate equal to 33,33% of the net profit of the Group for each six-month period. The net profit will exclude extraordinary items, capital profit or losses and dividends received. The debenture interest is payable every year as follows:

– Interim interest 31 May
– Final interest 30 November

The debentures are redeemable at the appropriate weighted-average issue price divided by the number of debentures issued at any time after 25 years after the date of allotment of the relevant debentures.

The debenture premium is amortised over a period of 25 years for each debenture issue and discounted at a credit spread rate of prime plus 2,25% and the expectations that the Company will make profits in the future. The estimated growth rate used in the amortisation of these debentures was 15% (2011:17%).

10. Linked debentures continued

The amortised carrying value of the linked debentures have been recalculated as required by IAS 39. The estimated growth rate used in the amortisation of the linked debentures reduced from 17% to 15% and resulted in the remeasuring of this liability. This resulted in the carrying value of the linked debentures being decreased by R5 656 163 in 2012. A linked debenture interest credit of R5 656 163 (2011: R5 700 000 debit) is being recognised during the current year. The increase in amortised cost of linked debentures will unwind in future years resulting in a debit to finance costs.

If a different credit spread and different growth rate was used, the debenture amortised values would have changed as follows:

	Group		Company	
	2012	2011	**2012**	2011
Decrease				
Credit spread rate of prime plus 4,5% and a growth rate of 17,00%	**(3 121 904)**	(1 883 386)	**(3 121 904)**	(1 883 386)
Increase				
Credit spread rate of prime plus nil and a growth rate of 13,00%	**3 839 159**	2 498 377	**3 839 159**	2 498 377
The maturity of the linked debentures are as follows:	**2012**	2011	**2012**	2011
Between nil and one year	**–**	–	**–**	–
Between two and five years	**–**	–	**–**	–
After five years	**49 386 923**	55 043 086	**50 045 106**	55 701 269
	49 386 923	55 043 086	**50 045 106**	55 701 269

The fair value of the linked debentures is disclosed in note 32.

11. Borrowings

					Group		Company	
Figures in Rand					2012	2011	2012	2011
Secured mortgage finance/bonds	**Settlement date**	**Monthly instalment**	**Rate %**	**Secured over investment properties with a value of**				
Investec*	31 August 2012	596 842	Prime less1%	282 589 570	**83 819 249**	88 219 160	**–**	–
Citibank*	5 November 2012	315 629	14,43%	39 011 156	**6 588 976**	9 093 939	**–**	–
Investec*	Extended	174 069	Prime less1%	72 756 600	**23 774 619**	24 011 429	**–**	–
Investec	1 May 2017	344 823	Prime less1%	128 426 314	**17 116 902**	20 037 880	**–**	–
Investec	30 June 2013	85 711	Prime less1%	10 808 073	**3 967 044**	4 581 217	**–**	–
Investec*	31 May 2013	75 933	Prime less1%	105 267 161	**10 057 857**	20 618 428	**–**	–
Investec	31 March 2016	124 019	Prime less1%	105 267 161	**9 910 358**	–	**–**	–
ABSA	31 August 2018	93 187	Prime less1%	22 559 013	**5 535 007**	6 220 629	**–**	–
Standard Bank	31 May 2019	45 955	Prime less1%	17 040 351	**6 552 193**	6 843 254	**–**	–
Standard Bank	1 February 2017	261 294	Prime less1%	33 000 000	**12 249 629**	14 315 000	**12 249 629**	14 314 999
Wartburgerhof cc	31 December 2013	11 250	9,00%	10 808 073	**1 466 343**	1 533 658	**–**	–
Total mortgage finance		2 128 712		827 533 472	**181 038 177**	195 474 594	**12 249 629**	14 314 999
Instalment sale agreements								
Standard Bank instalment sale	1 November 2014	8 417	Prime plus 0,50%		**220 182**	–	**–**	–
Standard Bank instalment sale	30 September 2012	6 365	Prime plus 0,60%		**18 792**	286 088	**–**	–
Total instalment sale agreements		14 782			**238 974**	286 088	**–**	–

11. Borrowings continued

Figures in Rand					Group 2012	Group 2011	Company 2012	Company 2011
Secured mortgage finance/bonds	**Settlement date**	**Monthly instalment**	**Rate %**	**Secured over investment properties with a value of**				
Medium-term loans								
Standard Bank loan	31 August 2016	88 732	Prime less 0,25%		**6 838 244**	–	**–**	–
Standard Bank loan	31 January 2013	35 833	Prime less 0,24%		**250 751**	429 762	**250 751**	429 762
		124 565			**7 088 995**	429 762	**250 751**	429 762
Less: short-term portions					**(136 569 656)**	(51 154 229)	**(2 474 314)**	(2 064 949)
Total		**2 268 059**		**827 533 472**	**51 796 490**	145 036 215	**10 026 066**	12 679 812

* Mortgage bonds with a value of R128 207 745 have either expired or are expiring within one year and are in the process of being renegotiated or will be renegotiated with Investec Bank Limited.

This is standard practice within the property industry. There is no history of failed renegotiations and, therefore, management do not believe that any liquidity risk exists as a result of the bonds maturing in the near future.

Investec Limited
The loan is secured by a first-mortgage bond over various properties with a fair value of R599 847 718 (2011: R555 212 130) and limited surety issued by the director F Gmeiner of R180 100 000.

The interest rate and monthly instalments are disclosed above. (This is applicable for Group.)

Citibank Limited
The loan is secured by a first mortgage bond over various investment properties with a fair value of R39 011 156 (2011: R30 711 986) with a Securitatem Debiti between the Group and Citibank Limited, which ceded it rights to and under the insurance policies and lease agreements. (This is applicable for Group.)

Suretyship by SBD Investments Proprietary Limited (one of the subsidiaries of the Group) was provided for the due and punctual payments by the debtor associated with the property under mortgage bond by Citibank Limited. (This is applicable for Group.)

There is an agreement amongst Pick n Pay Stores Limited and Pick n Pay Retailers Proprietary Limited “the Guarantors” in favour of Score Supermarket (Trading) Proprietary Limited “the Debtor” and Citibank – in respect of the lease agreements with the investment property associated with the mortgage bond with CitiBank Limited. (This is applicable for Group.)

11. Borrowings continued

ABSA Bank Limited

The loan is secured by a first mortgage bond over investment properties with a fair value of R22 559 013 (2011: R14 997 755) a limited surety issued by the director F Gmeiner of R7 300 000, a cession of a Santam policy No 30/63119238826/0 as well as a cession of leases and rentals associated by the above mentioned property. The interest rate and monthly instalments are disclosed above. (This is applicable for Group.)

Standard Bank Limited

The loan is secured by a first mortgage bond over investment properties with a fair value of R17 040 351 (2011: R7 699 529), a limited surety issued by the holding Company Orion Real Estate Limited of R8 400 000. The interest rate and monthly instalments are disclosed above. (This is applicable for Group.)

The loan is secured by a first mortgage bond over investment properties with a fair value of R33 000 000 (2010: R37 902 000), limited surety issued by the director F Gmeiner of R17 500 000.
The interest rate and monthly instalments are disclosed above. (This is applicable for Group and Company.)

Wartburgerhof CC

The loan is secured by a second mortgage bond over investment properties with a fair value of R10 808 073 (2011: R8 859 242). The interest rate and monthly instalments are disclosed above. (This is applicable for Group.)

	Group		Company	
	2012	2011	**2012**	2011
The maturity of security mortgage finance borrowings:				
Within one year	**135 779 880**	50 887 235	**2 236 983**	2 064 949
Between one and five years	**40 972 807**	135 399 555	**10 012 646**	10 551 712
After five years	**4 285 490**	9 617 566	**–**	2 128 100
	181 038 177	195 904 356	**12 249 629**	14 744 761
The maturity of loans and instalment sale agreements:				
Within one year	**881 492**	266 994	**250 751**	–
Between one and five years	**6 446 476**	19 094	**–**	–
	7 327 968	286 088	**250 751**	–

The entity has not breached the terms of any loans or loan agreements.

The fair value of borrowings is disclosed in note 32.

12. Loans (from)/to related parties

	Group		Company	
Figures in Rand	**2012**	2011	**2012**	2011
OFM Property Management Proprietary Limited	**(405 609)**	(1 236 046)	**(398 861)**	(1 155 411)
Gmeiner Family Trust	**(500 000)**	(500 000)	**(500 000)**	(500 000)
Gmeiner Investment Holdings Limited	**1 470 135**	–	**1 470 135**	–
Orion Hotels and Resorts Proprietary Limited	**1 230 000**	–	**1 201 699**	–
Total	**1 794 526**	(1 736 046)	**1 772 973**	(1 655 411)

The loans are unsecured, bear no interest and have no fixed terms of repayment. The fair value of loans to/(from) related parties is disclosed in note 32. The maximum exposure to credit risk at the reporting date is the fair value of each class of loan mentioned above. The Group does not hold any collateral as security.

Current assets	**2 700 135**	–	**2 272 973**	–
Current liabilities	**(905 609)**	(1 736 046)	**(500 000)**	(1 655 411)
	1 794 526	(1 736 046)	**1 772 973**	(1 655 411)

13. Loans to/(from) Group companies

	Company	
Figures in Rand	**2012**	2011
CBB Properties Proprietary Limited	**929 765**	963 239
Elma Park 195 Limited	**30 427 714**	25 478 042
GEHS Leasing Company Proprietary Limited	**4 789 397**	4 246 708
Gold Edge III Proprietary Limited	**(6 005)**	(4 828)
Ixia Trading 532 Proprietary Limited	**1 215 271**	953 808
Orion Development One Proprietary Limited	**1 860 614**	1 142 793
Orion Development Two Proprietary Limited	**19 148**	(18 732)
Orion Property Holding Trust	**336 654 555**	265 702 997
SBD Investments Proprietary Limited	**(25 925)**	(17 194)
Less: Impairment of loans to Group companies	**(2 809 527)**	–
Total	**373 055 007**	298 446 833

The loans are unsecured bear no interest and have no fixed terms of repayment. The fair value of loans to/(from) Group companies are disclosed in note 32. The maximum exposure to credit risk at the reporting date is the fair value of each class of loan mentioned above. The Group does not hold any collateral as security.

13. Loans to/(from) Group companies continued

	Company	
Figures in Rand	2012	2011
Current assets	**373 086 937**	298 487 587
Current liabilities	**(31 930)**	(40 754)
	373 055 007	298 446 833

14. Loans from shareholders

	Group		Company	
Figures in Rand	2012	2011	2012	2011
Franz Gmeiner Property Trust	**1 998 792**	1 471 907	**1 998 792**	1 471 907

The loan is unsecured, bears no interest and has no fixed terms of repayment. The fair value of loans from shareholders is disclosed in note 32. The maximum exposure to credit risk at the reporting date is the fair value of each class of loan mentioned above. The Group does not hold any collateral as security.

Current liabilities	**1 998 792**	1 471 907	**1 998 792**	1 471 907

15. Loans from Directors

	Group		Company	
Figures in Rand	2012	2011	2012	2011
AC Gmeiner	**18 508**	18 508	**–**	–
F Gmeiner	**2 580 003**	2 580 003	**–**	–
Opening balance	**2 580 003**	2 879 927	**–**	–
Additional loan repayments	**–**	(299 924)	**–**	–
	2 598 511	2 598 511	**–**	–

The AC Gmeiner loan is unsecured, bears no interest and has no fixed terms of repayment. The F Gmeiner loan is unsecured, bears interest at prime and has no fixed terms of repayment. The fair value of loans from Directors are disclosed in note 32. The maximum exposure to credit risk at the reporting date is the fair value of each class of loan mentioned above. The Group does not hold any collateral as security.

Current liabilities	**2 598 511**	2 598 511	**–**	–

16. Deferred tax

		Group			Company		
Fixed in Rand	Rate	**2012**	2011	2010	**2012**	2011	2010
Deferred tax asset/(liability)							
Fair value adjustments on investment properties – buildings	18,66%	**(58 930 318)**	(36 712 146)	(35 179 506)	**(41 618 763)**	(24 277 865)	(23 038 064)
Fair value adjustments on investment properties – land	18,66%	**(17 694 284)**	(12 323 647)	(13 563 797)	**(9 304 569)**	(4 452 851)	(3 874 163)
Fair value adjustments on investment properties held-for-sale – buildings	18,66%	**(1 224 253)**	–	–	**–**	–	–
Fair value adjustments on investment properties held-for-sale – land	18,66%	**(360 289)**	–	–	**–**	–	–
Impairment of loans to Group companies	18,66%	**–**	–	–	**524 471**	–	–
Linked debentures amortisation	28%	**(1 551 717)**	(1 563 991)	(1 563 991)	**(1 551 717)**	(1 563 991)	(1 563 991)
Operating lease assets	28%	**(2 614 611)**	(2 426 306)	(2 091 703)	**(1 570 228)**	(1 475 309)	(1 043 040)
Provision for leave temporary differences	28%	**22 227**	20 494	37 032	**22 227**	20 494	37 032
Tax losses available for set off against future taxable income	28%	**12 700 912**	9 505 601	6 582 154	**–**	–	–
Temporary differences arising from provision for bad debts	28%	**1 029 039**	1 896 846	1 237 306	**656 632**	727 600	476 223
Total		**(68 623 294)**	(41 603 149)	(44 542 505)	**(52 841 947)**	(31 021 922)	(29 006 003)

16. Deferred tax continued

	Group			Company		
Fixed in Rand	2012	2011 (restated)	2010 restated)	2012	2011 (restated)	2010 (restated)
Reconciliation of deferred tax asset/(liability)						
At beginning of the year	**(41 603 149)**	(44 542 505)	(39 275 817)	**(31 021 922)**	(29 006 003)	(30 662 512)
Fair value adjustments on investment properties – buildings	**(10 581 782)**	(1 532 640)	(2 029 651)	**(9 251 513)**	(1 239 801)	(1 027 880)
Fair value adjustments on investment properties – land	**(1 309 626)**	1 240 151	(6 849 149)	**(3 368 028)**	(578 688)	(134 127)
Fair value adjustments on investment properties held-for-sale	**(1 584 542)**	–	–	**–**	–	–
Impairment of loans to Group companies	**–**	–	–	**524 471**	–	–
Disposal of investment properties	**641 323**	–	–	**–**	–	–
Change in capital gains tax rate	**(16 338 726)**	–	–	**(9 573 075)**	–	–
Linked debentures amortisation – prior-year adjustment	**1 596 000**	–	–	**1 596 000**	–	–
Linked debentures amortisation – current year	**(1 583 726)**	–	2 940 583	**(1 583 726)**	–	2 940 583
Operating lease assets	**(188 305)**	(334 603)	(595 993)	**(94 920)**	(432 269)	(344 813)
Provision for leave temporary differences	**1 733**	(16 538)	(4 120)	**1 733**	(16 538)	(4 120)
Tax losses available for set off against future taxable income	**3 195 313**	2 923 447	875 665	**–**	–	–
Temporary differences arising from provision for bad debts	**(867 807)**	659 539	395 977	**(70 967)**	251 377	226 866
	(68 623 294)	(41 603 149)	(44 542 505)	**(52 841 947)**	(31 021 922)	(29 006 003)
Non-current assets	–	–	–	–	–	–
Non-current liabilities	**(68 623 294)**	(41 603 149)	(44 542 505)	**(52 841 947)**	(31 021 922)	(29 006 003)
	(68 623 294)	(41 603 149)	(44 542 505)	**(52 841 947)**	(31 021 922)	(29 006 003)

Deferred income taxation assets and liabilities are offset when the income taxes relate to the same fiscal authority, and there is a legal right to off-set at settlement. Expected taxable income in excess of the reversal of taxable temporary differences supports the recognition of deferred tax assets.

17. Trade and other payables

	Group		Company	
Figures in Rand	**2012**	2011	**2012**	2011
Accounts payable – third party	**23 281 184**	15 182 335	**1 659 627**	1 873 109
Accounts payable – related party	**22 513**	–	**22 513**	–
Total accounts payable	**23 303 697**	15 182 335	**1 682 140**	1 873 109
Accruals	**545 109**	–	**170 531**	–
Unallocated receipts	**440 662**	687 149	**–**	–
Debenture interest accrual	**79 957**	90 360	**79 957**	90 360
Straight-line lease adjustment (refer note 6)	**–**	568 812	**–**	–
Provision for leave pay	**79 383**	73 194	**79 383**	73 194
VAT payable	**–**	–	**–**	–
	24 448 808	16 601 850	**2 012 011**	2 036 663

The carrying amounts of the Group's trade and other payables are denominated in South African Rands. The fair value of trade and other payables is disclosed in note 32.

18. Revenue

	Group		Company	
Figures in Rand	**2012**	2011	**2012**	2011
Basic operating cost income per rental contracts	**9 634 711**	8 680 551	**–**	–
Rental income (excluding parking)	**58 204 174**	53 838 806	**3 126 512**	3 842 351
Parking rental income	**3 314 471**	3 302 506	**–**	–
	71 153 356	65 821 863	**3 126 512**	3 842 351
Recoveries	**19 002 539**	15 026 084	**523 667**	433 492
Straight-line operating lease adjustment	**672 517**	1 195 012	**(32 653)**	(142 303)
	90 828 412	82 042 959	**3 617 526**	4 133 540

19. Other income

	Group		Company	
Fixed in Rand	**2012**	2011	**2012**	2011
Administration fees received	**–**	–	**–**	450 000
Insurance recoveries	**1 548 131**	–	**452 095**	–
Signage and sundry rental income	**1 495 267**	1 753 375	**50 000**	–
	3 043 398	1 753 375	**502 095**	450 000

20. Expenses by nature

	Group		Company	
Fixed in Rand	**2012**	2011	**2012**	2011
Accounting fees	**1 090 269**	1 227 129	**715 456**	828 433
Administration fees	**2 784 648**	2 381 302	**93 218**	53 823
Audit remuneration – audit fees	**498 150**	1 050 053	**350 000**	1 060 073
Audit remuneration – expenses	**–**	12 420	**–**	–
Bad debts	**6 635 470**	5 769 504	**–**	–
Cleaning	**1 555 009**	1 309 467	**1 019**	108
Commission paid	**2 757 705**	1 450 790	**–**	(2 500)
Depreciation of owned assets	**347 559**	238 647	**4 834**	2 982
Directors' emoluments	**1 453 901**	1 432 346	**1 453 901**	1 432 346
Fines and penalties	**3 644 802**	–	**3 119 109**	–
Insurance	**2 194 191**	2 802 528	**185 733**	237 433
Impairment of loans to Group companies	**–**	–	**2 809 527**	–
Loss on disposal of investment property	**636 000**	–	**–**	–
Lease costs	**559 372**	695 492	**22 875**	65 806
Management fees	**9 180 544**	9 014 296	**548 582**	363 507
Municipal and utilities	**22 603 392**	19 183 311	**415 360**	334 033
Other	**3 016 938**	1 489 902	**2 061 978**	1 673 181
Professional and legal fees	**1 689 851**	2 922 145	**260 129**	1 287 426

20. Expenses by nature continued

	Group		Company	
Figures in Rand	**2012**	2011	**2012**	2011
Repairs and maintenance	**4 951 860**	3 476 676	**55 195**	553 922
Salaries and wages	**1 353 232**	1 054 612	**1 353 232**	1 016 046
Secretarial fees	**105 176**	116 175	**104 226**	113 875
Security	**4 616 666**	5 237 868	**160 894**	123 429
Share block levies paid	**3 764 558**	2 002 045	**313 096**	–
Tenant installation materials	**2 269 756**	1 421 899	**–**	–
	77 709 049	64 288 607	**14 028 364**	9 143 923
Categorised as follows:				
Other direct property operating costs	**60 791 997**	49 416 333	**13 331 369**	8 172 671
Administrative and management expenses	**11 965 192**	11 395 598	**641 800**	417 330
Repairs and maintenance	**4 951 860**	3 476 676	**55 195**	553 922
	77 709 049	64 288 607	**14 028 364**	9 143 923

21. Finance income

	Group		Company	
Figures in Rand	**2012**	2011	**2012**	2011
Debtors interest – third parties	**1 802 586**	1 040 358	**11 278**	5 862
Debtors interest – related parties	**471 936**	763 268	**–**	–
	2 274 522	1 803 626	**11 278**	5 862

22. Finance costs continued

	Group		Company	
Figures in Rand	**2012**	2011	**2012**	2011
Interest-bearing borrowings	**16 191 013**	17 487 499	**1 099 140**	1 279 109
Linked-unit distribution	**279 674**	722 482	**279 674**	722 464
Other	**734 732**	461 397	**218 554**	7 114
	17 205 419	18 671 378	**1 597 368**	2 008 687

None of the above finance charges qualified for capitalisation during the year.

23. Income tax expense

	Group		Company	
Fixed in Rand	**2012**	2011	**2012**	2011
Major components of the income tax expense/(income)				
Current	**4 364 680**	3 812 843	**3 817 861**	3 266 304
Local income tax – current period	**4 364 680**	3 963 697	**3 817 861**	3 266 304
Local income tax – (Over-provision)/Under-provision prior years	**–**	(150 854)	**–**	–
Deferred	**27 020 145**	(2 939 357)	**21 820 024**	2 015 919
Originating and reversing temporary differences	**27 020 145**	(2 939 357)	**21 820 024**	2 015 919
Taxation per statement of comprehensive income	**31 384 825**	873 486	**25 637 885**	5 282 223
Tax losses available for set off against future taxable income	**45 360 401**	33 948 574	**–**	–
Reconciliation between accounting profit and tax expense				
Accounting profit/(loss)	**79 264 442**	(970 816)	**82 520 103**	19 659 684
Tax at the applicable tax rate of 28% (2011:28%)	**22 194 044**	(271 828)	**23 105 629**	5 504 712

23. Income tax expense continued

Figures in Rand	Group 2012	Group 2011	Company 2012	Company 2011
Tax effect of adjustments on taxable income				
Debenture amortisation	**(1 596 000)**	–	**(1 596 000)**	–
Adjustment in respect of prior years – over-provision	**–**	(150 854)	**–**	–
Fair value adjustments on invesment properties	**(6 468 689)**	(292 489)	**(6 324 238)**	(1 818 489)
Expenses not deductible for tax purposes	**1 021 210**	1 588 658	**878 609**	1 596 000
Impairment of loans receivable from Group companies	**–**	–	**262 196**	–
Tax losses utilised	**156 920**	–	**–**	–
Capital gains on sale of investment property @ 18,66%	**(261 386)**	–	**(261 386)**	–
Capital gains tax rate change	**16 338 726**	–	**9 573 075**	–
	31 384 825	873 487	**25 637 885**	5 282 223

24. Earnings per share

Figures in Rand	Group 2012	Group 2011
Basic earnings per linked unit is determined by dividing profit or loss attributable to the ordinary equity holders of the parent by the weighted-average number of linked units outstanding during the year. Headline earnings per linked unit is determined by dividing headline earnings by the weighted-average number of linked units during the year. Headline earnings is determined by adjusting basic earnings by excluding separately identifiable re-measurement items. Headline earnings is presented after tax and non-controlling interest.		
Reconciliation of numerators used for basic and diluted earnings per linked unit:		
Total share capital in issue	**630 698 688**	630 698 688
Number of linked units for basic earnings	**630 698 688**	630 698 688
Less: treasury linked units	**(3 688 866)**	(3 688 866)
Number of shares for net asset value per linked unit	**627 009 822**	627 009 822
Number of linked units for diluted earnings per linked unit	**627 009 822**	627 009 822
Weighted number of linked units in issue	**627 009 822**	627 009 822

24. Earnings per share

	Group	
Figures in Rand	**2012**	2011
Reconciliation of basic earnings and headline earnings:		
Profit attributable to equity holders of the parent	**47 966 586**	(1 841 453)
Fair value adjustment to investment properties	**(72 376 415)**	(2 089 209)
Linked debenture interest	**(5 656 163)**	5 700 000
Deferred tax raised on fair value adjustment to investment properties	**13 508 913**	292 489
Loss on disposal of investment property	**636 000**	–
Change in capital gains tax rate	**16 338 726**	–
Headline earnings/(loss)	**417 647**	2 061 827
Reconciliation of net asset value:		
Total equity attributable to equity holders of the parent	**388 636 470**	340 669 884
Linked debentures	**49 386 923**	55 043 086
Total net asset value	**438 023 393**	395 712 970
Earnings per linked unit		
Basic earnings/(loss) per linked unit (cents)	**7,65**	(0,29)
Diluted earnings/(loss) per linked unit (cents)	**7,65**	(0,29)
Headline earnings per linked unit		
Headline earnings/(loss) per linked unit (cents)	**0,07**	0,33
Diluted headline earnings/(loss) per linked unit (cents)	**0,07**	0,33
Net asset value per linked unit		
Net asset value per linked unit at year-end (cents)	**69,86**	63,11

25. Statement of cash flow information

25.1 Cash generated from operations

	Group		Company	
Figures in Rand	2012	2011	2012	2011
Profit/(Loss) before tax	**79 264 442**	(970 816)	**82 520 103**	19 659 684
Adjusted for:				
Finance income	**(2 274 522)**	(1 803 626)	**(11 278)**	(5 862)
Finance costs	**17 205 419**	18 671 378	**1 597 368**	2 008 687
Add or deduct non-cash items:				
– Profit distribution from Orion Property Holdings Trust	**–**	–	**(93 260 773)**	(30 520 892)
– Straight-line operating lease adjustment	**(672 517)**	(1 195 012)	**32 653**	142 303
– Depreciation	**347 559**	238 648	**4 834**	2 982
– Loss on disposal of investment property	**636 000**	–	**–**	–
– Impairment of loans to Group companies	**–**	–	**2 809 527**	–
– SARS penalties incurred	**3 644 802**	–	**3 119 109**	–
– Disposal of subsidiaries	**–**	–	**–**	820
– Linked debenture interest (amortisation)	**(5 656 163)**	5 700 000	**(5 656 163)**	5 700 000
– Fair value adjustments to investment properties	**(72 376 415)**	(2 089 209)	**4 902 000**	(1 402 000)
	20 118 605	18 551 363	**(3 942 620)**	(4 414 278)
Changes in working capital				
Trade and other payables	**8 415 771**	7 540 605	**(24 652)**	1 274 821
Tenant deposits	**307 042**	(305 339)	**(262 200)**	–
Trade and other receivables	**(5 692 482)**	(2 706 668)	**(1 544 940)**	(187 131)
Cash generated/(utilised) from operations	**23 148 936**	23 079 961	**(5 774 412)**	(3 326 588)

	Group		Company	
25.2 Taxation paid	**2012**	2011	**2012**	2011
Opening balance	**6 315 840**	2 616 731	**5 249 092**	1 982 788
Tax charge in statement of comprehensive income	**4 364 680**	3 812 843	**3 817 861**	3 266 304
SARS penalties	**3 644 802**	–	**3 119 109**	–
Closing balance	**(12 715 619)**	(6 315 840)	**(10 673 545)**	(5 249 092)
Taxation paid	**1 609 703**	113 734	**1 512 517**	–

26. Directors' remuneration

		Group		Company	
Figures in Rand		**2012**	2011	**2012**	2011
Non-executive		**97 750**	120 750	**97 750**	120 750
Executive		**1 356 151**	1 311 596	**1 356 151**	1 311 596
		1 453 901	1 432 346	**1 453 901**	1 432 346

The Directors' remuneration for the year ended 30 June 2012 was as follows:	**Salary**	**Bonus**	**Fees**	**Travel allowance**	**Total**
Non-executive					
Mr R Wilkinson	–	–	**46 000**	–	**46 000**
Dr A C Gmeiner	–	–	**15 525**	–	**15 525**
Dr A Parker	–	–	**10 350**	–	**10 350**
Prof A Boessenkool	–	–	**10 350**	–	**10 350**
Prof F Viruly	–	–	**15 525**	–	**15 525**
	–	–	**97 750**	–	**97 750**

26. Directors' remuneration continued

		Group		Company	
Figures in Rand		**2012**	2011	**2012**	2011
The Directors' remuneration for the year ended 30 June 2012 was as follows:	**Salary**	**Bonus**	**Fees**	**Travel allowance**	**Total**
Executive					
Mr F Gmeiner	**846 000**	**30 000**	**–**	**120 000**	**996 000**
Mr C B Nolte	**335 151**	**25 000**	**–**	**–**	**360 151**
	1 181 151	**55 000**	**–**	**120 000**	**1 356 151**
The Directors' remuneration for the year ended 30 June 2011 was as follows:					
Non-executive					
Mr R Wilkinson	–	–	69 000	–	69 000
Dr A C Gmeiner	–	–	10 350	–	10 350
Prof A Boessenkool	–	–	20 700	–	20 700
Prof F Viruly	–	–	20 700	–	20 700
	–	–	120 750	–	120 750
Executive					
Mr F Gmeiner	846 000	30 000	–	120 000	996 000
Mr C B Nolte	295 596	20 000	–	–	315 596
	1 141 596	50 000	–	120 000	1 311 596

All Directors' remuneration was paid by the Company.

27. Segment report – Group

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the managing director in consultation with the Board of Directors. The chief operating decision-maker evaluates and reports on the Group results per individual property trial balance on a monthly basis. It was decided not to list all buildings separately but based on the specific industry due to practicality.

The risks and rewards faced by the entity relate primarily to the operating segments being retail, commercial, industrial, residential and hospitality. Lettable space is classified as retail, commercial, industrial, residential or hospitality according to the nature of the tenants.

	2012		2011	
Revenue (excluding operating lease adjustment and recoveries) (note 18)	**R**	**%**	**R**	**%**
Commercial	30 539 465	43	30 176 545	46
Industrial	11 337 101	16	10 426 671	16
Retail	19 906 389	28	17 251 689	26
Hospitality	8 558 721	12	7 518 105	11
Residential	811 680	1	448 853	1
	71 153 356	**100**	**65 821 863**	**100**
Profit before taxation	**R**	**%**	**R**	**%**
Commercial	19 369 619	24	(10 960 420)	1 129
Industrial	27 753 993	36	6 661 319	(686)
Retail	21 436 987	27	6 581 746	(678)
Hospitality	15 983 352	20	10 920 169	(1 125)
Residential	(3 589 035)	(5)	(2 204 070)	227
Land	(1 690 474)	(2)	(11 969 560)	1 233
	79 264 442	**100**	**(970 816)**	**100%**

27. Segment report continued

		2012		2011	
Property values (including properties held-for-sale) (note 3 and 3.2)		**R**	**%**	**R**	**%**
Commercial		269 395 965	38	247 672 592	38
Industrial		102 999 264	14	84 784 081	13
Retail		187 172 134	26	152 894 102	24
Hospitality		74 719 819	11	62 582 229	10
Residential		44 395 941	6	46 109 456	7
Land		32 775 115	5	52 480 940	8
		711 458 238	**100**	**646 523 400**	**100**
Borrowings (excluding instalment sales and loans) (note 11)					
Commercial		81 923 338	46	86 441 152	45
Industrial		31 574 055	17	35 159 462	18
Retail		42 648 757	24	46 723 253	24
Hospitality		14 981 669	8	16 565 844	8
Residential		9 910 358	5	10 584 883	5
		181 038 177	**100**	**195 474 594**	**100**
Rating of tenants (rental income)					
Commercial	A	5 639 728	10	9 785 061	18
	B	14 922 327	26	11 136 738	21
	C	8 936 218	15	14 650 454	26
Industrial	A	–	0	–	0
	B	6 089 744	10	664 326	1
	C	3 530 484	6	613 797	1
Retail	A	7 863 855	14	2 978 364	6
	B	293 657	1	870 222	2
	C	6 690 738	11	6 912 667	13

27. Segment report continued		2012		2011	
Rating of tenants (rental income) continued		**R**	**%**	**R**	**%**
Hospitality	A	–	0	879 153	2
	B	3 425 743	6	2 122 181	4
	C	–	0	2 776 990	5
Residential	A	–	0	–	0
	B	–	0	–	0
	C	811 680	1	448 853	1
		58 204 174	**100**	**53 838 806**	**100**

A: Represents major listed companies

B: Represents smaller listed companies and big unlisted companies

C: Represents smaller unlisted companies and private businesses

Property name and operating segment	Location	Major tenants	Rentable area (m²)	Total income per building excluding operating lease adjustment	Weighted-average rental per month per square metre	Vacancy %	Purchase price	Valuations 30 June 2012 R	Acquisition date
ORION CENTRE ERF 195 (RETAIL SEGMENT) BUILDINGS	Cnr 1st Ave and Boeing Rd Edenvale	Compass Church Daelian Catering t/a O'Hagans	13 328	2 968 538	30,45	61,56	15 769 981	72 492 047	31/01/2006
ORION CENTRE ERF 257 (LAND SEGMENT)	Cnr 1st Ave and Boeing Rd Edenvale						5 981 743	32 775 114	31/01/2006
PROMENADE SHOPPING CENTRE (RETAIL AND HOSPITALITY SEGMENTS)	Cnr Louis Trichardt and Henshall Streets Nelspruit	Orion Hotels and Resorts Mr Price Group Limited (1672) DAKS International	15 850	14 886 473	78,27	0,70	33 069 809	128 426 314	07/04/2006

27. Segment report continued

Property name and operating segment	Location	Major tenants	Rentable area (m²)	Total income per building excluding operating lease adjustment	Weighted-average rental per month per square metre	Vacancy %	Purchase price	Valuations 30 June 2012 R	Acquisition date
KENSINGTON B (COMMERCIAL SEGMENT)	Cnr Braam Fischer and Frere Rd, Randburg	Rapid Motor Services	4 083	1 246 054	25,43	69,39	5 975 000	14 896 296	10/07/2003
67 – 7th STREET (COMMERCIAL SEGMENT)	67 – 7th Street Linden	Fleet Cube CC Wilsenach Van Wyk Management	1 410	974 694	57,61	39,22	2 482 000	8 042 160	10/07/2003
SCORE – DELFT (RETAIL SEGMENT)	Cnr Sandlehout and Main Street, Delft, Cape Town	Orient Trading/SPAR The Standard Bank of SA Limited	1 091	752 991	57,52	0,00	3 291 403	8 827 888	19/12/2002
SCORE – ROOSENDAL (RETAIL SEGMENT)	Erf 3550, Roosendal, Western Cape	Score Supermarkets (Trading) Proprietary Limited The Standard Bank of SA Limited	1 091	738 515	56,41	0,00	3 303 403	7 448 188	19/12/2002
SCORE – MFULENI (RETAIL SEGMENT)	Cnr Lukhanyo and Main Street, Mfuleni, Cape Town	Score Supermarkets (Trading) Proprietary Limited The Standard Bank of SA Limited	1 091	751 929	57,43	0,00	3 301 403	7 940 906	19/12/2002
SCORE – MACASSAR (RETAIL SEGMENT)	Cnr Phala and Tutu Street, Khayalitsha Village, Macassar	Vacant	1 055	721 668	57,00	100,00	3 303 403	7 243 484	19/12/2002
SCORE – WESBANK (RETAIL SEGMENT)	Cnr Silversands and Westbank, Main Street, Wesbank, Cape Town	Score Supermarkets (Trading) Proprietary Limited The Standard Bank of SA Limited	1 091	724 570	55,34	0,00	3 303 403	7 550 690	19/12/2002

27. Segment report continued

Property name and operating segment	Location	Major tenants	Rentable area (m^2)	Total income per building excluding operating lease adjustment	Weighted-average rental per month per square metre	Vacancy %	Purchase price	Valuations 30 June 2012 R	Acquisition date
CITY DEEP (INDUSTRIAL SEGMENT)	95 Merino Park, City Deep, Johannesburg	Tru-Cape Fruit Marketing Proprietary Limited Mala Mogudu Offal and Mealt Wholesalers Albert & Jose Santo t/a Top Crop	3 296	2 022 932	51,15	0,00	6 650 000	18 798 137	10/07/2003
DAN PERKINS (COMMERCIAL SEGMENT)	20 John Street, Selby	McCarthy Limited John Street Autobody CC	4 733	1 480 024	26,06	59,98	4 100 000	18 608 099	10/07/2003
STANDARD BANK BRAMLEY (COMMERCIAL SEGMENT)	Cnr Louis Botha and Forest Rd Bramley	The Standard Bank of South Africa Limited	3 024	635 681	17,52	63,10	5 400 000	6 952 442	10/07/2003
PRIMROSE MALL (RETAIL SEGMENT)	Cnr Rietfontein and Shamrock Rd, Primrose Germiston	African Bank Pepkor Retail Limited ABSA Bank Limited	3 352	1 196 425	29,74	29,71	7 400 000	13 747 891	28/02/2008
MEYERS CORNER (RETAIL SEGMENT)	Primrose Mall, Cnr Rietfontein and Shamrock, Primrose, Germiston	SA Post Office Limited Cash Crusaders Ellerines	1 779	890 804	41,73	1,12	3 900 000	7 747 485	28/02/2008
ORION HOUSE (COMMERCIAL SEGMENT)	49 Jorissen Street, Braamfontein	Devonshire Hotel Capitec Bank Old Mutual Finance African Bank	11 784	8 916 537	63,06	7,05	27 200 000	71 283 103	30/05/2008

27. Segment report continued

Property name and operating segment	Location	Major tenants	Rentable area (m²)	Total income per building excluding operating lease adjustment	Weighted-average rental per month per square metre	Vacancy %	Purchase price	Valuations 30 June 2012 R	Acquisition date
MARLBORO ERF 78 (INDUSTRIAL SEGMENT)	3 Martha Street, Eastgate Gardens, Marlboro, Sandton	JP Krugerrand Deals CC	803	433 132	44,95	100,00	1 600 000	3 990 000	30/05/2008
MARLBORO ERF 84 (INDUSTRIAL SEGMENT)	3 Olympia Street, Marlboro, Sandton	Hebco	380	126 540	27,75	0,00	800 000	2 200 000	30/05/2008
MARLBORO ERF 97 (INDUSTRIAL SEGMENT)	2 – 15th Street, Marlboro, Sandton	Matanuska Proprietary Limited	635	315 813	41,45	0,00	1 400 000	2 939 245	30/05/2008
MARLBORO ERF 142 (INDUSTRIAL SEGMENT)	7 – 15th Street, Marlboro, Sandton	Vacant – Prospective tenant	575	198 513	28,77	100,00	1 100 000	2 568 777	30/05/2008
MARLBORO ERF 161 (INDUSTRIAL SEGMENT)	41 – 14th Street, Marlboro, Sandton	SJ Andrews Electronics Proprietary Limited	612	468 607	63,81	0,00	1 100 000	4 011 568	30/05/2008
MARLBORO ERF 196 (INDUSTRIAL SEGMENT)	24 – 14th Street, Marlboro, Sandton	SOLD	Sold	862 650	72,54	Sold	Sold	Sold	Sold
MARLBORO ERF 211 & 212 (INDUSTRIAL SEGMENT)	4 – 14th Street and 38 – 14th Street, Marlboro, Sandton	Felpon Products Proprietary Limited	1 135	644 674	47,33	0,00	2 800 000	5 858 142	30/05/2008
MARLBORO ERF 213 (INDUSTRIAL SEGMENT)	42 – 14th Street, Marlboro, Sandton	M Collaro Designs CC	950	462 403	40,56	0,00	2 200 000	5 199 905	30/05/2008
WENDYWOOD (RETAIL SEGMENT)	Daphny Street, Wendywood, Sandton	Belfy Trading CC t/a Spar Hiltons Car Sound CC SA Post Office Limited	4 244	3 655 891	71,79	20,83	12 800 000	30 365 782	30/05/2008
LASER PARK ERF 100 (INDUSTRIAL SEGMENT)	1055 Ridge Rd, Roodepoort	Briggs & Stratton RSA Proprietary Limited	1 247	629 327	42,06	0,00	2 500 000	5 378 112	07/07/2008
LASER PARK ERF 101 (INDUSTRIAL SEGMENT)	1052 Schooner Street, Honeydew	Lloyds Lounge Proprietary Limited (tenant from August)	3 882	1 878 480	40,32	0,00	9 500 000	19 665 651	07/07/2008
WARTBURG (HOSPITALITY SEGMENT)	53 Noodsbrug Road, Wartburg	Orion Hotels and Resorts Proprietary Limited	6 000	1 025 465	14,24	0,00	8 100 000	10 808 073	07/07/2008

27. Segment report continued

Property name and operating segment	Location	Major tenants	Rentable area (m^2)	Total income per building excluding operating lease adjustment	Weighted-average rental per month per square metre	Vacancy %	Purchase price	Valuations 30 June 2012 R	Acquisition date
LASER PARK ERF 123 (INDUSTRIAL SEGMENT)	123 Schooner Street, Roodepoort	Prestige Cleaning Services Proprietary Limited EDC Installations CC	2 123	973 151	38,20	0,00	5 300 000	10 074 535	07/07/2008
LASER PARK ERF 124 & 126 (INDUSTRIAL SEGMENT)	124 Ridge Road, Roodepoort	GSI Cumberland SA Proprietary Limited Smith, Alan t/a Africa Plastics	5 359	2 181 230	33,92	0,00	9 200 000	22 315 192	07/07/2008
NORTHCLIFF ATRIUM – STAND 19 (COMMERCIAL SEGMENT)	189 Beyers Naude Drive, Northcliff	Iliad Africa Trading Proprietary Limited t/a Design Hardware Burgers Broers Wholesalers Proprietary Limited	5 739	2 747 827	39,90	16,31	8 200 000	22 559 013	25/07/2008
MOUNTAIN VIEW SHOPPING CENTRE (RETAIL SEGMENT)	10 Somerlust Street Gordons Bay	Amigos Pub & Grill FirstRand Bank Limited	3 365	2 297 757	56,90	73,08	10 000 000	17 040 351	12/12/2008
ACA KRANS TRUST (COMMERCIAL SEGMENT)	35 Symons Road, Auckland Park, Johannesburg	Diners Club (S.A.) Proprietary Limited City of Johannesburg	9 365	9 266 555	82,46	20,02	38 200 000	75 244 182	19/06/2009
72 VOORTREKKER (COMMERCIAL SEGMENT)	72 Voortrekker Avenue, Edenvale	Ukobona Electrical 200 Dita Security Services CC	1 894	950 993	41,84	25,41	4 000 000	5 459 466	10/07/2003
296 KENT (COMMERCIAL SEGMENT)	296 Kent Avenue, Ferndale, Randburg	Vacant	6 772	3 126 512	46,17	100,00	30 000 000	33 000 000	30/06/2009
TOTAL			123 138	71 153 356	48,15	27,72	281 031 548	711 458 238	

28. Commitments

The Group and Company has capital commitments of R15 163 000 in respect of capital expenditures contracted for at the date of the statement of financial position dated, not yet incurred, to acquire the Selborne Hotel. The Group has an additional capital commitment of R2 100 000 in respect of capital expenditure to acquire the parking lot at Wendywood Shopping Centre.

29. Contingent liabilities

The Company has signed surety of R8 400 000 for the obligations of its subsidiaries in respect of mortgage bond finance. An amount of R2,6 million is under dispute regarding the Selborne Hotel acquisition of which R1,3 million has been placed whithin a trust account with the entity's attorneys. The matter remains under review.

30. Related party transactions

Related parties

Relationships

Entities controlled by Director:	8 Mile Investments Proprietary Limited (Trading as Promenade Hotel)
	Orion Business Solutions Proprietary Limited
	Orion Facilities Management Proprietary Limited
	OFM Property Management Proprietary Limited
	Orion Hotels and Resorts Proprietary Limited
	Orion Hotels and Resorts (SA) Proprietary Limited
Subsidiaries:	Refer to note 5 for details on subsidiaries.
Members of key management:	The Board of Directors are considered to be key management. (Refer note 26 for remuneration detail.)

30. Related-party transactions

	Group		Company	
Related-party balances:	**2012**	2011	**2012**	2011
Loan accounts – Owing (to) by related parties	**(6 732 912)**	(5 306 464)	**368 955 655**	295 819 515
CBB Properties Proprietary Limited	**–**	–	**–**	963 239
Elma Park 195 Limited	**–**	–	**30 427 714**	25 478 042
Franz Gmeiner Property Trust	**(500 000)**	(1 471 907)	**(500 000)**	(1 471 907)
GEHS Leasing Company Proprietary Limited	**–**	–	**4 789 397**	4 246 708
Gold Edge III Proprietary Limited	**–**	–	**(6 005)**	(4 828)
Ixia Trading 532 Proprietary Limited	**–**	–	**1 215 271**	953 808
OFM Property Management Proprietary Limited	**(405 609)**	(1 236 046)	**(398 861)**	(1 155 411)
Orion Development One Proprietary Limited	**–**	–	**–**	1 142 793
Orion Development Two Proprietary Limited	**–**	–	**–**	(18 732)
Orion Hotels and Resorts Proprietary Limited	**(1 230 000)**	–	**(1 201 699)**	–
Orion Property Holding Trust	**–**	–	**336 654 555**	265 702 997
SBD Investments Proprietary Limited	**–**	–	**(25 925)**	(17 194)
F Gmeiner	**(4 578 795)**	(2 580 003)	**(1 998 792)**	–
A C Gmeiner	**(18 508)**	(18 508)	**–**	–
Amounts included in trade payables	**22 513**	–	**22 513**	–
Orion Hotels and Resorts Proprietary Limited	**22 513**	–	**22 513**	–

30. Related-party transactions continued

	Group		Company	
Related-party balances:	**2012**	2011	**2012**	2011
Amounts included in trade receivables	**19 690 924**	11 464 777	**–**	–
8 Mile Investments Proprietary Limited	**1 505 188**	1 421 431	**–**	–
Orion Facilities Management Proprietary Limited	**206 382**	206 291	**–**	–
Orion Hotels and Resorts Proprietary Limited	**10 615 399**	6 482 156	**–**	–
Hotel Devonshire Proprietary Limited	**7 047 244**	3 086 508	**–**	–
OFM Property Management Proprietary Limited	**316 711**	268 391	**–**	–
Related-party transactions with:				
8 Mile Investments Proprietary Limited	**(194 912)**	(146 353)	**(194 912)**	(146 353)
Recoveries*	**–**	–	**–**	–
Debtors interest received*	**(194 912)**	(146 353)	**(194 912)**	(146 353)
Orion Hotels and Resorts Proprietary Limited	**(4 309 637)**	(3 637 110)	**(4 309 637)**	(3 637 110)
Rental income*	**(1 927 568)**	(2 005 037)	**(1 927 568)**	(2 005 037)
Operational costs received*	**(28 677)**	(27 024)	**(28 677)**	(27 024)
Recoveries*	**(2 088 352)**	(1 047 126)	**(2 088 352)**	(1 047 126)
Debtors interest received*	**(265 040)**	(557 923)	**(265 040)**	(557 923)
Orion Creative Business Ideas Proprietary Limited	**(123 866)**	(80 788)	**(123 866)**	(80 788)
Rental income*	**(92 649)**	(65 068)	**(92 649)**	(65 068)
Recoveries*	**(31 217)**	(15 720)	**(31 217)**	(15 720)

30. Related-party transactions continued

	Group		Company	
Related-party transactions with:	**2012**	2011	**2012**	2011
Orion Security Services Proprietary Limited	**4 421 039**	5 172 779	**3 391 935**	3 303 812
Security*	**4 421 039**	5 172 779	**3 391 935**	3 303 812
Orion Facilities Management Proprietary Limited	**–**	(22 195)	**–**	(22 195)
Debtors interest received*	**–**	(22 195)	**–**	(22 195)
Hotel Devonshire Proprietary Limited	**(3 381 858)**	(2 181 674)	**(3 381 858)**	(2 181 674)
Rental income*	**(1 498 175)**	(1 188 294)	**(1 498 175)**	(1 188 294)
Operational costs received*	**(4 930)**	(4 607)	**(4 930)**	(4 607)
Recoveries*	**(1 878 753)**	(962 049)	**(1 878 753)**	(962 049)
Debtors interest received*	**–**	(26 724)	**–**	(26 724)
OFM Property Management Proprietary Limited	**17 296 344**	14 384 409	**12 782 788**	10 698 846
Asset management fees paid*	**9 180 544**	9 014 296	**6 655 807**	6 298 769
Administration fees/collections paid*	**2 681 957**	2 389 498	**2 201 943**	1 990 801
Accounting fees paid*	**1 090 269**	1 227 129	**847 749**	972 433
Cleaning*	**1 505 337**	1 015 696	**1 276 537**	915 025
Maintenance paid*	**2 744 317**	582 529	**1 757 930**	420 430
Garden services (refunded)/paid*	**(1 150)**	123 600	**–**	93 900
Pest control paid	**118 980**	79 827	**86 732**	55 654
Rental income	**(27 771)**	(38 093)	**(27 771)**	(38 093)
Recoveries	**(4 155)**	–	**(4 155)**	–
Debtors interest received	**(11 984)**	(10 073)	**(11 984)**	(10 073)

30. Related-party transactions continued

	Group		Company	
Related-party balances:	**2012**	2011	**2012**	2011
Elma Park 195 Body Corporate	**3 764 558**	2 002 045	**–**	–
Share block levies	**3 764 558**	2 002 045	**–**	–
F Gmeiner	**–**	259 152	**–**	–
Interest paid	**–**	259 152	**–**	–
Profit distribution from controlled trust	**–**	–	**(93 260 773)**	(30 520 892)
Orion Property Holdings Trust	**–**	–	**(93 260 773)**	(30 520 892)

* Income received and expenses paid by the Orion Property Holding Trust to/(from) related parties and distributed to Orion Real Estate Limited, included in the profit from controlled trust of R93 260 773 (2011: R30 520 892) are disclosed as related-party income/expenses of the Company.

31. Risk management

Capital risk management

The Group and Company's objectives when managing capital are to safeguard the Group and Company's ability to continue as a going concern in order to provide returns for linked-unit holders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group and Company consists of debt, which includes the borrowings, cash and cash equivalents, and equity as disclosed in the statement of financial position.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new linked units or sell assets to reduce debt.

Consistent with others in the industry, the Group and Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt. The Group's strategy is to maintain a gearing ratio of between 40% and 50%.

There are no externally imposed capital requirements. There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

31. Risk management continued

		Group		Company	
The gearing ratios at 30 June 2012 and 2011 respectively were as follows:	Note	2012	2011	2012	2011
Borrowings	11	**188 366 146**	196 190 444	**12 500 380**	14 744 761
Linked units – debenture portion	10	**49 386 923**	55 043 086	**50 045 106**	55 701 269
Loans from shareholders	14	**1 998 792**	1 471 907	**1 998 792**	1 471 907
Loans from Directors	15	**2 598 511**	2 598 511	**–**	–
Loans from related parties	12	**905 609**	1 736 046	**500 000**	1 655 411
Loans from Group companies	13	**–**	–	**31 930**	40 754
Add: bank overdrafts	8	**2 383 021**	1 248 024	**2 373 021**	1 269 391
Less: cash and cash equivalents	8	**(2 958 284)**	–	**(2 927 803)**	–
Net debt		**242 680 718**	258 288 018	**64 521 426**	74 883 493
Total equity		**388 369 044**	340 489 427	**301 157 012**	244 274 794
Total capital		**631 049 762**	598 777 445	**365 678 438**	319 158 287
Gearing ratio		**38.46%**	43.14%	**17.64%**	23.46%

The decrease in the gearing ratio during 2012 was achieved by reducing mortgage financing with proceeds of selling property as well as the effect of the devaluation of debenture financing. There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

Financial risk management

The Group and Company's activities expose it to a variety of financial risks: market risk (fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

Liquidity risk

The Group and Company's risk to liquidity 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. Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

31. Risk management continued

The table below analyses the Group and Company's financial liabilities into relevant maturity Groupings based on the remaining period at the reporting date to the contractual maturity. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 30 June 2012	Less than 1 year	Between 1 and 5 years	Over 5 years
Linked units – debenture portion	–	–	49 386 923
Borrowings	136 652 269	48 674 989	3 038 888
Loans from shareholders	1 998 792	–	–
Loans from Directors	2 598 511	–	–
Loans from related parties	905 609	–	–
Trade and other payables	23 383 654	–	–
Surety in respect of subsidiary mortgage bonds	8 400 000	–	–
	173 938 835	48 674 989	52 425 811

Borrowing due within six months is R114 201 636.

At 30 June 2011	Less than 1 year	Between 1 and 5 years	Over 5 years
Linked units – debenture portion	–	–	55 043 086
Borrowings	47 770 176	147 027 322	36 874 111
Loans from shareholders	1 471 907	–	–
Loans from Directors	2 598 511	–	–
Loans from related parties	1 736 046	–	–
Trade and other payables	15 272 695	–	–
Surety in respect of subsidiary mortgage bonds	8 400 000	–	–
	77 249 335	147 027 322	91 917 197

Borrowing due within six months is R24 011 429.

31. Risk management continued

Company

At 30 June 2012	Less than 1 year	Between 1 and 5 years	Over 5 years
Linked units – debenture portion	–	–	50 045 106
Borrowings	2 570 335	9 930 045	–
Loans from shareholders	1 998 792	–	–
Loans from related parties	500 000	–	–
Trade and other payables	1 932 628	–	–
Surety in respect of subsidiary mortgage bonds	8 400 000	–	–
	15 401 755	9 930 045	50 045 106

At 30 June 2011	Less than 1 year	Between 1 and 5 years	Over 5 years
Linked units – debenture portion	–	–	55 701 269
Borrowings	3 135 525	12 542 098	1 639 173
Loans from shareholders	1 471 907	–	–
Loans from related parties	1 655 411	–	–
Trade and other payables	1 963 469	–	–
Surety in respect of subsidiary mortgage bonds	8 400 000	–	–
	16 626 312	12 542 098	57 340 442

Interest rate risk
The Group and Company's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group and Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

The scenarios are run only for liabilities that represent the major interest-bearing positions with flexible interest rates (which do not include borrowings with fixed rates). The simulation is done on a yearly basis to verify that the maximum loss potential is within the limit given by management.

31. Risk management continued

	Group		Company	
Based on the simulations performed, the impact on post-tax profit would be:	**2012**	2011	**2012**	2011
Decrease				
A decrease of 2% in prime interest rate	**(2 494 394)**	(2 665 916)	**(176 395)**	(206 136)
Increase				
An increase of 2% in prime interest rate	**2 494 394**	2 665 916	**176 395**	206 136

Cash flow interest rate risk

Group

Financial instrument	**Current interest rate**	**Less than 1 year**	**Between 1 and 5 years**	**Over 5 years**
Accounts receivable	20%	28 601 906	–	–
Loans from Directors	10%	(2 598 511)	–	–
Linked units – debenture portion	Variable	–	–	(49 386 923)
Borrowings	7,50%	(129 190 903)	(39 506 464)	(4 285 490)
Borrowings	14,43%	(6 588 976)	–	–
Borrowings	9,00%	(86 322)	(1 600 203)	–
Borrowings	9,10%	(18 792)	–	–
Borrowings	8,25%	(525 628)	(6 312 616)	–
Borrowings	8,26%	(250 751)	–	–

31. Risk management continued

Company

Financial instrument	**Current interest rate**	**Less than 1 year**	**Between 1 and 5 years**	**Over 5 years**
Linked units – debenture portion	Variable	–	–	(50 045 106)
Borrowings	7,5%	(2 487 734)	(10 012 646)	–

Credit risk
Credit risk is managed on a Group basis.

Credit risk consists mainly of cash deposits and cash equivalents. The Group and Company only deposits cash with major banks with high-quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Provision is made on a case-by-case basis for bad debts at year-end. Deposits are paid by tenants once a rental lease agreement has been finalised, which is held by the Group and Company, which minimises the Group's credit risks.

Management does not consider there to be any material credit risk exposure. See below for the maximum credit exposure by the Group:

	Group		**Company**	
	2012	2011	**2012**	2011
Trade receivables – performing	**2 677 111**	4 818 986	**–**	–
Trade receivables – past due	**25 924 795**	25 739 471	**–**	–
Less: provision for impairment of trade receivables	**(4 900 189)**	(9 032 601)	**–**	–
Less: Tenant deposits held	**(6 246 795)**	(5 939 753)	**–**	–
	17 454 922	15 586 103	**–**	–

The Company is not exposed to credit risk as it did not contain any trade receivables on reporting date, but tenant deposits of R Nil (2011: R262 200) were held by the Company.

31. Risk management continued

Foreign exchange risk

The Group is not exposed to foreign exchange risk.

Price risk

The Group is not exposed to price risk.

32. Financial instruments by category

The carrying value of financial assets and liabilities are equal to their fair values.

	Group		Company	
The accounting policies for financial instruments have been applied to the line items below:	**2012**	2011	**2012**	2011
Financial assets	**Loans and receivables**	Loans and receivables	**Loans and receivables**	Loans and receivables
Loans to related parties	**2 700 135**	–	**2 272 973**	–
Loans to Group companies	**–**	–	**373 086 937**	298 487 587
Trade and other receivables	**24 216 842**	21 948 300	**142 561**	103 906
Cash and cash equivalents	**2 958 284**	–	**2 927 803**	–
	29 875 261	21 948 300	**378 430 274**	298 591 493

32. Financial instruments by category continued

	Group		Company	
The accounting policies for financial instruments have been applied to the line items below:	**2012**	2011	**2012**	2011
Financial liabilities	**Financial liabilities at amortised cost**	Financial liabilities at amortised cost	**Financial liabilities at amortised cost**	Financial liabilities at amortised cost
Linked units – debenture portion	**49 386 923**	55 043 086	**50 045 106**	55 701 269
Borrowings – long-term portion	**51 796 490**	145 036 215	**10 026 066**	12 679 812
Loans from shareholders	**1 998 792**	1 471 907	**1 998 792**	1 471 907
Loans from Directors	**2 598 511**	2 598 511	**–**	–
Loans from related parties	**905 609**	1 736 046	**500 000**	1 655 411
Loans from Group companies	**–**	–	**31 930**	40 754
Trade and other payables	**23 383 654**	15 272 695	**1 932 628**	1 963 469
Bank overdraft	**2 383 021**	1 248 024	**2 373 021**	1 269 391
Borrowings – short-term portion	**136 569 656**	51 154 229	**2 474 314**	2 064 949
	269 022 656	273 560 713	**69 381 857**	76 846 962

33. Profit distribution from controllled trust

Orion Real Estate Limited is the sole beneficiary of Orion Property Holding Trust. In terms of the trust deed all profits are distributed annually to Orion Real Estate Limited.

34. Linked unit holder information at 30 June 2012

Number of shares in issue	Number of shareholders	Percentage of total shareholders	Number of issued shares held	Percentage of issued shares held
Spread of holdings				
1 – 1 000 shares	373	63,87	215 334	0,03
1 001 – 10 000 shares	101	17,29	428 028	0,07
10 001 – 100 000 shares	66	11,30	2 967 284	0,47
100 001 – 1 000 000 shares	32	5,48	13 047 574	2,07
1 000 001 shares and over	12	2,05	614 040 468	97,36
	584	**100,00**	**630 698 688**	**100,00**
Distribution of linked unit holders				
Banks or nominees	6	1,04	565 514	0,09
Individuals	531	90,92	27 286 655	4,33
Investment trust	20	3,42	588 874 053	93,37
Share trusts	1	0,17	1 705 000	0,27
Other companies	26	4,45	12 267 466	1,94
	584	**100,00**	**630 698 688**	**100,00**
Public/non-public spread				
Non-public	**20**	**3,42**	**594 112 783**	**94,20**
Directors and associates	19	3,25	592 407 783	93,93
Share trust	1	0,17	1 705 000	0,27
Public	**564**	**96,58**	**36 585 905**	**5,80**
	584	**100,00**	**630 698 688**	**100,00**
Beneficial holding of more than 5%				
Franz Gmeiner Property Trust			586 810 961	93,04

34. Linked unit holder information at 30 June 2012 continued

Non-public Holdings:

Directors interest in linked units

The interests of Directors in the issued share capital of the Company as at 30 June 2012 were as follows:

	Number of linked units			Percentage of issued linked units capital
2012	**Direct beneficial**	**Indirect beneficial**	**Total**	
Managing Director				
F Gmeiner	**2 175 427**	**587 430 885**	**589 606 312**	**93,48**
Non-executive Director				
A C Gmeiner	**2 056 471**		**2 056 471**	**0,33**
Non-executive Chairman of the Board				
R S Wilkinson	**250 000**		**250 000**	**0,04**
Non-executive Directors				
A L Boesenkool	**50 000**		**50 000**	**0,01**
F M Viruly	**50 000**		**50 000**	**0,01**
	4 581 898	**587 430 885**	**592 012 783**	**93,87**

34. Linked unit holder information at 30 June 2012 continued

The interests of Directors in the issued share capital of the Company as at 30 June 2011 were as follows:	Number of linked units			Percentage of issued linked units capital
2011	Direct beneficial	Indirect beneficial	Total	
Managing Director				
F Gmeiner	1 713 235	588 737 355	590 450 590	93,62
Non-executive Director				
AC Gmeiner	1 403 236		1 403 236	0,22
Non-executive Chairman of the Board				
RS Wilkinson	250 000		250 000	0,04
Non-executive Directors				
AL Boesenkool	50 000		50 000	0,01
FM Viruly	50 000		50 000	0,01
	3 466 471	**588 737 355**	**592 203 826**	**93,90**

35. Restatement of comparitive figures

Certain amounts presented in the comparative periods have been restated. The effect of these restatements is summarised below.

Investment Properties

IAS 40.50(c) requires an entity to consider the effect of double counting when performing a valuation of investment property under the fair value model. In previous years the financial statements reflected the straight-lining lease adjustment as a separate asset on the face of the statement of comprehensive income. In order to correct this presentation, to take into account the requirement under IAS40, a reclassification adjustment was processed.

The effected figures for the 2011 and 2010 statement of financial positions, as well as the related notes, have been restated and presented in the financials for 30 June 2012.

The effect is limited to a reclassification on the face of the statement of financial position and no change is required to either the statement of comprehensive income or statement of changes in equity.

35. Restatement of comparitive figures continued

The effect of the change in restatement is:	Group		Company	
Statement of financial position	**2011**	2010	**2011**	2010
Investment properties previously reported	**637 289 209**	631 900 000	**37 902 000**	36 500 000
Increase in investment properties (previously other receivables)	**9 234 191**	7 239 351	**–**	32 653
Adjusted investment properties	**646 523 400**	639 139 351	**37 902 000**	36 532 653

Deferred taxation

IAS12.74 requires deferred tax assets and liabilities to be offset when the entity has a legally enforceable right to do so. The previously issued financial statements reflected these balances on a gross basis with the Company figures. This adjustment was processed against both the current and prior year's previously issued financial statements and illustrated below.

The effect is limited to a reclassification within the statement of financial position and no change is required to either the statement of comprehensive income or statement of changes in equity.

The effect of the change in reclassification is:	Group		Company	
	2011	2010	**2011**	2010
Deferred taxation previously reported (Liability)	**53 026 090**	52 398 997	**31 770 016**	29 519 258
Decrease in deferred taxation liability (Asset)	**(11 422 941)**	(7 856 492)	**(748 094)**	(513 255)
Adjusted deferred taxation (Net tax liability)	**41 603 149**	44 542 505	**31 021 922**	29 006 003

Headline earnings – Group

Circular 3/2012 – Headline Earnings requires interest and any adjustments relating to linked debenture units to be taken into account when calculating Headline earnings. This adjustment was processed against both the current and prior year's previously issued financial statements and illustrated below:

The effect of the restatement in headline earnings is set out below:				**2011**
Headline loss previously reported				**(3 638 173)**
Adjusted for: Linked debenture interest				**5 700 000**
Headline earnings restated				**2 061 827**
Headline loss per linked unit previously reported (cents)				**(0,58)**
Restated headline earnings per linked unit (cents)				**0,33**

NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE Annual General Meeting OF MEMBERS OF ORION REAL ESTATE WILL BE HELD IN THE BOARDROOM, 16TH FLOOR, ORION HOUSE, 49 JORISSEN STREET, BRAAMFONTEIN, JOHANNESBURG ON THURSDAY, 29 NOVEMBER 2012 AT 10H00 FOR THE PURPOSES OF CONSIDERING AND, IF DEEMED FIT, PASSING WITH OR WITHOUT MODIFICATION, THE RESOLUTIONS SET OUT BELOW:

1. Ordinary resolution number one (Auditors' report)

To resolve that the auditors' report be taken as read.

2. Ordinary resolution number two (Adoption of annual financial statements)

To receive the annual financial statements of the Company and the Group for the financial year ended 30 June 2012, together with the reports of the Directors and auditors.

3. Ordinary resolution number three (Re-election of Non-executive Director who retires by rotation):

Individual appointments

To re-appoint Dr A C Gmeiner, who retires by rotation in terms of the Company's Memorandum of Incorporation but, being eligible, offers herself for re-appointment.

4. Ordinary resolution number four (Re-election of Non-executive Director who retires by rotation)

To re-appoint Mr R S Wilkinson, who retires by rotation in terms of the Company's Memorandum of Incorporation, but, being eligible, offers himself for re-appointment.

5. Special resolution number one (Remuneration of Non-executive Directors)

To approve the remuneration for the Non-executive Directors, with retrospective effect from 1 July 2012 to 30 June 2013, as follows:

			Payable
Board and Strategy meetings	Chairman Director	R11 500 R5 175	Each meeting Each meeting
Other Board Committees		NIL	NIL

5. Ordinary resolution number five (Re-appointment of auditors)

Subject to the Audit Committee being satisfied as to the auditors' independence, to re-appoint PricewaterhouseCoopers Inc. as the auditors for the current financial year, ending 30 June 2013, with Mr H O Zastrau being the individual registered auditor who undertakes the audit.

Audit fees

In terms of section 94(7)(b) of the Companies Act 71 of 2008, as amended, the audit committee is responsible for determining the audit fees and the auditors' terms of appointment.

7. Special resolution number two (Authority to grant inter Company loans)

"RESOLVED THAT, in accordance with section 45 of the Companies Act 71 of 2008, as amended ("the Companies Act"), the Board, with the specific power to delegate to the Audit and Risk Management Committee, be and is hereby authorised, by way of a general authority, at any time and from time to time during the period of two years commencing on the date of this special resolution, to provide any direct or indirect financial assistance (as contemplated in section 45(1) of the Companies Act) in any form or amount to any Company which is related or inter-related to the Company (from time to time and for the time being), as defined in the Companies Act, on such terms and conditions as the Board may determine."

Explanatory note in respect of Special resolution number two

Special resolution number two is required in order to authorise financial assistance by the Company to other Group companies. In terms of section 45 of the Companies Act, the Directors may not authorise the Company to provide financial assistance by way of loans, guarantees, the provision of security or otherwise, to any Company which is related or inter-related to Orion Real Estate Limited, i.e. its subsidiaries, unless such financial assistance is pursuant to a special resolution of shareholders. This special resolution does not authorise the provision of financial assistance to a Director or prescribed officer of the Company.

In terms of the treasury management function and policies of the Group, Orion Real Estate Limited is required, from time to time, to provide financial assistance to other entities within the Group to ensure that these entities maintain appropriate liquidity levels.

The authorisation of any such financial assistance will be and remain subject thereto that the Board is satisfied that immediately after granting the financial assistance, the Company will satisfy the solvency and liquidity test set out in the Companies Act and that the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company.

In accordance with section 45(5) of the Companies Act, the Board and the Audit Committee, to whom the Board has delegated its powers in this regard, hereby gives notice to its shareholders of the intention to pass a resolution authorising the Company to provide financial assistance to certain related and/or inter-related companies which Board resolution will take effect on the passing of Special resolution number two set out above.

The percentage of voting rights that will be required for this special resolution to be adopted is 75% of the votes exercised on the resolution.

8. Ordinary resolutions six to eight (Appointment of Audit Committee)

Section 94 of the Companies Act 71 of 2008, as amended, requires each Annual General Meeting of a public Company to elect an Audit Committee comprising at least three members.

It is accordingly proposed that the following Directors should be elected to serve as members of the audit committee:

8.1 Ordinary resolution number six
MR R S WILKINSON

8.2 Ordinary resolution number seven
PROFESSOR F M VIRULY

8.3 Ordinary resolution number eight
DR A J PARKER

9. Special resolution number three (Authority to issue shares)

Subject to the provisions of the Companies Act 71 of 2008, as amended, the Memorandum of Incorporation of the Company and the Listings Requirements of JSE Limited, authority be given to the Directors to allot and issue, at their discretion, the unissued share capital of the Company for such purposes as they may determine, until the Company's next Annual General Meeting, provided that such authority be limited to the allotment and issue, in any one financial year, of 15% of the Company's issued share capital at the time that this authority is given.

10. Special resolution number four (Authority for Directors to issue shares for cash)

To resolve that, subject to the provisions of the Companies Act 71 of 2008, as amended, the Memorandum of Incorporation and the Listings Requirements of JSE Limited, the Directors be and they are hereby authorized, by way of a general authority to issue all or any of the authorised but unissued shares in the capital of the Company for cash, as and when they in their discretion deem fit.

This resolution is subject to the Listings Requirements of JSE Limited, which currently provides:

- that this authority shall be valid until the next Annual General Meeting of the Company, provided it shall not extend beyond fifteen months from the date that this authority is given;
- that a paid press announcement giving full details, including the impact on net asset value and earnings per share, will be published at the time of any issue of shares representing, on a cumulative basis within one year, 5% or more of the number of the Company's shares in issue prior to any such issue;
- that issues in the aggregate in any one year shall notexceed 15% of the number of shares in the Company's issued share capital;
- that, in determining the price at which an issue of shares may be made in terms of this authority, the maximum discount permitted will be 10% of the weighted average traded price determined over the 30 business days prior to the date that the price of the issue is determined or agreed by the Directors;
- that the securities be of a class already in issue;
- that any such issue will only be made to public members as defined by JSE Limited.

11. Special resolution number five (Authority to purchase securities)

To resolve that, as a general approval contemplated in sections 85 to 89 of the Companies Act 71 of 2008, as amended, the acquisitions by the Company, and/or any subsidiary of the Company, from time to time, of the issued ordinary shares of the Company, upon such terms and conditions and in such amounts as the Directors of the Company may from time to time determine, but subject to the Memorandum of Incorporation of the Company, the provisions of the Act and the JSE Listings Requirements, when applicable, and provided that:

- the acquisitions of ordinary shares in the aggregate in any one financial year do not exceed 20% (twenty per cent) of the Company's issued ordinary share capital from the date of the grant of this general authority;
- the general repurchase of securities will be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counter party (reported trades are prohibited);
- this general authority shall only be valid until the Company's next Annual General Meeting, provided that it shall not extend beyond 15 (fifteen) months from the date of passing of this special resolution;
- general repurchases may not be made at a price greater than 10% above the weighted average of the market value for the securities for the 5 (five) business days immediately preceding the date on which the transaction is effected. The JSE should be consulted for a ruling if the applicant's securities have not traded in such 5 day business day period;
- at any point in time, the Company may only appoint one agent to effect any repurchases on the Company's behalf;
- after such repurchase the Company will still comply with the JSE Listings Requirements concerning shareholder spread requirements;

- the Company or its subsidiary may not repurchase securities during a prohibited period as defined in the JSE Listings Requirements unless they have in place a repurchase programme where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation) and full details of the programme have been disclosed in an announcement over SENS prior to the commencement of the prohibited period; and
- when the Company has cumulatively repurchased 3% of the initial number of the relevant class of securities, and for each 3% in aggregate of the initial number of that class acquired thereafter, an announcement will be made.

The Directors undertake that they will not effect a general repurchase of shares and/or make a general payment as contemplated above unless the following can be met:

- the Company and the Group are in a position to repay their debt in the ordinary course of business for a period of 12 months after the date of the general repurchase.
- the assets of the Company and the Group, being fairly valued in accordance with International Financial Reporting Standards, are in excess of the liabilities of the Company and the Group for a period of 12 months after the date of the general repurchase;
- The share capital and reserves of the Company and the Group are adequate for the next twelve months following the date of the general repurchase;
- the available working capital of the Company and the Group will be adequate for ordinary business purposes for a period of 12 months after the date of the general purchase; and
- before entering the market to proceed with the general repurchase, the Company's Sponsor has confirmed the adequacy of the Company's and the Group's working capital in writing to the JSE."

It was noted that the reason for and the effect of the Special Resolution number five is to authorise the Company and/or subsidiary Company by way of a general authority to acquire its own issued shares on such terms, conditions and in such amount as determined by the Directors, subject to the limitations of this resolution.

NOTES TO THE NOTICE OF GENERAL MEETING

Quorum for all resolutions

The quorum for all resolutions is sufficient persons being present to exercise, in aggregate, at least 25% of all of the voting rights, subject to three shareholders being present at the meeting.

Record date

The record date in terms of section 59 of the Companies Act, for shareholders to be recorded on the shareholders' register of the Company in order to be able to attend, participate and vote at the Annual General Meeting is Friday, 16 November 2012.

Electronic participation

Should any shareholder (or any proxy for a shareholder) wish to participate in the Annual General Meeting by way of electronic participation, that shareholder should make application in writing (including details as to how the shareholder or its representative (including its proxy) can be contacted) to so participate to the transfer secretary, Computershare Investor Services (Proprietary) Limited, at its address (page 110) to be received by the transfer secretary at least five business days prior to the Annual General Meeting in order for the transfer secretary to arrange for the shareholder (or its representative or proxy) to provide reasonably satisfactory identification to the transfer secretary for the purposes of section 63(1) of the Companies Act, and for the transfer secretary to provide the shareholder (or its representative) with details as to how to

NOTICE OF THE ANNUAL GENERAL MEETING

access any electronic participation to be provided. The Company reserves the right to elect not to provide for electronic participation at the Annual General Meeting in the event that it determines that it is not practical to do so. The costs of accessing any means of electronic participation provided by the Company will be borne by the shareholder so accessing the electronic participation.

Voting and proxies

Shareholders are reminded that:

- a shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy (or more than one proxy) to attend, participate in and vote at the Annual General Meeting in the place of the shareholder, and shareholders are referred to the attached form of Proxy;
- a proxy holder need not also be a shareholder of the Company.
- in terms of section 63(1) of the Companies Act, any person attending or participating in a meeting of shareholders must present reasonably satisfactory identification and the person presiding at the meeting must be reasonably satisfied that the right of any person to participate in and vote (whether as shareholder or as proxy for a shareholder) has been reasonably verified.

For the convenience of certificated Shareholders and dematerialised shareholders with “own-name” registration, a form of proxy is attached hereto. Duly completed forms of proxy must be lodged with the transfer secretary at either of the below addresses 48 hours before the commencement of the Annual General Meeting (or any adjournment of the Annual General Meeting) or handed to the Chairman of the Annual General Meeting before the appointed proxy exercises any of the relevant shareholder’s rights at the Annual General Meeting (or any adjournment of the Annual General Meeting), provided that should a shareholder lodge a form of proxy with the transfer secretary at the following addresses: Ground floor, 70 Marshall Street, Johannesburg, 2001 or PO Box 61051, Marshalltown, 2107, less than 48 hours before the Annual General Meeting, such shareholder will also be required to furnish a copy of such form of proxy to the Chairman of the Annual General Meeting before the appointed proxy exercises any of such shareholder’s rights at the Annual General Meeting (or any adjournment of the Annual General Meeting).

Dematerialised shareholders without “own-name” registration who wish to attend the Annual General Meeting in person should request their CSDP or Broker to provide them with the necessary letter of representation in terms of their custody agreement with their CSDP or Broker. Dematerialised Shareholders without “own-name” registration who do not wish to attend but wish to be represented at the Annual General Meeting must advise their CSDP or Broker of their voting instructions. Dematerialised shareholders without “own-name” registration should contact their CSDP or Broker with regard to the cut-off time for their voting instructions.

By order of the Board

CORPORATE GOVERNANCE FACILITATORS CC

CHARTERED SECRETARIES

Company Secretary to Orion Real Estate Limited

21 September 2012

FORM OF PROXY

For the use of members who hold certificated shares and members who have dematerialised their shares in "own name" registrations.

FOR THE ANNUAL GENERAL MEETING TO BE HELD ON THURSDAY, 29 NOVEMBER 2012 AT 10H00

I/We ____

of ____

being a member/members of Orion Real Estate Limited and entitled to ____________votes

do hereby appoint ____or

failing him/her, ____________________________________or failing him/her, the Chairman of the meeting as my/our proxy to act for me/us at the annual general meeting of the Company to be held on Thursday 29 November 2012 at 10h00 and at any adjournment thereof, in the Boardroom, 16th Floor, Orion House, 49 Jorissen Street, Braamfontein, Johannesburg, and to vote for me/us in respect of the undermentioned resolutions in accordance with the following instructions.

	Number of votes (one vote per share)		
	For	Against	Abstain
1. Ordinary Resolution number one: Auditors' report			
2. Ordinary Resolution number two: Adoption of annual financial statements			
3. Ordinary Resolutions number three: To elect Dr A C Gmeiner who retires by rotation			
4. Ordinary Resolutions number four: To elect Mr R S Wilkinson who retires by rotation			
5. Special Resolution number one: Remuneration of non-executive directors			
6. Ordinary Resolution number five: Re-appointment of auditors			
7. Special Resolution number two: Authority to grant inter-company loans			
8. Ordinary Resolutions numbers six to eight: By separate resolutions, to appoint the following members to the Audit Committee			
8.1. Ordinary Resolution number six MR R S WILKINSON			
8.2. Ordinary Resolution number seven PROFESSOR F M VIRULY			
8.3. Ordinary Resolution number eight DR A J PARKER			
9. Special Resolution number three: Authority to issue shares			
10. Special Resolution number four: Authority for Directors to issue shares for cash			
11. Special Resolution number five: Authority to purchase shares			

Signed at ______________________ on ______________________ 2012

Signature ______________________ Assisted by me ______________________

(where applicable – see note 7)

A member qualified to attend and vote at the meeting is entitled to appoint a person to attend, speak and vote in his/her stead. A proxy holder need not be a member of the Company.

NOTES TO FORM OF PROXY

Members holding certificated shares or dematerialised shares registered in their own name.

1. Only members who hold certificated shares and members who have dematerialised their shares in "own name" registrations may make use of this proxy form.

2. Each such ordinary member is entitled to appoint one or more proxyholders (none of whom needs to be a member of the company) to attend, speak and, on a poll, vote in place of that member at the annual general meeting, by inserting the name of a proxy or the names of two alternate proxies of the ordinary member's choice in the space provided, with or without deleting "the chairman of the meeting". The person whose name appears first on the form of proxy and who is present at the meeting will be entitled to act as proxy to the exclusion of those whose names follow.

3. A member's instructions to the proxyholder must be indicated by the insertion of the relevant number of votes exercisable by that member in the appropriate box/es provided. Failure to comply with the above will be deemed to authorise the chairman of the meeting, if he is the authorised proxyholder, to vote in favour of the resolutions, or any other proxy to vote or to abstain from voting at the general meeting, as he deems fit, in respect of all the member's votes.

4. A member or his or her proxy is not obliged to vote in respect of all the shares held or represented, but the total number of votes for or against the resolutions in respect of which any abstention is recorded may not exceed the total number of votes to which the ordinary member or his proxy is entitled.

5. Any power of attorney and any instrument appointing a proxy or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney shall be deposited at the office of the transfer secretaries not less than 48 (forty eight) hours before the time appointed for holding the meeting.

6. The completion and lodging of this form of proxy will not preclude the relevant member from attending the meeting and speaking and voting in person thereat to the exclusion of any proxyholder appointed.

7. Where there are joint holders of ordinary shares any one holder may sign the proxy form. The vote of only one holder in order of seniority (determined by sequence of names on the company register) will be accepted, whether in person or by proxy, to the exclusion of the vote(s) of other joint holders.

8. Members should lodge or post their completed proxy forms to:
   Computershare Investor Services (Proprietary) Limited
   Business address: Ground floor, 70 Marshall Street, Johannesburg, 2001
   Postal address: PO Box 61051, Marshalltown, 2107

   by not later than 48 hours before the meeting. Proxies not deposited timeously shall be treated as invalid.

MEMBERS HOLDING DEMATERIALISED SHARES

9. Members who have dematerialised their shares through a Central Securities Depository Participant (CSDP) or broker (except those members who have elected to dematerialise their shares in "own name" registrations) and all beneficial members holding their shares (dematerialised or certificated) through a nominee should provide such CSDP, broker or nominee with their voting instructions in sufficient time to allow them to advise the transfer secretaries of the Company of their voting instructions before the closing time set out in 8 above.

10. All such members wishing to attend the meeting in person may do so only by requesting their CSDP, broker or nominee to issue the member with a letter of representation in terms of the custody agreement. Such letter of representation must also be lodged with the transfer secretaries before the closing time set out in 8 above.





www.orionGroup.co.za

ORION REAL ESTATE LIMITED
ORION HOUSE 49 JORISSEN STREET
BRAAMFONTEIN JOHANNESBURG SOUTH AFRICA