It's happening!

Orion

REAL ESTATE LTD

INTEGRATED ANNUAL REPORT

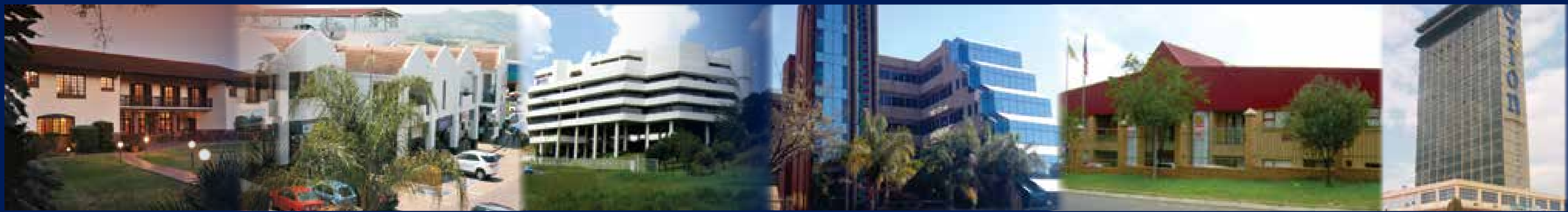
FOR THE YEAR ENDED 30 JUNE 2014

INTEGRATED ANNUAL REPORT 2014

Honesty Integrity Productivity and innovation Generosity Recognition Treating people with dignity

The Orion Operating Philosophy

"Our business is getting better every day in every way"



The risks and rewards faced by Orion Real Estate Limited relate primarily to the operating segments being retail, commercial, industrial, residential and hospitality. Lettable space is also classified in these segments according to the nature of the tenants.

Orion Real Estate Limited, it's subsidiary companies and controlled trust
Incorporated in the Republic of South Africa
Registration number 1997/021085/06

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REAL ESTATE LTD

SCOPE AND BOUNDARY

Orion Real Estate's integrated report to stakeholders covers the period 1 July 2013 to 30 June 2014. It includes all the group's operations. Integrated reporting allows for a more informed assessment of the company's long-term viability. This reports aims to inform our stakeholders about the objectives and strategies of the Group as well as its performance with regard to financial, intellectual human and social capital and is contained in the annual financial statements and the Chief Executive Officer's report.

This report was prepared in accordance with best practice, and applying the principles of the:

- King Report on Governance for South Africa, 2009 ("King III");
- JSE Listings Requirements; and
- Companies Act, 71 of 2008, as amended ("Companies Act").

The statutory annual financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS").

In compliance with JSE regulations, this integrated report presents the financial results and the environmental, social and governance performance of the group for the year ended 30 June 2014. The content included in this integrated report is intended to identify and explain the material economic, social, governance and environmental issues facing the group and their impact, and to enable stakeholders to accurately evaluate Orion's ability to create and sustain value over the short-, medium- and long-term.

ASSURANCE

The group's external auditors, Mazars Inc., have independently audited the financial statements for the year ended 30 June 2014. Their audit report can be found on pages 26-27. The scope of their audit is limited to the information set out in the financial statements on pages 32 to 99.

RESPONSIBILITY STATEMENT

The audit and risk committee and board acknowledges its responsibility to ensure the integrity of this integrated report and believes the report presents fairly the performance of the group and its material issues. It has been recommended by the audit and risk committee and approved by the board of Orion Real Estate Limited.

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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 R800 million. Orion Real Estate Limited currently also manages private property portfolios for related parties.

With the acquisition of Alpina Investments Limited, the company gained a listing on the Johannesburg Stock Exchange ("JSE") in March 2006. The listed portfolio (Orion Real Estate Limited) consists of 29 properties with a market value in excess of R780 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%.

Lease expiry profile for existing leases at 30 June 2014:

Expire	% of gross rental
By June 2015	19
By June 2016	38
By June 2017	11
By June 2018	15
By June 2019	9
After June 2019	8

Orion Real Estate Limited has been acknowledged as one of the Top Employers, South Africa 2014/15.

KEY PERFORMANCE INDICATORS

	2014	2013	% change
Revenue	**R101 059 214**	R91 224 924	10,78
Profit for the year	**R34 820 256**	R30 464 049	14,30
Basic earnings per linked unit (cents)	**5,55**	4,86	14,20
Diluted earnings per linked unit (cents)	**5,55**	4,86	14,20
Headline earnings per linked unit (cents)	**0,62**	0,30	106,67
Diluted headline earnings per linked unit (cents)	**0,62**	0,30	106,67
Net asset value per linked unit (cents)	**81,16**	75,52	7,47
Average in-force escalation (%)	**8,5**	8,5	–

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GEOGRAPHICAL AND OPERATING SEGMENT PROFILE OVERVIEW

Rentable area per geographical area

Province	m^2	%
Gauteng	89 071	70%
KwaZulu-Natal	6 000	5%
Mpumalanga	22 592	18%
Western Cape	8 846	7%
	126 509	**100%**

Revenue per geographical area

Province	R	%
Gauteng	52 098 155	71%
KwaZulu-Natal	900 000	1%
Mpumalanga	13 999 653	19%
Western Cape	6 769 243	9%
	73 767 051	**100%**

Rentable area per operating segment

Operating segment	m^2	%
Commercial	52 232	41%
Industrial	21 013	17%
Retail	37 577	30%
Hospitality	15 687	12%
	126 509	**100%**

Revenue per operating segment

Operating segment	R	%
Commercial	33 823 784	46%
Industrial	9 216 225	12%
Retail	26 480 752	36%
Hospitality	4 246 290	6%
	73 767 051	**100%**

Weighted average monthly rental per square metre per operating segment

Operating segment	R
Commercial	54
Industrial	32
Retail	67
Hospitality	21

Vacancy profile per operating segment

Operating segment	m^2	Vacancy as % of rentable area per segment
Commercial	10 394	19,90%
Industrial	2 629	12,51%
Retail	1 701	6,77%
Hospitality	–	0,00%
Total	**14 724**	**12,43%**

CHAIRMAN'S REPORT

South African economic growth for the year under review remained sluggish and is forecast to remain so for the next financial year. The recovery process has not materialised as was anticipated and is unlikely to improve during the next financial year. The South African economy is still facing a number of challenges that are inhibiting the recovery process.

RICHARD WILKINSON

Strike action in several industries has continued, adversely impacting the potential to earn foreign exchange from the sale of goods in foreign markets thereby reducing the balance of payments and further influencing the overall economy negatively. Consumer confidence is constrained and spending moderating as growth in disposable income slows and banks limit unsecured lending to households.

As stated in last year's report at Orion Real Estate we have realised that waiting for economic growth and recovery would not be beneficial for the future wellbeing of the group. We have therefore continued with our strategies to ensure that existing opportunities are explored to the benefit of the company.

The insourcing of maintenance and tenant installations from external service providers to an associate company has continued to deliver a reduction in these costs.

The initiative to utilise available green technologies to reduce energy consumption and the utilisation of digital technology to measure energy consumption online had a beneficial effect in delivering both a reduction in costs and a saving in the consumption of energy. The utilisation of the digital technology to measure energy consumption is enabling us to efficiently manage our energy consumption.

We are also investigating the potential to convert to a REIT and are considering the potential benefits and/or risks to shareholders.

Orion Real Estate has again for the year under review delivered positive operational financial results and has improved the Net Asset Value ("NAV") of the group; a clear indication that despite the sluggish economic conditions we are able to identify opportunities and produce positive outcomes for shareholders.

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

I also thank my fellow executive and non-executive directors for their valued commitment, skill and insight on the various board committees, as well as on the board where their sound judgement in resolutions is underscored by insistence on intellectual honesty and integrity.

Richard S Wilkinson
Independent Non-executive Chairman

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CHIEF EXECUTIVE OFFICER'S REPORT

FRANZ GMEINER

THE COMPANY

Founded in 1991 by the controlling shareholder, the company has grown steadily in all respects. Going forward, the strategy is to accelerate investment in new developments. Once the targeted critical mass of around R1.5 billion of investment properties is achieved, most financial criteria will be in line or exceed industry benchmarks. The controlling shareholder also has a stated objective to dilute his holdings to no more than 50% via acquisitions and mergers. This opens the door for a sizeable potential BEE transaction.

THE COMPANY CULTURE AND VALUES

The company's purpose is "maximising capital providers' value through innovative investment strategies"; this purpose includes maximising value for both shareholders and other providers of funding.

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 company's purpose, culture and brand promise are further entrenched throughout the company through team coaching on executive and lower levels.

The Orion value system is based on the following values:

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

These values are further entrenched in the organisation through monthly value of the month discussion documents and the team coaching processes.

OUR EMPLOYEES

We currently have 26 employees, all of which are permanent employees.

Number of employees who are female 17.

The employees are not unionised.

Amount invested in training and coaching R478 001.

The gross property revenue per employee is R3 719 570.

The profit per employee is R1 339 241.

The group has also been successful to be approved as Top Employer for 2014/15 and as such the Orion brand becomes more prominent and this should pave the way for the availability of better quality staff and an improved staff retention ratio. Orion will continue to take part in the Top Employer certification programme to ensure that we apply the best HR practice in South Africa.

GOVERNANCE STRUCTURE

Orion Real Estate Limited 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 various 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

The company has continued to follow the combined assurance model whereby assurance for different aspects of the report will be provided by different assurance providers. The audit committee has agreed to limit external assurance to the financial information. Internal assurance will be the responsibility of internal audit, the audit committee and management.

THE STRATEGY AND HIGHLIGHTS FOR 2014

The company has 11 key strategic objectives in the financial, internal business process, customer and learning and growth perspectives within which Orion Real Estate Limited functions. The key elements of the strategic plan are indicated below.

Orion Real Estate Limited has formulated the following purpose statement for the 2014 calendar year, namely:

Maximising capital providers' value through innovative investment strategies.

The following business drivers, goals and objectives were identified:

Financial perspective – Expectations in terms of growth and profitability

Goal 1– Growth and diversification

- Acquisition of properties
- Develop and redevelop existing buildings
- Develop new revenue streams

Goal 2 – Expand geographical footprint

- Developing warehouses in Africa

Goal 3 – Make your own way

- Increase Orion Real Estate net income streams
- New sources funding for Orion Real Estate

Goal 4 – Environmentally responsible

- Decrease energy utilisation at all properties

Internal business process perspective – Processes which generate the right forms of value for customers and lead to shareholder expectations.

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CHIEF EXECUTIVE OFFICER'S REPORT

Goal 5 – Positive agent for change and good corporate governance

- Link Pastel and Nicor system to generate open item accounts in Pastel and streamline reporting

Goal 6 – Continuous process and systems improvement

- Good tenant relations
- New Orion Real Estate Limited website

Goal 7 – Optimising use of technology

- Customer perspective – The way value has been created for our internal and external customers creating customer enrolment

Goal 8 – Building the Orion brands

Goal 9 – Attract, serve and retain customers

- Tenant Satisfaction Index of at least 85%
- New Orion Real Estate Limited website

Learning and growth perspective

Goal 10 – Employer of choice

- Training and development of staff

Goal 11 – Attract, develop and retain skilled staff

- Coaching of key individuals
- Participate in salary survey and comparisons

The implementation of the plan is monitored on a regular basis through management information, monthly feedback meetings and reporting to the board of directors. Substantial progress in a number of the identified areas has been made and further implementation is ongoing.

Key achievements in terms of the strategic plan can be summarised as follows:

Goal 1– Growth and diversification

- Develop and redevelop existing buildings

Wendywood property has been repainted and renovated to improve tenant experience.

Wendywood parking lot land acquisition process has been substantially completed and should be finalised in the short term.

ACA Kranz fire systems overhauled and air conditioning plant upgraded resulting in substantial energy savings.

Primrose Mall, self-storage units completed and letting has started.

Goal 4 – Environmentally responsible

- Decrease energy utilisation at all properties

Orion House – Greening project has been finalised and substantial energy savings are recorded. The next phase will involve other buildings in the portfolio.

ACA Kranz – Renovations to the six "ice tanks" have led to substantial energy savings.

Goal 5 – Positive agent for change and good corporate governance

- Link Pastel and Nicor system to generate open item accounts in Pastel and streamline reporting

Project has developed to the final design stage and implementation should be finalised in the short term.

Goal 6 – Continuous process and systems improvement

- Good tenant relations

General positive feedback is received from tenants on a regular basis. Next phase would include formal surveys of service delivery.

- New Orion Real Estate Limited website

Basic design of website has been completed and content management has started.

Goal 10 – Employer of choice

- Training and development of staff

Staff attend on a regular basis training and coaching to improve productivity.

KEY FINANCIAL HIGHLIGHTS

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

The gross property revenue grew from R87,2 million in 2013 to R96,7 million in 2014. This represents a growth of 10,9%. Other direct property operating cost, administrative and management expenses and repairs and maintenance were, however, well contained and increased only from R72,9 million in 2013 to R76,3 million in 2014. This represents an increase of 4,6%.

The average vacancy factor of the portfolio has also improved from 15,4% in June 2013 to 12,4% in June 2014.

The total comprehensive income for the year attributable to equity holders of the group has increased from a profit of R30,5 million in 2013 to a profit of R34,8 million in 2014. Headline earnings have improved for the same period from a profit of R1,9 million to a profit of R3,9 million.

Headline earnings per linked unit have improved from 0,30 cents in 2013 to 0,62 cents in 2014. Basic earnings per share have increased from 4,86 cents per linked unit to 5,55 cents per linked unit. The NAV has improved from 75,52 cents to 81,76 cents.

The group has insourced the property management and administrative function from 1 July 2013. This has seen a drop in the administrative and management expenses but has led to an increase in other direct property operating costs; however this has only led to a total combined increase of 1,7% in these expenses. Although there was an increase in the overall cost of repairs and maintenance, substantial more work was done and the overall condition of the buildings has improved across the board.

Resultant improved occupancies can be key drivers for further improved results.

The value of the property portfolio has increased from R758,5 million in 2013 to R783,2 million in 2014. This represents a growth rate of 3,3%.

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CHIEF EXECUTIVE OFFICER'S REPORT

During the year under review, we have acquired a property in Lydenberg for an amount of R9,5 million. We have also disposed of three properties, namely City Deep, Laser Park Stand 100 and Marlboro 213. We made a combined profit of R1,5 million compared to the book values.

We will continue in the future to evaluate our property portfolio and purchase more property where we consider that the property offers value and a good revenue stream. We will sell property if we can realise value and if the property's revenue stream is not returning the value that we seek.

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. Risks are evaluated in terms of the risk appetite of the board and any movement beyond the risk appetite are critically evaluated and mitigating strategies are discussed and delegated for implementation.

Orion Real Estate Limited 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 and team coaching.

Based on its assessment, the group believes that, as at 30 June 2014, 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:

- Reduction in income potential due to general state of the economy and the influence thereof on ability of tenants to pay competitive rentals;
- Increased expenditure that are not in line with growth in income;
- The pace of technological advancements and especially information technology and the impact of such advancements on business systems and processes; and
- The scarcity of quality staff and the retention of such staff despite the state of the economy.

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

- Interest rate risk and lack of sustained economic growth and economic instability; and
- Political instability and lack of direction.

All trends are, however, monitored on a regular basis and mitigating strategies are implemented in line with emerging trends.

OCCUPATIONAL HEALTH AND SAFETY AND HIV PROGRAMME

HIV/AIDS

The management of HIV/AIDS is an important challenge for Orion Real Estate Limited, 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 Limited's health and occupational safety policies. We have appointed a staff member with dedicated responsibility for health and safety matters. He is assisted by external professional service providers to assess the needs and requirements of each and every building. Staff members involved receive the required training and tenants are also involved to ensure that the required policies and procedures are in place and adhered to, 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.

We did not suffer any fatalities or injuries on duty for the year under review. We did not lose any time due to injuries on duty.

The general level of health and safety in the company has also improved substantially compared to previous levels of compliance.

ENVIRONMENTAL SUSTAINABILITY

Orion Real Estate Limited proactively engages in these processes to ensure that its current and planned operations meet requirements. Orion Real Estate Limited is not aware of any pending environmental litigation, and no fines or penalties have been imposed during 2014 for non-compliance with environmental regulations and permits.

The audit and risk management committee has performed an assessment of the group's buildings to determine how each building could be made more environmentally compliant and energy efficient. Substantial progress has been made as already reported.

Energy Savings and Greening Programme

An energy savings programme was started more than a year ago at Orion Real Estate Limited. One of the first buildings identified for such an initiative was Orion House and the Devonshire Hotel. The assistance of energy consultants were invited to assist with the administrative processes to get the savings programme registered with Eskom to ensure that we also benefit from the rebate paid by Eskom for the implementation of such programmes.

Once the programme was approved by Eskom, the first phase involved the replacement of the old Devonshire boilers on B4 level with heat pumps on the roof of the hotel. A second phase involved the replacement of all lights with LED energy saving lights throughout the building.

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CHIEF EXECUTIVE OFFICER'S REPORT

The installation led to immediate energy savings. The electricity bill of Orion House dropped from R308 600,51 in April 2013 to R189 501,97 in April 2014, a saving of R119 098,54.

The initial results indicate that Orion can make a substantial saving on energy utilisation as the programme is rolled out to the other buildings in the portfolio.

The ACA Kranz building is one of the flagship buildings in the Orion portfolio. It has, however, become essential to ensure that the air conditioning system functions efficiently and the emergency systems are kept in top condition. Servicing of both systems have been finalised in the financial year.

The systems are maintained and tested on a monthly basis to ensure that in the event of a fire the first line of defence will immediately kick in until operations are taken over by the emergency services.

This energy saving programme will be rolled out further in the new financial year to ensure that we optimise efficiencies as far as energy utilisation is concerned. This will not only have a direct positive effect on company cash flow, but will also ensure that our rentals remain competitive in a very competitive market situation.

IT GOVERNANCE AND SUSTAINABILITY

IT governance is dealt with in line with the recommendations in the King Report on Governance for South Africa.

In line with King III, IT governance focuses on the identified four key areas:

- Strategic alignment
- Value delivery
- Risk management
- Resource management

The strategic plan of the IT department has identified "virtualisation" as a key area of their strategic focus. Technology becomes more mobile and property administrators and managers can utilise such mobility effectively to increase productivity and improved communication with clients.

The implementation of a decentralised IT infrastructure has and will in the near future start to reduce the burden on the central servers. Decentralised servers will lead to a situation that each hotel will have its own independent IT infrastructure with major savings in the central capacity.

The availability of "cloud-based services" has enhanced mobility even further and the IT department is investigating on a continuous basis leading edge developments that can add to better mobility and improved communication to and from stakeholders.

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Risk and resource management remains, however, a key priority, but within a well controlled environment technological developments offer options that can facilitate better quality disaster recovery possibilities and improved business continuity options.

Orion Real Estate Limited has a board approved IT charter, in line with the guidelines of King III that adhere to the following Principles of Good Governance:

Principle 5.1	The board should be responsible for information technology (IT) governance
Principle 5.2	IT should be aligned with the performance and sustainability objectives of the company
Principle 5.3	The board should delegate to management the responsibility for the implementation of an IT governance framework
Principle 5.4	The board should monitor and evaluate significant IT investments and expenditure
Principle 5.5	IT should form an integral part of the company risk assessment
Principle 5.6	The board should ensure that information assets are managed effectively
Principle 5.7	A risk committee and audit committee should assist the board in carrying out IT responsibilities

PROSPECTS

We will continue our efforts to expand Orion Real Estate's portfolio and redevelop our properties. We believe that maintaining our strategy and focus will enable us to continue producing growth.

APPRECIATION

I want to thank the directors and staff members of the Orion Group for their dedicated efforts to realise all these outcomes and achievements in challenging economic times.

Franz Gmeiner
Chief Executive Officer

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BOARD OF DIRECTORS

Independent
Non-executive Chairman
Richard Wilkinson
Age: 75

Non-executive Director
Dr Antoinette Gmeiner
Age: 52
DCur; Master Exec Coach

Financial Director
Coen Nolte
Age: 64
BCom MBA

Independent
Non-executive Director
Mlamuli Delani Mthembu
Age: 57
BA Hons (UJ)
MSc (Univ KZN)

Group CEO and MD
Franz Gmeiner
Age: 56
BCom (Hons) CA(SA)

Independent
Non-executive Director
Prof Francois Viruly
Age: 53
MSc (Kent) Economics

BOARD OF DIRECTORS

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 non-governmental organisational sector. He retired in 1991 as Executive Director of Rennies Group Limited having served the enterprise for 35 years.

DR ANTOINETTE GMEINER

Dr Antoinette Gmeiner is the chief executive officer of Orion Business Solutions, and also a director of OBS Coach House. She completed her doctorate in Nursing Science in 1993 at Rand Afrikaans University. She is a Master Executive Coach and has extensive coaching experience on executive committee and board level. She has been coaching for more than 14 years and has established an internal Coaching Programme for the Orion Group, where 21 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 26 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 Limited, listed on the JSE Limited. 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 13 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 at the University of the Witwatersrand followed by an MSc Dev Economics at 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 the University of the Witwatersrand, the University of Cape Town and the University of Pretoria. He is currently employed by the University of Cape Town.

DELANI MTHEMBU

Mr Delani Mthembu holds BA Honours HRD (UJ) and MSc Leadership and Innovation (UKZN) degrees. He has also completed a postgraduate certificate in Coaching from Middlesex University (UK) and Masters Level Accreditation by EMCC and WABC. Currently he is a PhD candidate at the University of KZN.

He has memberships to various business organisations and is lecturing part time at various universities. Mr Mthembu has served as CEO and board member to a number of private and public organisations.

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 30 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.

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. 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 ongoing improvement but the other commitments of the committee members remain a problem.

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
  - avoid conflicts with personal interests.

BOARD CONSTITUTION

The board operates a unitary board, consisting of two executive and four non-executive directors of whom three 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.

COMPANY SECRETARY

The company secretary, Corporate Governance Facilitators Close Corporation, is an independent company secretarial practice providing services to numerous JSE-listed companies. The board is satisfied that the company secretary, and in particular its representative Clive Kneale, maintains an arm's-length relationship with the board at all times and is sufficiently qualified and skilled to act in accordance with, and update directors in terms of the recommendations of the King III Report and other relevant regulations and legislation.

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 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 a 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 committees 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 19.

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. The board was satisfied with the work that was done by the audit and risk committee and their prudent recommendations to the board for approval.

BOARD COMMITTEES

The board has an audit and risk management committee, the members of which are independent non-executive directors.

The board has a social and ethics committee, the members of which are two independent non-executive directors and two executive directors.

The board has appointed a remuneration committee, consisting of an independent non-executive director and an executive director; they have not yet met.

The board is satisfied that the committees have satisfactorily fulfilled their responsibilities, in line with its respective terms of reference, during the year under review.

AUDIT AND RISK MANAGEMENT COMMITTEE

Professor Viruly and Mr Wilkinson were the members of the audit and risk management committee during the year under review. Mr MDK Mthembu joined the committee during the financial year.

In line with the requirements of section 94 of the Companies Act 71 of 2008, as amended, 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 company;
- 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; and
- 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 80 to 81 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. Rates for the 2014/15 financial year are set out in the notice of meeting.

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.

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.

We have embarked on a process to improve our integrated report, inclusive of reporting on sustainability, on a yearly basis.

DIRECTORS' ATTENDANCE AT MEETINGS

Attendance at the board of directors meetings, the audit and risk management committee meetings and the social ethics committee is as follows:

	Number of meetings attended		
DIRECTOR	Board of Directors	Audit and Risk Management Committee	Social & Ethics Committee
Executive Directors			
Mr F Gmeiner	4/4		1/1
Mr C Nolte	3/4		1/1
Non-Executive Director			
Dr AC Gmeiner	2/4		
Independent Non-executive Directors			
Mr RS Wilkinson	3/4	3/4	
Prof F Viruly	4/4	4/4	1/1
Mr MDK Mthembu	2/4	2/4	1/1

DIRECTORS' REMUNERATION

Details of directors' remuneration are set out on pages 80 to 81 of the financial statements.

REPORT OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

for the year 2013/2014 Financial Year

1. INTRODUCTION

The audit and risk management committee has pleasure in submitting this report, as required by sections 94.7(f), (g) and (h) of the Companies Act, 71 of 2008, as amended.

2. FUNCTIONS OF THE AUDIT AND RISK COMMITTEE

The functions of the audit and risk committee include:

2.1 Review of the interim and year-end financial statements and accounting practices, culminating with a recommendation to the board.

2.2 Review of the external audit reports, after audit of the interim and year-end financial statements.

2.3 Review of the internal audit and risk management reports, which, when relevant, culminate in recommendations being made to the board of directors.

2.4 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 both the interim and 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(h);
- deals with concerns or complaints relating to the following:
  - Accounting practices
  - Internal audit
  - The audit or content of annual financial statements
  - Internal financial controls.

3. MEMBERS OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

3.1 The audit and risk management committee has, during the year under review, consisted of three independent non-executive directors, namely Prof F Viruly, Mr R Wilkinson and Mr MDK Mthembu.

3.2 The members of the audit and risk management committee have at all times acted in an independent manner.

4. AUDITORS' ATTENDANCE AT COMMITTEE MEETINGS

The internal and external auditors were invited to attend all meetings of the audit and risk management committee.

5. INVITATIONS TO ATTEND MEETINGS OF THE COMMITTEE

Committee members of the audit and risk management committee regularly hold confidential meetings with the internal and external auditors.

All directors who are not members of the audit and risk management committee, have a standing invitation to attend meetings of the committee, on a "by invitation" basis.

6. INDEPENDENCE OF AUDIT

Mazars were appointed the auditors of your company, with effect 1 July 2012. The audit and risk management committee have reviewed and confirms the independence of the auditor.

7. EXPERTISE AND EXPERIENCE OF FINANCIAL DIRECTOR

As required by JSE Listings Requirement 3.84(h), the audit and risk management committee and the board, respectively, are satisfied that the financial director has appropriate expertise and experience.

8. ANNUAL FINANCIAL STATEMENTS

The audit committee reviewed the company and group annual financial statements and accounting practices and is satisfied that the information contained in the annual financial statements, as well as the application of accounting practices applied are reasonable. This was also accepted and approved by the board.

9. RISK MANAGEMENT AND INTERNAL CONTROLS

The audit committee believes 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 through the internal audit function. The audit committee believes that the system of internal control provides reasonable, but not absolute, assurance of the effectiveness and efficacy of controls, throughout the business.

Honesty Integrity Productivity and innovation Generosity Recognition Treating people with dignity

ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2014

The reports and statements set out below comprise the consolidated financial statements presented to the shareholders:

Level of Assurance

These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa.

Preparer

These annual financial statements were compiled by Sandarie le Roux CA(SA)

Published

30 September 2014

CERTIFICATE BY THE COMPANY SECRETARY

We declare that, to the best of our knowledge, in terms of the Companies Act 71 of 2008, as amended, that in respect of the financial year ended 30 June 2014, 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 71 of 2008, as amended, and that all such returns are true, correct and up-to-date.

CORPORATE GOVERNANCE FACILITATORS CC
Chartered Secretaries
Company Secretary to Orion Real Estate Limited
22 September 2014

DIRECTORS' RESPONSIBILITIES 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 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 30 June 2015 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 pages 26 to 27.

The external auditors were given unrestricted access to all financial records and related date, 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 28 to 99, which have been prepared on the going concern basis, were approved by the board on 22 September 2014 and were signed on its behalf by:

F Gmeiner
Managing Director
Johannesburg

CB Nolte
Financial Director
Johannesburg

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF ORION REAL ESTATE LIMITED, ITS SUBSIDIARIES AND CONTROLLED TRUST

We have audited the consolidated and separate annual financial statements of Orion Real Estate Limited, its subsidiary companies and controlled trust set out on pages 32 to 99, which comprise the statements of financial position as at 30 June 2014, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated and Separate Financial Statements

The groups' directors are responsible for the preparation and fair presentation of these consolidated and separate annual financial statements in accordance with International Financial Reporting Standards, the Financial Reporting Guides as issued by SAICA's Accounting Practices Committee, the Listings Requirements of the JSE Limited 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 annual 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 annual 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 annual financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated and separate annual financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated and separate annual 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 consolidated and separate annual 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 consolidated and separate annual 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 annual financial statements present fairly, in all material respects, the consolidated and separate financial position of Orion Real Estate Limited, its subsidiary companies and controlled trust as at 30 June 2014, and its consolidated and separate financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, the Financial Reporting Guides as issued by SAICA's Accounting Practices Committee, the listing requirements of the JSE Limited and the requirements of the Companies Act of South Africa.

Other Reports Required by the Companies Act

As part of our audit of the consolidated and separate annual financial statements for the year ended 30 June 2014, we have read the Directors' Report, the Audit Committee's Report, other report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate annual financial statements. The reports are the responsibility of the respective preparers. Based on our reading of the reports we have not identified material inconsistencies between these reports and the audited consolidated and separate annual financial statements. However, we have not audited these reports and accordingly do not express an opinion on them.

Mazars Inc

Mazars Inc.

Registered Auditor
Director: Miles Fisher
Registered Auditor
Chartered Accountant
Date: 30 September 2014
Johannesburg

DIRECTORS' REPORT

for the year ended 30 June 2014

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 2014.

Nature of business

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. There were no material changes in the nature of the business during the financial year.

Company addresses

The company's addresses are as follows:

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

Financial results

The operating results and state of affairs of the group are fully set out in the attached consolidated annual financial statements.

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

	2014	2013	% change
Revenue	**101 059 214**	91 224 924	10,8%
Profit before taxation	**44 900 745**	37 044 144	21,2%
Net profit attributable to equity holders	**34 819 171**	30 467 835	14,3%

	2013	2012	% change
Revenue	**91 224 924**	95 473 815	(4,5%)
Profit before taxation	**37 044 144**	79 264 442	(53,3%)
Net profit attributable to equity holders	**30 467 835**	47 966 586	(36,5%)

	2012	2011	% change
Revenue	**95 473 815**	82 042 959	16,4%
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%)

Total revenue

Consolidated revenue increased from R91 224 924 in 2013 to R101 059 214 in 2014. The increase in rentals were due to normal annual rental increases.

Results

The group had a consolidated profit before taxation for the year of R44 900 745 in 2014 in comparison to a consolidated profit of R37 044 144 in 2013. The increase of 21,2% can be attributed mainly to an increase in rental income and the recovery of municipal service charges relating to investment properties from tenants. Net profit attributable to equity holders only increased by 14,3% due to an increased tax liability raised on properties sold and a deferred tax liability increase on revaluation of remaining properties.

Dividends and distributions

Dividends

No dividends were declared during the year under review (2013: Rnil).

Debenture interest distribution

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

The adjusted profit in Rand was calculated as follows:

	2014	2013
Profit before taxation	**44 900 745**	37 044 144
Adjusted for:		
Linked debenture interest (amortisation)	**535 978**	5 051 496
Fair value adjustment to debtors – discounting	**446 238**	–
Debenture interest distribution	**2 597 606**	747 524
Fair value adjustments on investment properties	**(38 816 938)**	(40 763 417)
Operating lease adjustment	**(1 870 812)**	162 826
Adjusted profit before taxation	**7 792 817**	2 242 573
Debenture interest distribution of 33,3% of adjusted profit before taxation	**2 597 606**	747 524

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 FM Viruly	Independent Non-executive	Dutch
Mr MDK Mthembu	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 2014 was approved by way of a special resolution passed at the Annual General Meeting held on 29 November 2013. Details of remuneration are disclosed in note 26.

Directors' term of service

Half of the board of 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. The managing director shall be eligible for re-appointment at the expiry of any period of appointment.

Prof FM Viruly was re-elected as director on 29 November 2013. Mr MDK Mthembu was appointed as director to fill a casual vacancy on 29 November 2013. Re-election information for 2014 is disclosed with the notice of the Annual General Meeting.

Directors' interest in contracts

During the previous year, the group and company's property portfolio were fully 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 AC Gmeiner who are also directors of the company. The contract was amended in 2014 and some services are no longer outsourced.

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

Company	Controlled by
Orion Creative Business Ideas Proprietary Limited	F Gmeiner and AC Gmeiner
OFM Property Management Proprietary Limited	F Gmeiner and AC Gmeiner
Orion Property Holding Trust	F Gmeiner
Orion Hotels and Resorts (SA) Proprietary Limited	F 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 Memorandum of Incorporation ("MOI") 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 Memorandum of Incorporation.

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.

DIRECTORS' REPORT

for the year ended 30 June 2014

As at 30 June 2014 there where 630 698 688 (2013: 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 adjustments specified by the trust deed.

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' interest in linked units

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

Interest in 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 2014 were as follows:

Name of subsidiary or trust	Net income/(loss) after taxation (R)
CBB Properties Proprietary Limited	9 947
Elma Park 195 Limited	2 866 141
GEHS Leasing Company Proprietary Limited	(2 595 731)
Gold Edge III Proprietary Limited	(39 112)
Ixia Trading 532 Proprietary Limited	10 044 766
Orion Development One Proprietary Limited	7 138
Orion Development Two Proprietary Limited	9 247
Orion Development Three Proprietary Limited	(53)
Orion Property Holding Trust	–
SBD Investments Proprietary Limited	(3 483)
	10 298 860

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. As required by JSE Listings Requirement 3.84(i), the audit and risk management committee and the board, respectively, are satisfied that the company secretary has appropriate expertise and experience.

The contact addresses of the company secretary are as follows:

Business address	Postal address
16th Floor, Orion House	PO Box 31416
49 Jorissen Street	Braamfontein
Braamfontein, 2017	Johannesburg, 2017

Special resolutions and amendments to Articles of Association/ Memorandum of Incorporation

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

Remuneration of non-executive directors
The remuneration paid to non-executive directors were approved with retrospective effect for the year ending 30 June 2014.

Company's remuneration policy
Non-binding shareholders voted in favour of the company's remuneration policy.

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.

Memorandum of Incorporation
Special resolution to replace the existing Memorandum and Articles of Association of the company in its entirety by the new Memorandum of Incorporation in compliance with the Companies Act, the Listings Requirements of the JSE Limited and the King III Report of Corporate Governance.

Appointment of audit committee
Election of Mr MDK Mthembu, Mr RS Wilkinson and Prof FM Viruly to serve as members of the audit committee.

Authority to issue shares
Authority was given to the directors to allot and issue the unissued share capital of the company at their discretion until the next Annual General Meeting, limited to 15% of the company's issued share capital at 30 June 2014.

Authority to purchase securities
General approval was given for the company and/or any subsidiary of the company to acquire the issued shares of the company, subject to the provisions of the Companies Act, the JSE Listings Requirements and the Memorandum of Incorporation.

Auditors

Mazars 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. The board of directors believes that the group has adequate resources to continue in operational existence for the foreseeable future.

Group management has considered the cash flow forecast for the next 12 months, the five-year operational income forecast and other planned potential developments in the short and medium term. Based on this, they remain satisfied with the group's liquidity position. The other planned potential developments are the re-financing of certain bonds to 50% of fair value, planned repayment by related parties of debt and the sale of properties.

Liquidity and solvency

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

Group management has considered the cash flow forecast for the next 12 months, the five-year operational income forecast and other planned potential developments in the short and medium term. Based on this, they remain satisfied with the group's liquidity position. The other planned potential developments are the re-financing of certain bonds to 50% of fair value, planned repayment by related parties of debt and the sale of properties.

Events after the reporting period

The directors are not aware of any other reportable matter or circumstance arising since the end of the financial year, not otherwise dealt with in the financial statements, which would affect the operations of the company and the group or the results of these operations significantly.

Capital commitments

Refer to note 28 of the consolidated annual financial statements where details of the capital commitments can be found.

Litigation statement

The directors are not aware of any legal or arbitration procedures that are pending or threatening, that may have had, in the previous 12 months, a possible effect on the group's financial position. Refer to note 29 for possible contingent liabilities relating to ongoing litigation.

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION

for the year ended 30 June 2014

Figures in Rand	Notes	Group 2014	Group 2013	Company 2014	Company 2013
ASSETS					
Non-current assets		**803 667 130**	748 712 118	**72 626 992**	61 846 987
Gross investment properties	3	**783 223 686**	733 823 518	**51 477 989**	40 757 741
Straight-line rental income adjustment	6	**(11 045 878)**	(9 175 070)	**(183 469)**	(78 831)
Net investment properties	3	**772 177 808**	724 648 448	**51 111 051**	40 678 910
Straight-line lease asset	6	**10 193 238**	9 175 070	**156 484**	78 831
Property, plant and equipment	4	**1 289 050**	564 705	**331 313**	61 102
Investments in subsidiaries and controlled trusts	5	**–**	–	**21 028 144**	21 028 144
Trade and other receivables	7	**20 007 034**	14 323 895	**–**	–
Current assets		**31 254 308**	31 332 290	**432 919 471**	404 970 115
Loans to related parties	13	**14 508 175**	5 740 324	**14 453 207**	5 712 023
Loans to directors	15	**160 071**	–	**160 071**	–
Loans to group companies	14	**–**	–	**416 665 110**	392 070 665
Straight-line lease asset	6	**852 640**	–	**26 985**	–
Trade and other receivables	7	**14 959 234**	21 404 542	**860 107**	3 035 840
Cash and cash equivalents	8	**774 188**	4 187 424	**753 991**	4 151 587
Investment properties held for sale	3.2	**–**	24 650 000	**–**	–
Total assets		**834 921 438**	804 694 408	**505 546 463**	466 817 102

EQUITY AND LIABILITIES

Figures in Rand	Notes	Group 2014	Group 2013	Company 2014	Company 2013
Capital and reserves					
Share capital and share premium	9	**74 235 526**	74 235 526	**74 272 415**	74 272 415
Debenture reserve	11	**10 675 886**	10 675 886	**10 675 886**	10 675 886
Retained earnings		**369 012 064**	334 192 893	**266 368 072**	241 846 676
Total equity attributable to owners of the parent		**453 923 476**	419 104 305	**351 316 373**	326 794 977
Non-controlling interest		**(270 127)**	(271 212)	**–**	–
Total equity		**453 653 349**	418 833 093	**351 316 373**	326 794 977
Non-current liabilities		**302 024 802**	297 834 463	**129 962 699**	121 783 415
Linked debentures	10	**54 974 397**	54 438 419	**55 632 580**	55 096 602
Borrowings	12	**167 250 231**	169 992 645	**12 767 221**	9 203 880
Deferred tax liabilities	16	**79 800 174**	73 403 399	**61 562 898**	57 482 933
Current liabilities		**79 243 287**	88 026 852	**24 267 391**	18 238 710
Current income tax liabilities	25.2	**11 005 713**	13 064 856	**8 361 145**	10 377 162
Loans from directors	15	**18 508**	18 508	**–**	–
Loans from related parties	13	**435 360**	2 126 356	**435 360**	2 126 241
Loans from group companies	14	**–**	–	**6 603 051**	39 754
Tenant deposits	17.1	**6 563 381**	6 371 863	**127 357**	140 622
Trade and other payables	17	**38 718 408**	30 141 534	**3 022 816**	1 987 806
Borrowings	12	**17 923 438**	33 846 265	**2 173 033**	1 554 080
Bank overdraft	8	**4 578 479**	2 457 470	**3 544 629**	2 013 045
Total liabilities		**381 268 089**	385 861 315	**154 230 090**	140 022 125
Total equity and liabilities		**834 921 438**	804 694 408	**505 546 463**	466 817 102

CONSOLIDATED AND SEPARATE STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 30 June 2014

Figures in Rand	Notes	Group		Company	
		Audited year ended 30 June 2014	Audited year ended 30 June 2013	Audited year ended 30 June 2014	Audited year ended 30 June 2013
Revenue	18	**101 059 214**	91 224 924	**2 955 293**	714 930
Gross property revenue		**96 708 821**	87 198 739	**2 907 284**	614 038
Property revenue	18	**94 838 010**	87 361 565	**2 802 646**	535 207
Straight-line of lease accrual	6	**1 870 811**	(162 826)	**104 638**	78 831
Other income	19	**3 049 775**	2 177 891	**15 910**	132 678
Other direct property operating costs	20	**(68 146 174)**	(56 650 405)	**(9 910 758)**	(7 749 224)
Adminstrative and management expenses	20	**(200 760)**	(10 578 716)	**(113 421)**	(579 420)
Repairs and maintenance	20	**(7 982 122)**	(5 635 341)	**(201 899)**	(150 680)
Profit distribution from controlled trust	33	**–**	–	**42 375 272**	38 115 554
Fair value adjustment	3	**38 816 939**	40 763 417	**932 241**	7 678 910
Gross change in fair value of investment property	3	**40 687 750**	40 600 591	**1 036 879**	7 757 741
Straight-line lease adjustment	6	**(1 870 811)**	162 826	**(104 638)**	(78 831)
Fair value adjustment to debtors	7	**(446 238)**	–	**–**	–
Operating profit before interest		**61 800 241**	57 275 585	**36 004 629**	38 061 856
Finance income	21	**3 171 429**	1 685 468	**136 737**	47 045
Linked debenture interest	10	**(535 978)**	(5 051 496)	**(535 978)**	(5 051 496)
Finance costs	22	**(19 534 947)**	(16 865 413)	**(4 045 658)**	(1 834 290)
Profit before taxation		**44 900 745**	37 044 144	**31 559 730**	31 223 115
Taxation	23	**(10 080 489)**	(6 580 095)	**(7 038 334)**	(5 585 150)
Profit for the year		**34 820 256**	30 464 049	**24 521 396**	25 637 965
Other comprehensive income		**–**	–	**–**	–
Total comprehensive income for the year		**34 820 256**	30 464 049	**24 521 396**	25 637 965

Figures in Rand	Notes	Group 2014	Group 2013	Company 2014	Company 2013
Profit/(loss) and total comprehensive income/(loss) for the year attributable to:					
Owners of the parent		**34 819 171**	30 467 835		
Non-controlling interest		**1 085**	(3 786)		
		34 820 256	30 464 049		
Earnings per linked unit					
Basic earnings per linked unit (cents)	24	**5,55**	4,86		
Diluted earnings per linked unit (cents)	24	**5,55**	4,86		

CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY

for the year ended 30 June 2014

GROUP

Figures in Rand	Share capital	Share premium	Total share capital and premium	Debenture reserve	Retained earnings	Total	Non-controlling interest	Total equity
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**
Total comprehensive income for the year – profit/(loss)	–	–	–	–	30 467 835	30 467 835	(3 786)	**30 464 049**
Balance at 30 June 2013	6 270 098	67 965 428	74 235 526	10 675 886	334 192 893	419 104 305	(271 212)	**418 833 093**
Total comprehensive income for the year – profit	–	–	–	–	34 819 171	34 819 171	1 085	**34 820 256**
Balance at 30 June 2014	**6 270 098**	**67 965 428**	**74 235 526**	**10 675 886**	**369 012 064**	**453 923 476**	**(270 127)**	**453 653 349**
Notes	9	9	9	11				

COMPANY

Figures in Rand	Share capital	Share premium	Total share capital and premium	Debenture reserve	Retained earnings	Total equity
Balance at 30 June 2012	6 306 987	67 965 428	74 272 415	10 675 886	216 208 711	**301 157 012**
Total comprehensive income for the year – profit	–	–	–	–	25 637 965	**25 637 965**
Balance at 30 June 2013	6 306 987	67 965 428	74 272 415	10 675 886	241 846 676	**326 794 977**
Total comprehensive income for the year – profit	–	–	–	–	24 521 396	**24 521 396**
Balance at 30 June 2014	**6 306 987**	**67 965 428**	**74 272 415**	**10 675 886**	**266 368 072**	**351 316 373**
Notes	9	9	9	11		

CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS

for the year ended 30 June 2014

Figures in Rand	Notes	Group		Company	
		Audited year ended 30 June 2014	Audited year ended 30 June 2013	**Audited year ended 30 June 2014**	Audited year ended 30 June 2013
Cash flows from operating activities		**25 433 108**	1 4 419 542	**32 827 566**	27 086 821
Cash generated by operations	25.1	**30 351 993**	15 094 811	**39 395 469**	28 452 552
Interest received	21	**3 171 429**	1 685 468	**136 737**	47 045
Interest paid	22	**(1 454 054)**	(909 984)	**(559 927)**	(172 230)
Taxation paid	25.2	**(6 636 260)**	(1 450 753)	**(6 144 713)**	(1 240 546)
Cash flows from/(to) investing activities		**7 469 777**	(10 171 662)	**(43 325 725)**	(22 481 378)
Loans advanced to group companies		**–**	–	**(24 594 445)**	(18 983 728)
Loans advanced to related parties		**(8 767 851)**	(3 040 189)	**(8 741 184)**	(3 439 050)
Loans advanced to directors		**(160 071)**	–	**(160 071)**	–
Additions to investment property	3	**(11 600 000)**	(12 295 407)	**(9 500 000)**	–
Proceeds on sale of investment property		**29 098 009**	5 397 436	**–**	–
Purchases of property, plant and equipment	4	**(1 100 310)**	(233 502)	**(330 025)**	(58 600)
Cash flows to/(from) financing activities		**(38 437 130)**	(3 093 189)	**5 568 979**	(3 021 683)
Proceeds from loans from shareholders		**–**	(1 998 792)	**–**	(1 998 792)
Repayment of loans from directors		**–**	(2 580 003)	**–**	–
Repayment of loans from related parties		**(1 690 996)**	–	**(1 690 881)**	–
Proceeds from loans from related parties		**–**	1 220 747	**–**	1 626 241
Interest repaid	22	**(18 080 893)**	(15 207 905)	**(3 485 731)**	(914 536)
Proceeds from loans from group companies		**–**	–	**6 563 297**	7 824
Increase in interest-bearing borrowings		**–**	15 472 764	**4 182 294**	–
Decrease in interest-bearing borrowings		**(18 665 241)**	–	**–**	(1 742 420)
Net increase in cash, cash equivalents and bank overdrafts		**(5 534 245)**	1 154 691	**(4 929 180)**	1 583 760
Cash, cash equivalents and bank overdrafts at the beginning of the year		**1 729 954**	575 263	**2 138 542**	554 782
Cash, cash equivalents and bank overdrafts at the end of the year	8	**(3 804 291)**	1 729 954	**(2 790 638)**	2 138 542

ACCOUNTING POLICIES

for the year ended 30 June 2014

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 JSE Limited and is incorporated and domiciled in South Africa.

The financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), SAICA's Financial Reporting Guides as issued by the Accounting Practices Committee, the Listings Requirements of the JSE Limited and the Companies Act 71 of 2008. The consolidated financial statements have been prepared under the historical cost basis, except for the measurement of investment properties at fair value, and incorporate the principal accounting policies set out below. They are presented in South African Rand.

The presentation of the financial statements has changed during the current year in order to better reflect the investment property valuations in accordance with the requirements of IFRS 13. No third statement of financial position has been presented as the changes do not meet the requirements for a third statement of financial position as required by the amended IAS 1, which requires a third statement of financial position be presented if:

(a) *"It applies an accounting policy retrospectively, makes a retrospective restatement of items in its financial statements or reclassifies items in its financial statements; and*

(b) *The retrospective application, retrospective restatement or reclassification has a material effect on the information in that statement of financial position at the beginning of the preceding period."*

The change in the disclosure is adding to the information already provided clarifying the position in accordance with the requirements of IAS 40; the value of the investment property has not changed.

1.2.1 Subsidiaries and controlled trust

Subsidiaries are all entities (including special purpose entities) where the parent is exposed to, or has rights to, variable returns from its involvement with the entity, and has the ability to effect those returns through power over the investee; only then does the parent control the entity.

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 gain or loss associated with the loss of control attributable to the former controlling interest is recognised in the year control is lost.

1.3 Financial instruments

1.3.1 Initial recognition

Financial instrument are recognised on the statement of financial position when the group becomes a party to the contractual provisions of the instrument. Initial measurement is at fair value which includes transaction costs.

The group's financial instruments recognised on the statements of financial position include trade and other receivables, cash and cash equivalents, loans to and from group companies, long-term borrowings and trade and other payables.

1.3.2 Classification

The group classifies its financial assets as loans and receivables and financial liabilities as financial liabilities at amortised cost.

The classification depends on the purpose for which the assets were acquired and takes place at initial recognition.

Trade and other receivables

Trade and other receivables are classified as loans and receivables.

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement loans and receivables are carried at amortised cost using the effective interest method less any allowance for impairment.

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 objective 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.

Cash and cash equivalents

Cash and cash equivalents are classified as loans and receivables. Cash and cash equivalents comprise cash on hand, demand deposits and other short-term investments that are readily convertible to a known amount of cash and are subject to insignificant risk of changes in value. Measurement is at amortised cost.

Trade and other payables

Trade and other payables are classified as fair value at amortised cost and are measured at amortised cost, using the effective interest method.

Bank overdrafts and borrowings

Bank overdrafts and borrowings are classified as financial liabilities at amortised cost. Bank overdrafts and borrowings 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.

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 the fair value assigned to the liability component 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. 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.

1.3.3 Impairment of financial assets

At each reporting date the group assesses all financial assets 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.

1.3.3 Impairment of financial assets (continued)

Impairment losses are recognised in the statement of comprehensive income.

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.

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.

1.3.4 Derecognition

The derecognition of a financial instrument occurs when the group no longer controls the contractual rights or the obligation has been extinguished, which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument are passed through an independent third party. Any profit or loss on derecognition is recognised in the statement of comprehensive income.

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 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 at cost on acquisition and subsequent additions that enhance the value of the property are capitalised.

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, adjusted for the straight-line lease income adjustment. A gain or loss arising from a change in fair value is included in net profit or loss for the period in which it arises.

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 valuators 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.

The gross value of investment property is adjusted with the fair value adjustment in the statement of comprehensive income.

The fair value of investment property reflects, among other things, the 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.

On disposal of investment properties, the difference between the net disposal proceeds and the fair value at the date of the last valuation is charged or credited to the statement of comprehensive income.

1.5 Tenant deposits

Deposits from tenants are received 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 initially and subsequently recognised at amortised cost (refer to note 1.7 for the recognition of rental income).

1.6 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.

Finance leases – lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the company's incremental borrowing rate.

The lease payments are apportioned between the finance charge and reduction of the outstanding liability.The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate on the remaining balance of the liability.

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.

Properties leased out under operating leases are included in investment property in the statement of financial position. Refer to note 1.7 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 in not discounted. Any contingent rents are expensed in the period they are incurred.

1.7 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.

1.7 Revenue (continued)

Rental income from operating leases is recognised in accordance with the lease policy.

Service and management charges are recognised in the accounting period in which the services are rendered.

1.8 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.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale is complete. All other borrowing costs are recognised as an expense in the period in which they are incurred. There were no borrowing costs incurred during the years presented but this policy will be applicable when borrowing costs are incurred.

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.

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, goodwill or (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 tax 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.

1.11 Property, plant and equipment

All property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. 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.

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.

Depreciation is calculated on the straight-line basis over their useful lives to their estimated residual values.

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
Parking equipment	5 years

The depreciation charge for each period is recognised in the statement of comprehensive income.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

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.

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 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. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

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 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.

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

An operating segment is a component of an entity that engages in business activities whose operating results are regularly reviewed by the group's decision makers. These results are utilised to assess the segment's performance and facilitate decisions regarding resource allocation. The core business of the group is property rental, which is reported into segments based on the nature and business functions of the tenants for JSE reporting purposes.

The following segments are listed in this report:

– commercial, industrial, retail, hospitality and residential

The individual locations are listed in note 27. The measurement policies the group uses for segment reporting under IFRS 8 are the same as those used in its financial statements.

1.14 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.

Investment properties are 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.

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

1.15 Related parties

Relationships between related parties are disclosed irrespective of whether there have been transactions between those related parties.

Related parties mostly consist 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 consists of members of the board of directors.

1.16 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 one ordinary share classified as equity and one variable rate debenture classified as a liability. Linked debenture instruments are discussed under 1.3.2.

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.

1.17 Employee benefits

Short-term benefits

The cost of short-term employee benefits 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.

1.18 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:

1.18.1 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 group 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 is recognised when there is a material 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.

Where discounting of trade receivables are applied, the group makes judgements of possible future cash flows over the term the debtor is expected to repay in full discounted at a market related interest rate.

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).

1.18.2 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.

1.18.3 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).

1.18.4 Investment property

A third of all properties are externally valued each year on a rotational basis. The calculation of the market values of the properties has been based on the net income capitalisation method, making use of market rental rates and capitalisation rates. Other aspects that are considered by the external valuator includes:

- Nature of the property
- Forward rent and earning capability
- Exposure to future expenses and property risk
- Tenancy income capability
- Property expenditure
- Locality
- The current economy
- Risk profile

The value thus indicates the fair market values for the properties.

Where a property is already sectionalised, the direct comparable sales method was used by the external valuator whereby the subject sections was compared with registered sales in the area to determine the market value. The vacant land has been valued by the external valuator on the "Direct comparison basis", taking into account the size of the land as well as the physical attributes of the property, including all topographical characteristics of the land, structures if any on the land as well as the location of the property. For all other investment properties which have not been valued by an external valuator during the current valuation cycle, the directors applied a weighted average percentage of the previous valuation to calculate the split between land and buildings to assist in 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.

Property acquisitions which, in the opinion of the directors, meet the definition of a business, as defined in IFRS 3, are recognised and measured in accordance with that standard. An acquisition is deemed to be a business if it comprises the acquisition of an integrated set of activities and assets that are capable of being conducted and managed for the purpose of providing a return, lower costs or other economic benefits directly to investors. Property acquisitions which do not meet the definition of a business, as defined in IFRS 3, are recognised and measured as the acquisition of an investment property in accordance with IAS 40.

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 40.

1.18.5 Linked debenture instruments

The group shares are traded as linked units on the JSE Limited's Main Board. A linked unit consists of one ordinary share with a par value of 1 cent and one debenture with a par value of 1 cent. On initial recognition the par value of the shares and the debentures are allocated as appropriate. The premium is allocated between a debenture liability and equity by first determining the value of the liability and the residual balance of the premium is allocated to share premium. The liability is calculated by present valuing the future expected cash flows over the life of the debenture. Subsequent to initial measurement the debentures are amortised over the life of the debenture. Per the principle debenture trust deed, these debentures are redeemable after 25 years from issue date.

Judgement is used by the directors on the predicted profit distributions for these debentures; the directors have assumed an average growth rate of 14% (2013: 15%) to calculate the future distributions to the debenture holders, present valued and recorded as a liability (Note 10).

1.18.6 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).

1.18.7 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).

1.18.8 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.

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

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

The amended disclosures 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. The amendment does not have a material impact on the group’s financial statements.

IFRS 10 Consolidated Financial Statements

The standard replaces the consolidation sections of IAS 27 Consolidated and Separate Financial Statements and SIC 12 Consolidation – Special Purpose Entities. The standard sets out a new definition of control, which exists only when an entity is exposed to, or has rights to, variable returns from its involvement with the entity, and has the ability to effect those returns through power over the investee.

The effective date of the standard is for years beginning on or after 1 January 2013. The group has adopted the standard for the first time in the 2014 consolidated annual financial statements.

The impact of the standard is not material.

IFRS 12 – Disclosures of Interests in Other Entities

The standard sets out disclosure requirements for investments in subsidiaries, associates, joint ventures and unconsolidated structured entities. The disclosures are aimed to provide information about the significance and exposure to risks of such interests. The most significant impact is the disclosure requirement for unconsolidated structured entities or off-balance sheet vehicles.

The effective date of the standard is for years beginning on or after 1 January 2013. The impact of the standard is not material.

IAS 19 Employee Benefits Revised

Clarification of the classification of employee benefits.

The effective date of the amendment is for years beginning on or after 1 January 2013. The impact of the standard is not material.

2.1 Standards and interpretations effective and adopted in the current year (continued)

IFRS 13 Fair Value Measurement
New standard setting out guidance on the measurement and disclosure of items measured at fair value or required to be disclosed at fair value in terms of other IFRSs.

IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS. IFRS 13 defines fair value as an exit price. As a result of the guidance in IFRS 13, the group reassessed its policies for measuring fair values.

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

The adoption of this standard has not had a material impact on the results of the company, but has resulted in more disclosure than would have previously been provided in the annual financial statements (refer to note 3).

IAS 27 Separate Financial Statements
Consequential amendment as a result of IFRS 10. The amended standard now only deals with separate financial statements.

The effective date of the amendment is for years beginning on or after 1 January 2013.The group has adopted the standard for the first time in the 2014 consolidated annual financial statements. The impact of the standard has no effect.

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.The amendment does not have a material impact on the group's financial statements.

IAS 32 – Annual Improvements for 2009 – 2011 Cycle
Tax effects of distributions made to holders of equity instruments.

Income tax relating to distributions made to holders of equity instruments and tax effects of transaction costs of equity transactions must be accounted for in accordance with IAS 12 Income Taxes.

The effective date of the amendment is for years beginning on or after 1 January 2013. The company has adopted the amendment for the first time in the 2014 annual financial statements. The impact of the standard is not material.

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 2014 or later periods:

IFRS 9 Financial Instruments: Classification and Measurement
New standard that replaces IAS 39 Financial Instruments: Recognition and Measurement. Classification and measurement requirements now driven by cash flow characteristics and business models. Only three classes of financial instruments: amortised cost, fair value through profit or loss and fair value through other comprehensive income. Expected loss impairment model now required and hedge accounting is more aligned with risk management activities.

Amendments:

- Fair value adjustments to investments in equity instruments through a contingent consideration on a business combination may not be presented through Other Comprehensive Income.
- Financial liabilities raised due to contingent considerations in business combinations are subsequently measured at fair value through profit and loss.

The effective date of the amendment is for years beginning on or after 1 January 2018. The group expects to adopt the standard when it becomes applicable. The impact of this standard is currently being assessed.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a single, comprehensive framework for determining when to recognise revenue and the amount of revenue to be recognised. The standard incorporates a five step process to recognise revenue, which is based on the core principle that an entity recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services.

IFRS 15 replaces the previous revenue standards IAS 18 Revenue and IAS 11 Construction Contracts and the related interpretations IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue – Barter Transactions Involving Advertising Services.

The new standard:

- improves the comparability of revenue from contracts with customers, reduces the
- need for interpretive guidance to address emerging revenue recognition issues, and
- provides more useful information through improved disclosure requirements.

The Group is in the process of assessing the impact of the new standard on its revenue recognition and measurement. The group expects the adoption of the new standard to result in additional disclosure.

The group will adopt the new standard on its mandatory effective date which is for years beginning on or after 1 January 2017.

3. Investment properties

Figures in Rand	Group		Company	
	2014	2013	**2014**	2013
Carrying value at beginning of year	**724 648 448**	686 239 623	**40 678 910**	33 000 000
Capitalised costs	**2 100 000**	12 295 408	**–**	–
Additions	**9 500 000**	–	**9 500 000**	–
Transferred to investment property reclassified as held for sale (note 3.2)	**–**	(24 650 000)	**–**	–
Transferred from investment property reclassified as held for sale (note 3.2)	**24 650 000**	10 000 000	**–**	–
Disposals at fair value	**(27 537 579)**	–	**–**	–
Fair value adjustment	**40 687 750**	40 600 591	**1 036 879**	7 757 741
Fair value of investment property for accounting purposes	**774 048 619**	724 485 622	**51 215 689**	40 757 741
Add: Straight-line lease income adjustments (note 6)	**(1 870 811)**	162 826	**(104 638)**	(78 831)
Fair value of investment property	**772 177 808**	724 648 448	**51 111 051**	40 678 910

3.1 Investment property comprises:

Group – 2014

Property name	Situated	Purchase price		Capitalised costs	Fair value adjustments	Total value
		Land	Buildings			
67 – 7th Street	67 – 7th Street, Linden, Johannesburg	**812 504**	**1 669 496**	**–**	**6 993 110**	**9 475 110**
72 Voortrekker Street	72 Voortrekker Avenue, Edenvale	**317 120**	**3 682 880**	**–**	**5 530 884**	**9 530 884**
ACA Kranz Building	35 Symonds Road, Auckland Park	**5 531 660**	**32 668 340**	**–**	**55 800 000**	**94 000 000**
Dan Perkins	20 John Street, Selby, Johannesburg	**1 950 366**	**2 149 634**	**–**	**10 200 000**	**14 300 000**
Kensington B	Cnr Bram Fischer and Frere Road, Randburg	**1 320 670**	**4 654 330**	**–**	**10 356 409**	**16 331 409**
Kent Stand 962	296 Kent Avenue, Ferndale, Randburg	**2 695 385**	**27 304 615**	**–**	**11 977 989**	**41 977 989**
Laser Park Stand 101	1052 Schooner Street, Honeydew	**1 375 675**	**8 124 325**	**–**	**11 000 000**	**20 500 000**
Laser Park Stand 123	123 Schooner Street, Honeydew	**767 482**	**4 532 518**	**–**	**5 900 000**	**11 200 000**
Laser Park Stand 124-126	124 Ridge Road, Roodepoort	**1 332 232**	**7 867 768**	**–**	**17 800 000**	**27 000 000**
Lydenburg Erf 63 & 64	36 Breytenbach Street, Lydenburg	**2 118 500**	**7 381 500**	**–**	**–**	**9 500 000**
Marlboro 142	7 – 5th Avenue, Marlboro, Sandton	**316 481**	**783 519**	**–**	**1 565 300**	**2 665 300**

3.1 Investment property comprises (continued):

Property name	Situated	Purchase price		Capitalised costs	Fair value adjustments	Total value
		Land	Buildings			
Marlboro 161	41 – 14th Street, Marlboro, Sandton	306 591	793 409	–	5 442 543	6 542 543
Marlboro 211 & 212	4 – 14th Street, Marlboro, Sandton	1 135 145	1 664 855	–	3 165 770	5 965 770
Marlboro 97	2 – 15th Street, Marlboro, Sandton	509 657	890 343	–	2 069 550	3 469 550
Meyers Building	Cnr Rietfontein and Shamrock Roads, Primrose, Germiston	973 402	2 926 598	–	5 386 140	9 286 140
Mountain View Shopping Centre	10 Somerlust Street, Gordon's Bay	1 448 079	8 551 921	12 295 407	(6 004 689)	16 290 718
Northcliff Atrium	189 Beyers Naude Drive, Northcliff	1 893 553	6 306 447	–	19 063 265	27 263 265
Orion Centre Erf 195	Cnr 1st Avenue and Boeing Road, Edenvale	–	15 769 981	–	63 330 019	79 100 000
Orion Centre Erf 257	Cnr 1st Avenue and Boeing Road, Edenvale	5 981 743	–	–	47 418 257	53 400 000
Orion House	49 Jorissen Street, Braamfontein	1 127 893	26 072 107	–	56 523 675	83 723 675
Primrose Mall	Cnr Rietfontein and Shamrock Roads, Primrose, Germiston	1 767 058	5 632 942	–	4 147 530	11 547 530
Promenade shopping centre and hotel complex	Cnr Louis Trichardt and Henshall Streets, Nelspruit	3 741 414	29 328 395	–	109 338 094	142 407 903
Score – Delft	Cnr Sandelhout and Main Streets, Delft, Cape Town	78 000	3 213 403	–	1 408 597	4 700 000
Score – Macassar	Cnr Phala and Tutu Streets, Khayalitsha Village, Macassar	90 000	3 213 403	–	1 896 597	5 200 000
Score – Mfuleni	Cnr Lukhanyo and Main Streets, Mfuleni, Cape Town	88 000	3 213 403	–	698 597	4 000 000
Score – Roosendal	Erf 3550, situated at Roosendal, Western Cape	92 000	3 213 403	–	594 597	3 900 000
Score – Wesbank	Cnr Silversands and Westbank, Main Street, Wesbank, Cape Town	90 000	3 213 403	–	766 597	4 070 000
Standard Bank Bramley	Cnr Louis Botha and Forest Road, Bramley	1 472 155	3 927 845	–	13 600 000	19 000 000
Wartburg Hotel	53 Noodsbrug Road, Wartburg	1 172 944	6 927 056	–	1 600 000	9 700 000
Wendywood	Daphne Street, Wendywood, Sandton	5 596 751	9 303 249	2 100 000	20 175 900	37 175 900
		46 102 460	234 981 088	14 395 407	487 744 731	783 223 686

3.1 Investment property comprises (continued):

Group – 2013

Property name	Situated	Purchase price		Capitalised costs	Fair value adjustments	Total value
		Land	Buildings			
67 – 7th Street	67 – 7th Street, Linden, Johannesburg	812 504	1 669 496	–	5 118 000	7 600 000
72 Voortrekker Street	72 Voortrekker Avenue, Edenvale	317 120	3 682 880	–	5 500 000	9 500 000
ACA Kranz Building	35 Symonds Road, Auckland Park	5 531 660	32 668 340	–	46 693 416	84 893 416
City Deep (Sold in 2014)	95 Merino Park, City Deep, Johannesburg	2 953 099	3 696 901	–	9 588 375	16 238 375
Dan Perkins	20 John Street, Selby, Johannesburg	1 950 366	2 149 634	–	9 619 587	13 719 587
Kensington B	Cnr Bram Fischer and Frere Roads, Randburg	1 320 670	4 654 330	–	9 425 000	15 400 000
Kent Stand 962	296 Kent Avenue, Ferndale, Randburg	2 695 385	27 304 615	–	10 757 741	40 757 741
Laser Park Stand 100 (Sold in 2014)	1055 Ridge Road, Roodepoort	362 020	2 137 980	–	4 079 109	6 579 109
Laser Park Stand 101	1052 Schooner Street, Honeydew	1 375 675	8 124 325	–	7 295 877	16 795 877
Laser Park Stand 123	123 Schooner Street, Honeydew	767 482	4 532 518	–	5 177 768	10 477 768
Laser Park Stand 124–126	124 Ridge Road, Roodepoort	1 332 232	7 867 768	–	15 270 945	24 470 945
Marlboro 142	7 – 5th Avenue, Marlboro, Sandton	316 481	783 519	–	2 300 000	3 400 000
Marlboro 161	41 – 14th Street, Marlboro, Sandton	306 591	793 409	–	3 750 000	4 850 000
Marlboro 211 & 212	4 – 14th Street, Marlboro, Sandton	1 135 145	1 664 855	–	3 100 000	5 900 000
Marlboro 213 (Sold in 2014)	42 – 14th Street, Marlboro, Sandton	605 611	1 594 389	–	2 520 000	4 720 000
Marlboro 97	2 – 15th Street, Marlboro, Sandton	509 657	890 343	–	1 900 000	3 300 000
Meyers Building	Cnr Rietfontein and Shamrock Roads, Primrose, Germiston	973 402	2 926 598	–	7 130 815	11 030 815
Mountain View Shopping Centre	10 Somerlust Street, Gordon's Bay	1 448 079	8 551 921	12 295 407	(5 709 953)	16 585 454
Northcliff Atrium	189 Beyers Naude Drive, Northcliff	1 893 553	6 306 447	–	18 800 558	27 000 558
Orion Centre Erf 195	Cnr 1st Avenue and Boeing Road, Edenvale	–	15 769 981	–	56 230 019	72 000 000
Orion Centre Erf 257	Cnr 1st Avenue and Boeing Road, Edenvale	5 981 743	–	–	47 418 257	53 400 000
Orion House	49 Jorissen Street, Braamfontein	1 127 893	26 072 107	–	48 062 268	75 262 268
Primrose Mall	Cnr Rietfontein and Shamrock Roads, Primrose, Germiston	1 767 058	5 632 942	–	2 679 711	10 079 711
Promenade Shopping Centre and hotel complex	Cnr Louis Trichardt and Henshall Streets, Nelspruit	3 741 414	29 328 395	–	112 977 486	146 047 295
Standard Bank Bramley	Cnr Louis Botha and Forest Roads, Bramley	1 472 155	3 927 845	–	2 082 067	7 482 067
Wartburg Hotel	53 Noodsbrug Road, Wartburg	1 172 944	6 927 056	–	873 251	8 973 251
Wendywood	Daphne Street, Wendywood, Sandton	5 596 751	7 203 249	–	24 559 281	37 359 281
		47 466 689	**216 861 844**	**12 295 407**	**457 199 578**	**733 823 518**

3.1 Investment property comprises (continued):

Company – 2014

Property name	Situated	Purchase price		Capitalised costs	Fair value adjustments	Total value
		Land	Buildings			
Kent Stand 962	**296 Kent Avenue, Ferndale, Randburg**	**2 695 385**	**27 304 615**	**–**	**11 977 989**	**41 977 989**
Lydenberg Erf 63 & 64	**36 Breytenbach Street, Lydenburg**	**2 118 500**	**7 381 500**	**–**	**–**	**9 500 000**
		4 813 885	**34 686 115**	**–**	**11 977 989**	**51 477 989**

Company – 2013

Property name	Situated	Purchase price		Capitalised costs	Fair value adjustments	Total value
		Land	Buildings			
Kent Stand 962	296 Kent Avenue, Ferndale, Randburg	2 695 385	27 304 615	–	10 757 741	40 757 741

	Group		Company	
Summary	**2014**	2013	**2014**	2013
– Purchase price	**281 083 548**	264 328 533	**39 500 000**	30 000 000
– Capitalised costs	**14 395 407**	12 295 407	**–**	–
– Net gain from fair value adjustments of investment property	**476 698 850**	448 024 508	**11 794 520**	10 678 910
– Straight-line lease adjustment (note 6)	**11 045 881**	9 175 070	**183 469**	78 831
	783 223 686	733 823 518	**51 477 989**	40 757 741

Orion Centre Erf 195 is held under sectional title. Laser Park Stand 100, Marlboro 213 and City Deep properties were sold during the year under review.

Direct operating costs (including repairs and maintenance) relating to the investment properties are included in profit or loss and are disclosed on the face of the statements of comprehensive income.

3. Investment property (continued)

Details of valuation

Investment properties are valued by the directors on an annual basis. The properties are also valued, on a rotational basis, by external valuation experts on a three-year cycle. The external valuer used was Bradley R Ryle M.I.V.(S.A.). Mr Ryle is not connected to the group or the company and has recent experience in location and category of the investment properties being valued at 30 June 2014 and holds a recognised relevant professional qualification. The effective date of external valuations was 1 July 2014.

The valuation of investment properties totaling R650 723 686 was based on the Net Income Capitalisation method. Orion Centre was valued using the Direct Comparable Sales method.

Assumptions used in valuations were based on current market conditions. Refer to note 1.18.4 – Significant judgements and sources of estimation uncertainty – Fair value of investment property for inputs and basis of valuation used. Valuations are considered to be Level 3 on the fair value hierarchy as per IFRS 13. Level 3 valuations make use of significant assumptions that are based on inputs that are not observable in the market and necessitates the use of internal information in situations in which there is little market activity.

There have been no movements of inputs between fair value hierarchy levels nor have there been any changes in the methods of valuation as mentioned in this note.

Information about fair value measurements using significant unobservable inputs (Level 3).

External valuations			
Property	Valuation method	Unobservable inputs	Capitalisation rate
Laser Park properties	Net Income Capitalisation	Capitalisation rate	9,0%
Wartburg property	Net Income Capitalisation	Capitalisation rate	10,0%
ACA Kranz Building	Net Income Capitalisation	Capitalisation rate	10,0%
Dan Perkins	Net Income Capitalisation	Capitalisation rate	11,0%
Orion Centre Erf 195	Direct Comparable Sales	Price per m²	N/A
Orion Centre Erf 257 (Land)	Direct Comparable Sales	Price per m²	N/A
Standard Bank Bramley	Net Income Capitalisation	Capitalisation rate	11,0%
Score properties	Net Income Capitalisation	Capitalisation rate	12,0%

Internal valuations			
Property	Valuation method	Unobservable inputs	Capitalisation rate
Marlboro properties	Net Income Capitalisation	Capitalisation rate	10,0%
72 Voortrekker	Net Income Capitalisation	Capitalisation rate	10,0%
67 – 7th Street Linden	Net Income Capitalisation	Capitalisation rate	10,0%
Kensington B	Net Income Capitalisation	Capitalisation rate	10,5%
296 Kent Avenue	Net Income Capitalisation	Capitalisation rate	10,0%
Promenade Shopping Centre	Net Income Capitalisation	Capitalisation rate	9,0%
Wendywood Shopping Centre	Net Income Capitalisation	Capitalisation rate	10,0%
Meyers building	Net Income Capitalisation	Capitalisation rate	10,0%
Primrose Mall	Net Income Capitalisation	Capitalisation rate	10,0%
Mountain View Shopping Centre	Net Income Capitalisation	Capitalisation rate	10,0%
Northcliff Atrium	Net Income Capitalisation	Capitalisation rate	10,0%
Orion House	Net Income Capitalisation	Capitalisation rate	10,0%

3. Investment property (continued)

The directors have fair valued the group and company`s investment property at 30 June 2014 based on a valuation carried out at that date by taking into account prevailing market rentals, occupation levels, property expenditure, expected rental income and capitalisation rates applied to the property portfolio between 9% (2013: 9%) and 10,5% (2013: 10,5%) with an average of 10% (2013: 10%). The capitalisation rate applied to the company portfolio was 10% (2013: 10%). The capitalisation percentage for each building was determined by evaluation of the type of building, the condition of the building and the locality of the property.

The Lydenberg property was transferred during May 2014 and have therefore not been valued at year end as the purchase price was considered to be the fair value of the property.

The directors' valuations are consistent when compared to the calculations by the sworn independent appraisers referred to above. The investment properties are encumbered by mortgage bonds over the properties as detailed in note 12.

Summary of valuations:	2014	2013
Value of external valuations	**R350 070 000**	R180 070 000
Value of external valuations	**R433 153 686**	R553 753 518
Total value of portfolio	**R783 223 686**	R733 823 518

Recon summary of Level 3 fair value measurements	2014	2013
Opening balance – Properties at fair value (Level 3)	**R733 823 518**	R695 577 519
Level 3 fair value adjustment to investment properties	**R40 687 750**	R40 600 591
Additions, disposals and capitalisation of cost to investment property	**R8 712 418**	(R2 354 592)
Closing balance – Properties at fair value (Level 3)	**R783 223 686**	R733 823 518

A 1% decrease in the capitalisation rates would increase the property valuation by R79 417 669 (company: R4 664 221) and a 1% increase in the capitalisation rates would decrease the property valuation by R69 074 133 (company: R3 816 181). Property valuations are extremely sensitive to changes in capitalisation rates used as can be seen from the company sensitivity analysis. Higher rates will result in a decrease in property value and vica versa.

3.2 Investment property reclassified as held for sale – group

The following properties were transferred from investment property (note 3):

		2014			2013		
Property name	Situated	**Land value**	**Building value**	**Total value**	Land value	Building value	Total value
Score – Delft	Cnr Sandelhout and Main Streets, Delft, Cape Town	–	–	–	372 848	5 527 152	5 900 000
Score – Macassar	Cnr Phala and Tutu Streets, Khayalitsha Village, Macassar	–	–	–	321 222	4 928 778	5 250 000
Score – Mfuleni	Cnr Lukhanyo and Main Streets, Mfuleni, Cape Town	–	–	–	312 609	4 187 391	4 500 000
Score – Roosendal	Erf 3550, situated at Roosendal, Western Cape	–	–	–	352 266	4 147 734	4 500 000
Score – Wesbank	Cnr Silversands and Westbank, Main Street, Wesbank, Cape Town	–	–	–	327 375	4 172 625	4 500 000
		–	–	–	1 686 320	22 963 680	24 650 000

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. The intention of the directors to hold these properties specifically for sale purposes has changed based on market conditions and these properties have been transferred back to investment properties.

4. Property, plant and equipment

Group – 2014

Figures in Rand	Total	Fittings	Computer equipment	Furniture	Motor vehicles	Parking equipment
Cost	**1 817 401**	**612 192**	**948 578**	**92 413**	**–**	**164 218**
Accumulated depreciation	**(1 252 696)**	**(417 928)**	**(807 733)**	**(18 824)**	**–**	**(8 211)**
Carrying value at 30 June 2013	**564 705**	**194 264**	**140 845**	**73 589**	**–**	**156 007**
Opening carrying value at 1 July 2013	**564 705**	**194 264**	**140 845**	**73 589**	**–**	**156 007**
Additions	**1 100 310**	**785 079**	**19 305**	**–**	**295 926**	**–**
Depreciation	**(375 965)**	**(158 216)**	**(135 481)**	**(9 978)**	**(39 447)**	**(32 843)**
Closing carrying value at 30 June 2014	**1 289 050**	**821 127**	**24 669**	**63 611**	**256 479**	**123 164**
Cost	**2 917 711**	**1 397 271**	**967 883**	**92 413**	**295 926**	**164 218**
Accumulated depreciation	**(1 628 661)**	**(576 144)**	**(943 214)**	**(28 802)**	**(39 447)**	**(41 054)**
Carrying value at 30 June 2014	**1 289 050**	**821 127**	**24 669**	**63 611**	**256 479**	**123 164**

Group – 2013

Figures in Rand	Total	Fittings	Computer equipment	Furniture	Motor vehicles	Parking equipment
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	–	–
Opening carrying value at 1 July 2012	590 618	309 342	272 631	8 645	–	–
Additions	233 502	–	–	69 284	–	164 218
Depreciation	(259 415)	(115 078)	(131 786)	(4 340)	–	(8 211)
Closing carrying value at 30 June 2013	564 705	194 264	140 845	73 589	–	156 007
Cost	1 817 401	612 192	948 578	92 413	–	164 218
Accumulated depreciation	(1 252 696)	(417 928)	(807 733)	(18 824)	–	(8 211)
Carrying value at end of year – 30 June 2013	564 705	194 264	140 845	73 589	–	156 007

4. Property, plant and equipment (continued)

Company – 2014

Figures in Rand	Total	Fittings	Computer equipment	Motor vehicles	Furniture
Cost	**144 373**	**392**	**77 500**	**–**	**66 481**
Accumulated depreciation	**(83 271)**	**(392)**	**(74 527)**	**–**	**(8 352)**
Carrying value at 30 June 2013	**61 102**	**–**	**2 973**	**–**	**58 129**
Opening carrying value at 1 July 2013	**61 102**	**–**	**2 973**	**–**	**58 129**
Additions	**330 025**	**14 794**	**19 305**	**295 926**	**–**
Depreciation	**(59 814)**	**(2 219)**	**(8 246)**	**(39 457)**	**(9 892)**
Closing carrying value at 30 June 2014	**331 313**	**12 575**	**14 032**	**256 469**	**48 237**
Cost	**474 398**	**15 186**	**96 805**	**295 926**	**66 481**
Accumulated depreciation	**(143 085)**	**(2 611)**	**(82 773)**	**(39 457)**	**(18 244)**
Carrying value at 30 June 2014	**331 313**	**12 575**	**14 032**	**256 469**	**48 237**

Company – 2013

Figures in Rand	Total	Fittings	Computer equipment	Motor vehicles	Furniture
Cost	85 773	392	77 500	–	7 881
Accumulated depreciation	(77 757)	(366)	(69 976)	–	(7 415)
Carrying value at 30 June 2012	8 016	26	7 524	–	466
Opening carrying value at 1 July 2012	8 016	26	7 524	–	466
Additions	58 600	–	–	–	58 600
Depreciation	(5 514)	(26)	(4 551)	–	(937)
Closing carrying value at 30 June 2013	61 102	–	2 973	–	58 129
Cost	144 373	392	77 500	–	66 481
Accumulated depreciation	(83 271)	(392)	(74 527)	–	(8 352)
Carrying value at 30 June 2013	61 102	–	2 973	–	58 129

5. Investment in subsidiaries and controlled trust – company

Figures in Rand	Nature of business	2014 Issued share capital	2014 Percentage holding	2014 Cost less impairments	2013 Issued share capital	2013 Percentage holding	2013 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	**1 000**	**100**	**1 000**	1 000	100	1 000
Gold Edge III Proprietary Limited	Dormant	**1 000**	**100**	**1 000**	1 000	100	1 000
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	**1 000**	**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.

Orion Development One Proprietary Limited has no material contribution in to group activities and cash flows.

* 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

Figures in Rand	Group		Company	
	2014	2013	**2014**	2013
Non-current assets	**10 193 238**	9 175 070	**156 484**	78 831
Current assets	**852 640**	–	**26 985**	–
Total straight-line lease asset	**1 045 878**	9 175 070	**183 469**	78 831
Reconciliation of movement in straight-line lease adjustments:				
Opening balance	**9 175 070**	9 337 896	**78 831**	–
Profit/(loss) recognised during the year	**1 870 808**	(162 826)	**104 638**	78 831
Closing balance	**11 045 878**	9 175 070	**183 469**	78 831

Future minimum lease income:

The future minimum aggregate lease commitments receivable under non-cancellable operating leases are as follows:	Group		Company	
	2014	2013	**2014**	2013
Not later than one year	**59 577 483**	51 151 542	**1 606 438**	1 521 696
Later than one year and no later than five years	**100 612 449**	103 413 214	**1 954 004**	3 560 442
Later than five years	**8 438 759**	10 510 653	**–**	–
Total future contractual lease revenue	**168 628 691**	165 075 409	**3 560 442**	5 082 138

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 enters into lease contracts with tenants in exchange for their use of the property.

7. Trade and other receivables

Figures in Rand	Group 2014	Group 2013	Company 2014	Company 2013
Trade receivables	**36 862 254**	33 944 985	**280 534**	1 466 382
Discounting of trade receivables	**(446 238)**	–	**–**	–
Less: Provision for impairment of trade receivables	**(4 589 082)**	(1 865 594)	**–**	–
Trade receivables – net	**31 826 934**	32 079 391	**280 534**	1 466 382
Deposits	**1 499 280**	2 607 678	**173 551**	1 364 823
Other receivables	**82 975**	45 865	**77 815**	40 705
VAT receivable	**1 557 079**	995 503	**328 207**	163 930
	34 966 268	35 728 437	**860 107**	3 035 840

The carrying amounts of the group and company's trade and other receivables are denominated in South African Rand. The fair value of trade and other receivables is disclosed in note 32. Orion Property Holding Trust has an agreement in place with a related party regarding the settlement of trade receivables. No other collateral is held as security by the group or company. The carrying amount of the trade and other receivables approximates fair value due to its short-term nature, except for the non-current portion, for which discounting has been applied when required.

A ten-year repayment term was used in the discounting calculation. Assumed cash flow was based on current repayment with annual increase forecasted. Discount rate of 10,00% was applied. A long-term receivable was raised based on the cash flow forecast used in the calculation. The carrying amount of long-term trade and other receivables approximates its fair value after discounting.

Trade and other receivables past due but not impaired

Due to the nature of the agreements, all trade receivables are past due at reporting date. Ageing of trade receivables impaired and net of impairment is shown 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 receivables net of impairment:	Past due	2014 Gross after discounting	2014 Impaired	2014 Net	2013 Gross after discounting	2013 Impaired	2013 Net
Current	Past due	**2 713 510**	**276 085**	**2 437 425**	4 877 455	58 399	4 819 056
30 days	Past due	**1 301 876**	**280 459**	**1 021 417**	2 230 349	13 428	2 216 921
60 days	Past due	**1 523 711**	**498 753**	**1 024 958**	1 837 590	17 155	1 820 435
90 days	Past due	**1 412 215**	**466 376**	**945 839**	1 487 099	141 005	1 346 094
Over 90 days	Past due	**29 464 704**	**3 067 409**	**26 397 295**	23 512 492	1 635 607	21 876 885
		36 416 016	**4 589 082**	**31 826 934**	33 944 985	1 865 594	32 079 391

Provision for impairment of trade and other receivables has increased substantially in the current year to take into consideration the current state of the economy negatively impacting on tenants as a whole. There are no receivables neither past due nor impaired.

7. Trade and other receivables (continued)

Reconciliation of provision for impairment of trade and other receivables:	Group 2014	Group 2013	Company 2014	Company 2013
Accumulated impairment losses at beginning of year	**1 865 594**	4 900 189	**–**	–
Additional impairment losses recognised during the year	**5 608 739**	1 533 164	**–**	–
Amounts recovered during the year	**(403 280)**	(100 184)	**–**	–
Amounts written off during the year as uncollectible	**(2 481 971)**	(4 467 575)	**–**	–
Accumulated impairment losses at end of year	**4 589 082**	1 865 594	**–**	–

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, i.e. R34 966 268 (2013: R35 728 437).

	Group 2014	Group 2013	Company 2014	Company 2013
Current assets	**14 959 234**	21 404 542	**860 107**	3 035 840
Non-current assets	**20 007 034**	14 323 895	**–**	–
	34 966 268	35 728 437	**860 107**	3 035 840

8. Cash and cash equivalents

Figures in Rand	Group 2014	Group 2013	Company 2014	Company 2013
Bank balances	**753 188**	4 176 424	**742 991**	4 150 587
Bank overdraft and credit facilities	**(4 578 479)**	(2 457 470)	**(3 544 629)**	(2 013 045)
Petty cash	**21 000**	11 000	**11 000**	1 000
	(3 804 291)	1 729 954	**(2 790 638)**	2 138 542
Current assets	**774 188**	4 187 424	**753 991**	4 151 587
Current liabilities	**(4 578 479)**	(2 457 470)	**(3 544 629)**	(2 013 045)
	(3 804 291)	1 729 954	**(2 790 638)**	2 138 542

The fair value of cash and cash equivalents is disclosed in note 32. The carrying amount of cash and cash equivalents approximates fair value due to its short-term nature. 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

Figures in Rand	Group		Company	
	2014	2013	**2014**	2013
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 (2013: 630 698 688) ordinary shares of 1 cent each	**6 306 987**	6 306 987	**6 306 987**	6 306 987
3 688 866 (2013: 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

In terms of the company's Memorandum of Incorporation, 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 Incorporation 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, the Listings Requirements of the JSE Limited and the Memorandum of Incorporation.

10. Linked debentures

Figures in Rand	Group		Company	
	2014	2013	**2014**	2013
Issued				
630 698 688 (2013: 630 698 688) debentures of 1 cent each	**6 306 987**	6 306 987	**6 306 987**	6 306 987
3 688 866 (2013: 3 688 866) treasury debentures of 1 cent each	**(36 889)**	(36 889)	**–**	–
Debenture premium at the end of the year	**49 325 593**	48 789 615	**49 325 593**	48 789 615
Debenture premium at the beginning of the year	**48 789 615**	43 738 119	**48 789 615**	43 738 119
Amortisation of debenture premium during the year	**535 978**	5 051 496	**535 978**	5 051 496
Treasury debenture premium	**(621 294)**	(621 294)	**–**	–
	54 974 397	54 438 419	**55 632 580**	55 096 602

Each debenture is linked to one ordinary share of the company, together comprising one linked unit.

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 expectation that the company will make profits in the future. The estimated growth rate used in the amortisation of these debentures was 14% (2013: 15%).

The amortised carrying value of the linked debentures have been calculated as required by IAS 39. The estimated growth rate used in the amortisation of the linked debentures was 14% (2013: 15%). This resulted in the carrying value of the linked debentures liability increasing by R535 978 in 2014. A linked debenture interest debit of R535 978 (2013: R5 051 496) was 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	
	2014	2013	**2014**	2013
Decrease				
Credit spread rate of prime plus 4,5% and a growth rate of 16% (2013: 17,00%)	**(1 206 476)**	(4 376 090)	**(1 206 476)**	(4 376 090)
Increase				
Credit spread rate of prime plus nil and a growth rate of 12% (2013: 13,00%)	**1 296 673**	3 839 159	**1 296 673**	3 839 159

The maturity of the linked debentures is as follows:	**2014**	2013	**2014**	2013
Between nil and one year	**–**	–	**–**	–
Between two and five years	**–**	–	**–**	–
After five years	**54 974 397**	54 438 419	**55 632 580**	55 096 602
	54 974 397	54 438 419	**55 632 580**	55 096 602

The carrying value of the linked debentures approximates fair value and is based on current market rates.

11. Debenture reserve

In terms of the Debenture Trust Deed, 25 after issue of linked units, the linked unit holder has the right to redeem the debenture portion contained within such unit. A debenture reserve was raised out of retained earnings to provide for a possible future redemption.

12. Borrowings

Figures in Rand					Group 2014	Group 2013	Company 2014	Company 2013
Secured mortgage finance/bonds	**Settlement date**	**Monthly instalment**	**Rate %**	**Secured over investment properties with a value of**				
Investec	31 March 2018	798 095	Prime less 0,50%	313 076 408	**73 875 858**	80 520 970	**–**	–
Citibank**	Extended	350 000	14,43%	21 870 000	**1 258 826**	4 940 167	**–**	–
Investec	30 September 2017	246 235	Prime less 0,50%	68 637 403	**17 346 786**	22 832 606	**–**	–
Investec	1 May 2017	347 711	Prime less 0,50%	142 407 903	**11 087 323**	14 217 852	**–**	–
Investec	1 September 2018	55 809	Prime less 0,25%	9 700 000	**2 373 643**	3 221 675	**–**	–
Investec	30 October 2018	120 462	Prime less 0,25%	53 400 000	**9 690 147**	10 037 460	**–**	–
Investec	31 March 2016	127 434	Prime less 0,25%	79 100 000	**8 441 724**	9 205 157	**–**	–
Investec	31 March 2018	233 138	Prime	16 290 718	**22 054 567**	22 126 039	**–**	–
Investec	30 April 2019	66 836	Prime	9 500 000	**5 457 710**	–	**5 457 710**	–
Absa	31 August 2018	94 216	Prime less 1%	27 263 265	**3 995 445**	4 853 238	**–**	–
Standard Bank	1 February 2017	186 607	Prime less 1%	41 977 989	**8 931 169**	10 581 725	**8 931 169**	10 581 725
Wartburgerhof cc – second mortgage bond*	Extended	11 250	9,00%	9 700 000	**1 500 000**	1 500 000	**–**	–
Total mortgage finance		2 637 793		792 923 686	**166 013 198**	184 036 889	**14 388 879**	10 581 725
Instalment sale and finance lease agreements								
Standard Bank Instalment Sale	1 November 2014	8 386	Prime		**41 300**	134 478	**–**	–
Standard Bank Instalment Sale	31 May 2015	8 019	Prime less 0,25%		**91 812**	176 235	**91 812**	176 235
Standard Bank Instalment Sale	10 October 2018	3 013	Prime plus 1%		**127 734**	–	**127 734**	–
Standard Bank Instalment Sale	20 October 2018	4 346	Prime plus 1%		**187 090**	–	**187 090**	–
Standard Bank Instalment Sale	9 April 2017	4 931	Prime plus 2%		**144 739**	–	**144 739**	–
Energon Energy Saving Finance Lease	1 June 2016	34 967	25,00%		**888 900**	–	**–**	–
Karabo Parking Management Finance Lease	31 March 2018	3 530	Prime plus 2%		**134 358**	157 884	**–**	–
Total instalment sale and finance lease agreements		67 192			**1 615 933**	468 597	**551 375**	176 235

12. Borrowings (continued)

Figures in Rand					Group 2014	Group 2013	Company 2014	Company 2013
Medium-term loans	**Settlement date**	**Monthly instalment**	**Rate %**	**Secured over investment properties with a value of**				
Investec Loan	31 August 2016	279 705	Prime less 0,25%		**17 544 538**	19 333 424	**–**	–
		279 705			**17 544 538**	19 333 424	**–**	–
Less: short-term portions					**(17 923 438)**	(33 846 265)	**(2 173 033)**	(1 554 080)
Total		**2 984 690**		**792 923 686**	**167 250 231**	169 992 645	**12 767 221**	**9 203 880**

* Mortgage bonds with a value of R2 758 826 have expired and are in the process of being renegotiated or will be renegotiated with relevant institutions. This is standard practice within the property industry.

** The mortgage bond with a value of R1 258 826 held by Citibank has expired and will be settled within a few months after year end.

There is no history of failed renegotiations and therefore management does not believe that any additional 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 R692 112 432 (2013: R666 065 219) 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 the group.) The medium-term loan has a limited surety issued by the director, F Gmeiner, of R20 million.

Citibank Limited

The loan is secured by a first mortgage bond over various investment properties with a fair value of R21 870 000 (2013: R24 650 000) 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).

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 the group.)

12. Borrowings (continued)

ABSA Bank Limited

The loan is secured by a first mortgage bond over investment properties with a fair value of R27 263 265 (2013: R27 000 558) and 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 abovementioned property. The interest rate and monthly instalments are disclosed above. (This is applicable for the group.)

Standard Bank Limited

The loan is secured by a first mortgage bond over investment properties with a fair value of R41 977 989 (2013: R40 757 741), and limited surety issued by the director, F Gmeiner, of R17 500 000. The interest rate and monthly instalments are disclosed above. Instalment sales are secured over motor vehicles and computer equipment financed through instalment sales obtained to purchase these assets. (This is applicable for the group and company.)

Wartburgerhof CC

The loan is secured by a second mortgage bond over investment properties with a fair value of R9 700 000 (2013: R8 973 251). The interest rate and monthly instalments are disclosed above. (This is applicable for the group.)

Figures in Rand The maturity of security mortgage finance borrowings:	Group		Company	
	2014	2013	2014	2013
Within one year	**15 188 109**	31 710 868	**1 971 941**	1 469 584
Between one and five years	**150 825 089**	152 139 637	**12 416 938**	9 112 141
After five years	**–**	186 384	**–**	–
	166 013 198	184 036 889	**14 388 879**	10 581 725
The maturity of loans, instalment sale and finance lease agreements:				
Within one year	**2 735 328**	2 135 396	**201 089**	84 496
Between one and five years	**16 425 143**	17 666 625	**350 286**	91 739
	19 160 471	19 802 021	**551 375**	176 235

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

The fair value of borrowings is disclosed in note 32.

13. Loans (from)/to related parties

	Group		Company	
Figures in Rand	**2014**	2013	**2014**	2013
OFM Property Management Proprietary Limited	**4 353 791**	(437 543)	**4 353 906**	(437 428)
Orion Security Services Proprietary Limited	**(376 154)**	(616 649)	**(376 154)**	(616 649)
Gmeiner Family Trust	**(59 206)**	(1 072 164)	**(59 206)**	(1 072 164)
Gmeiner Investment Holding Proprietary Limited	**6 281 453**	4 278 582	**6 281 453**	4 278 582
Orion Agri Proprietary Limited	**1 515**	–	**1 515**	–
Eagle Fleet Solutions Proprietary Limited	**624 426**	–	**624 426**	–
Fargoscene Proprietary Limited	**66 988**	51 350	**66 988**	51 350
Orion Hotels and Resorts Proprietary Limited	**3 180 002**	1 410 392	**3 124 919**	1 382 091
Total	**14 072 815**	3 613 968	**14 017 847**	3 585 782

The loans are unsecured, bear no interest and have no fixed terms of repayment.

The fair value of loans (from)/to related parties is disclosed in note 32. The carrying value of loans (from)/to related parties approximates its fair value and the effect of discounting is immaterial. The group does not hold any collateral as security. The maximum exposure to credit risk at the reporting date is the fair value of each class of loan mentioned above (note 32).

Current assets	**14 508 175**	5 740 324	**14 453 207**	5 712 023
Current liabilities	**(435 360)**	(2 126 356)	**(435 360)**	(2 126 241)
	14 072 815	3 613 968	**14 017 847**	3 585 782

14. Loans (from)/to group companies

	Company	
Figures in Rand	**2014**	2013
CBB Properties Proprietary Limited	**914 068**	924 015
Elma Park 195 Limited	**33 536 729**	33 454 754
GEHS Leasing Company Proprietary Limited	**5 715 227**	2 559 133
Gold Edge III Proprietary Limited	**36 028**	(8 029)
Ixia Trading 532 Proprietary Limited	**(6 566 300)**	3 706 986
Orion Development One Proprietary Limited	**1 876 966**	1 864 114

14. Loans (from)/to group companies (continued)

Figures in Rand	Company	
	2014	2013
Orion Development Two Proprietary Limited	**10 741**	19 988
Orion Development Three Proprietary Limited	**3 953**	3 900
Orion Property Holding Trust	**377 380 925**	352 347 302
SBD Investments Proprietary Limited	**(36 751)**	(31 725)
Less: Impairment of loans to group companies	**(2 809 527)**	(2 809 527)
Total	**410 062 059**	392 030 911

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

Current assets	**416 665 110**	392 070 665
Current liabilities	**(6 603 051)**	(39 754)
	410 062 059	392 030 911

15. Loans from/(to) directors

Figures in Rand	Group		Company	
	2014	**2013**	**2014**	**2013**
AC Gmeiner	**(18 508)**	(18 508)	**–**	–
F Gmeiner	**160 071**	–	**160 071**	–
	141 563	(18 508)	**160 071**	–

The AC Gmeiner loan is unsecured, bears no interest and has no fixed terms of repayment. The F Gmeiner loan is unsecured, and has no fixed terms of repayment. The fair value of loans from/(to) 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 assets	**160 071**	–	**160 071**	–
Current liabilities	**(18 508)**	(18 508)	**–**	–
	141 563	(18 508)	**160 071**	–

16. Deferred tax

		Group		Company	
Figures in Rand	**Rate**	**2014**	**2013**	**2014**	**2013**
Deferred tax liability					
Fair value adjustments on investment properties – buildings	18,66%	**(68 379 490)**	(61 130 703)	**(48 940 639)**	(45 186 252)
Fair value adjustments on investment properties – land	18,66%	**(21 977 143)**	(22 187 436)	**(11 058 232)**	(11 095 773)
Fair value adjustments on investment properties held for sale – buildings	18,66%	**–**	(1 286 090)	**–**	–
Fair value adjustments on investment properties held for sale – land	18,66%	**–**	(232 787)	**–**	–
Building allowance	18,66%	**(344 271)**	(172 136)	**(344 271)**	(172 136)
Impairment of loans to group companies	18,66%	**–**	–	**524 471**	524 471
Linked debenture amortisation	28%	**(137 298)**	(137 298)	**(137 298)**	(137 298)
Operating lease assets	28%	**(3 092 847)**	(2 569 019)	**(2 099 811)**	(1 613 026)
Provision for leave temporary differences	28%	**92 882**	29 605	**92 882**	29 605
Tax losses available for set-off against future taxable income	28%	**13 074 286**	13 890 690	**–**	–
Temporary differences arising from provision for bad debts	28%	**963 707**	391 775	**400 000**	167 476
Total		**(79 800 174)**	(73 403 399)	**(61 562 898)**	(57 482 933)

16. Deferred tax (continued)

Figures in Rand	Group		Company	
	2014	2013	2014	2013
Reconciliation of deferred tax liability				
At beginning of the year	**(73 403 399)**	(68 623 294)	**(57 482 933)**	(52 841 947)
Fair value adjustments on investment properties – buildings	**(9 124 757)**	(2 911 406)	**(3 754 387)**	(3 567 490)
Fair value adjustments on investment properties – land	**(932 378)**	(4 488 888)	**37 542**	(1 791 203)
Fair value adjustments on investment properties held for sale	**1 518 875**	65 665	**–**	–
Building allowance	**(172 136)**	(172 136)	**(172 136)**	(172 136)
Impairment of loans to group companies	**–**	–	**–**	–
Disposal of investment properties	**3 018 641**	706 759	**–**	–
Linked debentures amortisation – current year	**–**	1 414 419	**–**	1 414 419
Operating lease assets	**(523 828)**	45 591	**(486 785)**	(42 798)
Provision for leave temporary differences	**63 277**	7 378	**63 277**	7 378
Tax losses available for set off against future taxable income	**(816 404)**	1 189 778	**–**	–
Temporary differences arising from provision for bad debts	**571 933**	(637 265)	**232 524**	(489 156)
	(79 800 176)	(73 403 399)	**(61 562 898)**	(57 482 933)

Deferred income taxation assets and liabilities are offset when the income taxes relate to the same fiscal authority, are within the same legal entity and there is a legal right to off-set at settlement. All entities in the group are in a net deferred tax liability position. 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	2014	2013	2014	2013
Accounts payable – third party	**36 050 406**	25 446 977	**1 838 638**	906 587
Accounts payable – related party	**–**	562 354	**–**	319 889
Total accounts payable	**36 050 406**	26 009 331	**1 838 638**	1 226 476
Accruals	**2 090 311**	3 909 752	**606 487**	538 879
Debenture interest accrual	**245 971**	116 717	**245 971**	116 717
Leave pay accrual	**331 720**	105 734	**331 720**	105 734
	38 718 408	30 141 534	**3 022 816**	1 987 806

The carrying amounts of the group's trade and other payables are denominated in South African Rand. Accounts payable are invoiced with 30 – 90 day terms.

The fair value of trade and other payables is disclosed in note 32. The carrying value of trade payables approximates its fair value due to its short-term nature.

17.1 Tenant deposits

	Group		Company	
Figures in Rand	2014	2013	2014	2013
Tenant deposits received	**6 563 381**	6 371 863	**127 357**	140 622

The carrying amounts of the group's tenant deposits are denominated in South African Rand. Tenant deposits are refundable within three months of the tenant vacating the premises. The carrying value approximates the fair value.

18. Revenue

Figures in Rand	Group		Company	
	2014	2013	2014	2013
Basic operating cost income per rental contract	**9 433 364**	9 582 879	**222 801**	46 890
Rental income (excluding parking)	**59 936 335**	54 931 008	**1 790 706**	256 346
Parking rental income	**4 397 352**	3 726 824	**310 702**	212 371
Recoveries	**21 070 959**	19 120 854	**478 437**	19 600
Property revenue	**94 838 010**	87 361 565	**2 802 646**	535 207
Other income (note 19)	**3 049 775**	2 177 891	**15 910**	132 678
Finance income (note 21)	**3 171 429**	1 685 468	**136 737**	47 045
	101 059 214	91 224 924	**2 955 293**	714 930

19. Other income

Figures in Rand	Group		Company	
	2014	2013	2014	2013
Bad debts recovered (note 7)	**403 280**	100 184	**–**	–
Insurance recoveries	**196 860**	195 072	**–**	12 769
Profit on disposal of investment property	**1 798 801**	–	**–**	–
Signage and sundry rental income	**650 834**	1 882 635	**15 910**	119 909
	3 049 775	2 177 891	**15 910**	132 678

20. Expenses by nature

	Group		Company	
Figures in Rand	**2014**	**2013**	**2014**	**2013**
Administration and management fees	**200 760**	10 578 716	**113 421**	579 420
Audit remuneration – audit fees	**611 719**	637 000	**611 719**	637 000
Audit remuneration – expenses	**25 800**	–	**13 000**	–
Bad debts (provision and written off)	**5 205 459**	1 432 979	**–**	–
Bond negotiation costs	**134 000**	882 590	**54 000**	202 005
Cleaning	**1 766 495**	1 734 298	**46 431**	23 867
Commission paid	**252 621**	5 973 712	**38 779**	199 796
Computer expenses	**891 645**	298 824	**807 371**	198 821
Depreciation of owned assets	**375 965**	259 415	**59 804**	5 514
Director's emoluments – short-term benefits (note 26)	**2 764 361**	1 465 077	**275 482**	1 465 077
Fines and penalties raised/(reversed)	**(893 402)**	79 463	**(1 170 326)**	–
Insurance	**1 219 848**	1 656 018	**140 185**	205 910
Loss on disposal of investment property	**238 375**	792 564	**–**	–
Lease charges	**1 193 516**	621 088	**343 898**	81 836
Municipal and utilities (rates and taxes, water, electricity, sewer and refuse removal)	**26 660 310**	22 945 480	**1 494 137**	687 610
Other	**3 946 906**	3 371 828	**2 912 220**	1 565 757
Professional and legal fees	**4 233 937**	2 885 717	**1 707 915**	808 567
Rent paid	**701 479**	63 980	**665 479**	48 980
Repairs and maintenance	**7 982 122**	5 635 341	**201 899**	150 680
Recruitment	**649 819**	400	**649 819**	–
Salaries and wages – short-term benefits (excluding directors' emoluments) – basic	**6 337 776**	852 095	**284 977**	852 095
Security	**5 043 205**	4 978 259	**222 941**	327 365
Share block levies paid	**3 957 013**	2 690 297	**–**	–
Staff training and welfare	**745 879**	129 713	**718 431**	90 063
Tenant installation materials	**2 083 448**	2 899 608	**34 496**	348 961
	76 329 056	72 864 462	**10 226 078**	8 479 324

20. Expenses by nature (continued)

Categorised as follows:	Group		Company	
	2014	2013	2014	2013
Other direct property operating costs include municipal charges, salaries, bad debts, professional fees, etc.	**68 146 174**	56 650 405	**9 910 758**	7 749 224
Administrative and management expenses	**200 760**	10 578 716	**113 421**	579 420
Repairs and maintenance include electrical, airconditioning, lift and other maintenance	**7 982 122**	5 635 341	**201 899**	150 680
	76 329 056	72 864 462	**10 226 078**	8 479 324

21. Finance income

Figures in Rand	Group		Company	
	2014	2013	2014	2013
Debtors' interest – third parties	**1 367 715**	912 277	**136 737**	47 045
Debtors' interest – related parties	**1 803 714**	773 191	**–**	–
	3 171 429	1 685 468	**136 737**	47 045

22. Finance costs

Figures in Rand	Group		Company	
	2014	2013	2014	2013
Interest-bearing borrowings	**15 483 287**	15 207 905	**888 125**	914 536
Linked unit distribution	**2 597 606**	747 524	**2 597 606**	747 524
Bank interest	**1 454 054**	909 984	**559 927**	172 230
	19 534 947	16 865 413	**4 045 658**	1 834 290

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

23. Taxation

	Group		Company	
Figures in Rand	**2014**	**2013**	**2014**	**2013**
Major components of the taxation expense/(income)				
Current	**3 683 715**	1 799 990	**2 958 370**	944 163
Taxation – current period	**3 849 317**	1 799 990	**3 080 929**	944 163
Taxation – over provision prior years	**(165 602)**	–	**(122 559)**	–
Deferred	**6 396 774**	4 780 105	**4 079 964**	4 640 987
Originating and reversing temporary differences	**6 396 774**	4 780 105	**4 079 964**	4 640 987
Taxation per statement of comprehensive income	**10 080 489**	6 580 095	**7 038 334**	5 585 150
Tax losses available for set-off against future taxable income	**46 693 878**	49 609 609	**–**	–
Reconciliation between accounting profit and tax expense:				
Accounting profit	**44 900 745**	37 044 144	**31 559 730**	31 223 115
Taxation at the applicable tax rate of 28% (2013: 28%)	**12 572 209**	10 372 360	**8 836 724**	8 742 472
Tax effect of adjustments on taxable income				
Non-deductible expense – debenture amortisation	**150 074**	–	**150 074**	–
Non-deductible expense – discounting adjustment to accounts receivable	**124 947**		**124 947**	
Tax adjustment in respect of prior years – over provision	**(165 602)**	–	**(122 559)**	–
Non-tax portion on fair value adjustments to investment properties	**(732 046)**	(3 502 767)	**(820 989)**	(2 814 902)
Non-deductible expenses for tax purposes	**144 314**	55 851	**11 453**	11 384
Non-taxable income for tax purposes	**(327 691)**	–	**(327 691)**	–
Deferred tax asset on tax losses not recognised utilised	**2 320**	8 455	**–**	–
Non-taxable portion on gain on sale of investment properties	**(1 688 036)**	(353 804)	**(813 625)**	(353 804)
	10 080 489	6 580 095	**7 038 334**	5 585 150

24. Earnings per share

Figures in Rand	Group	
	2014	**2013**
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:		
Linked units 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 (continued)

	Group	
Figures in Rand	**2014**	**2013**
Headline earnings reconciliation:		
Basic earnings	**34 819 171**	30 467 835
Fair value adjustment to investment properties	**(40 687 750)**	(40 600 591)
Linked debenture amortisation	**535 978**	5 051 496
Deferred tax raised on fair value adjustment to investment properties	**7 594 287**	7 578 019
Deferred tax raised on linked debenture interest	**(150 074)**	(1 414 419)
Net (profit)/loss on disposal of investment properties	**(1 560 426)**	792 564
Capital gains tax raised on disposal of investment property	**3 365 964**	–
Headline earnings	**3 917 150**	1 874 904
Reconciliation of net asset value		
Total equity attributable to equity holders of the parent	**453 923 476**	419 104 305
Linked debentures	**54 974 397**	54 438 419
Total net asset value	**508 897 873**	473 542 724
Earnings per linked unit		
Basic earnings per linked unit (cents)	**5,55**	4,86
Diluted earnings per linked unit (cents)	**5,55**	4,86
Headline earnings per linked unit		
Headline earnings per linked unit (cents)	**0,62**	0,30
Diluted headline earnings per linked unit (cents)	**0,62**	0,30
Net asset value per linked unit		
Net asset value per linked unit at year end (cents)	**81,16**	75,52

25. Statement of cash flow information

25.1 Cash generated from operations

Figures in Rand	Group 2014	Group 2013	Company 2014	Company 2013
Profit before taxation	**44 900 745**	37 044 144	**31 559 730**	31 223 115
Adjusted for:				
Finance income	**(3 171 429)**	(1 685 468)	**(136 737)**	(47 045)
Finance costs	**19 534 947**	16 117 889	**4 045 658**	1 086 766
Add or deduct non-cash items:				
– Straight-line operating lease adjustment	**(1 870 811)**	162 826	**(104 638)**	(78 831)
– Depreciation	**375 965**	259 415	**59 814**	5 514
– Loss on disposal of investment property	**238 375**	792 564	**–**	–
– Profit on disposal of investment property	**(1 798 801)**	–	**–**	–
– SARS penalties incurred	**893 402**	–	**1 170 326**	–
– Linked debenture interest (amortisation)	**535 978**	5 051 496	**535 978**	5 051 496
– Fair value adjustment to debtors (discounting)	**446 238**	–	**–**	–
– Fair value adjustment to investment properties	**(38 816 939)**	(40 763 417)	**(932 131)**	(7 678 910)
	21 267 670	16 979 449	**36 198 000**	29 562 105
Changes in working capital				
Trade and other payables	**8 576 874**	5 692 725	**1 035 010**	(24 206)
Tenant deposits	**191 518**	125 068	**(13 265)**	140 622
Trade and other receivables	**315 931**	(7 702 431)	**2 175 724**	(1 225 969)
Cash generated/(utilised) from operations	**30 351 993**	15 094 811	**39 395 469**	28 452 552

25. Statement of cash flow information (continued)

25.2 Taxation paid

Figures in Rand	Group		Company	
	2014	2013	**2014**	2013
Opening balance	**13 064 856**	12 715 619	**10 377 162**	10 673 545
Taxation in statement of comprehensive income	**3 683 715**	1 799 990	**2 958 370**	944 163
SARS penalties	**893 402**	–	**1 170 326**	–
Closing balance	**(11 005 713)**	(13 064 856)	**(8 361 145)**	(10 377 162)
Taxation paid	**6 636 260**	1 450 753	**6 144 713**	1 240 546

26. Directors' remuneration

Figures in Rand	Group		Company	
	2014	2013	**2014**	2013
Non-executive	**91 000**	88 550	**91 000**	88 550
Executive	**2 673 361**	1 376 527	**184 482**	1 376 527
	2 764 361	1 465 077	**275 482**	1 465 077

The directors' short-term remuneration for the year ended 30 June 2014 was as follows:	**Salary**	**Bonus**	**Fees**	**Travel allowance**	**Total**
Non-executive (group and company)					
Mr R Wilkinson	**–**	**–**	**41 400**	**–**	**41 400**
Dr AC Gmeiner	**–**	**–**	**12 400**	**–**	**12 400**
Mr MDK Mthembu	**–**	**–**	**12 400**	**–**	**12 400**
Prof F Viruly	**–**	**–**	**24 800**	**–**	**24 800**
	–	**–**	**91 000**	**–**	**91 000**
Executive (group)					
Mr F Gmeiner	**1 897 405**	**50 000**	**–**	**270 000**	**2 217 405**
Mr CB Nolte	**425 956**	**30 000**	**–**	**–**	**455 956**
	2 323 361	**80 000**	**–**	**270 000**	**2 673 361**

26. Directors' remuneration (continued)

	Salary	Bonus	Fees	Travel allowance	Total
Executive (company)					
Mr F Gmeiner	**131 263**	**3 226**	**–**	**18 644**	**153 133**
Mr CB Nolte	**29 414**	**1 935**	**–**	**–**	**31 349**
	160 677	**5 161**	**–**	**18 644**	**184 482**

The directors' short-term remuneration for the year ended 30 June 2013 was as follows:	Salary	Bonus	Fees	Travel allowance	Total
Non-executive					
Mr R Wilkinson	–	–	57 500	–	57 500
Dr AC Gmeiner	–	–	10 350	–	10 350
Prof F Viruly	–	–	20 700	–	20 700
	–	–	88 550	–	88 550
Executive					
Mr F Gmeiner	846 787	30 000	–	120 000	996 787
Mr CB Nolte	354 740	25 000	–	–	379 740
	1 201 527	55 000	–	120 000	1 376 527

27. Segment report

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decisionmaker. The chief operating decisionmaker, 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 decisionmaker evaluates and reports on the group results as a whole on a monthly basis. It was decided to disclose results 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.

27. Segment report (continued)

	2014		2013	
Revenue (excluding recoveries)	**R**	**%**	**R**	**%**
Commercial	35 088 213	47	28 226 808	41
Industrial	9 216 222	12	10 389 598	15
Retail	24 057 345	33	19 908 982	29
Hospitality	4 246 290	6	8 732 180	13
Residential	1 158 981	2	983 143	1
	73 767 051	**100**	**68 240 711**	**100**

The group does not have any inter-segment revenue.

	2014		2013	
Profit before taxation	**R**	**%**	**R**	**%**
Commercial	24 473 062	54	22 220 053	60
Industrial	11 413 154	25	3 611 357	10
Retail	6 625 057	15	9 185 734	25
Hospitality	5 631 583	13	4 777 277	13
Residential	(3 242 111)	(7)	(2 750 277)	(7)
	44 900 745	**100**	**37 044 144**	**100**

	2014		2013	
Property values (including properties held for sale, before adjustment for straight-lining of leases) (notes 3 and 3.2)	**R**	**%**	**R**	**%**
Commercial	329 978 783	43	299 379 166	39
Industrial	86 843 163	11	96 732 072	13
Retail	182 559 352	23	184 985 965	24
Hospitality	81 999 571	10	79 881 715	11
Residential	48 442 817	6	44 094 600	6
Land	53 400 000	7	53 400 000	7
	783 223 686	**100**	**758 473 518**	**100**

27. Segment report (continued)

Borrowings (excluding instalment sales and loans) (note 11)	2014 R	2014 %	2013 R	2013 %
Commercial	71 554 364	43	78 141 672	43
Industrial	25 597 334	15	28 180 201	15
Retail	49 138 070	30	55 189 383	30
Hospitality	11 281 707	7	13 320 476	7
Residential	8 441 724	5	9 205 157	5
	166 013 199	**100**	**184 036 889**	**100**

Rating of tenants (rental income)		2014 R	2014 %	2013 R	2013 %
Commercial	A	3 583 868	6	3 448 844	6
	B	8 819 767	15	8 479 851	16
	C	13 380 752	22	10 805 341	20
Industrial	A	–	0	–	0
	B	5 285 476	9	5 000 179	9
	C	2 644 652	4	3 821 299	7
Retail	A	2 999 091	5	2 659 484	5
	B	4 849 775	8	3 932 168	7
	C	13 254 761	22	12 570 179	23
Hospitality	A	–	0	–	0
	B	3 944 524	7	3 230 520	6
	C	–	0	–	0
Residential	A	–	0	–	0
	B	–	0	–	0
	C	1 173 669	2	983 143	1
		59 936 335	**100**	**54 931 008**	**100**

A: Represents major listed companies
B: Represents smaller listed companies and big unlisted companies
C: Represents smaller unlisted companies and private businesses

27. Segment report – property portfolio information (continued)

Property name and operating segment	Acquisition date	Major tenants	Rentable area (m^2) by operating segment	Total income per building excluding recoveries	Weighted average rental per month per square metre	Vacancy %	Purchase price	Valuations 30 June 2014 R	Average annualised property yield
ORION CENTRE ERF 195 (BUILDING) (RETAIL SEGMENT) (RESIDENTIAL SEGMENT)	23/04/2008	B4C Crossfit Compass Church Old Style Fish & Chips	8 017	3 574 432	37,15	44,04	15 769 981	79 100 000	4,52%
ORION CENTRE ERF 257 (LAND)	23/04/2006	Parking	4 424			0,00	5 981 743	53 400 000	0,00%
PROMENADE SHOPPING CENTRE (RETAIL SEGMENT)		Mr Price Group Limited (1672)	7 388	9 045 592	102,03	0,00	33 069 809	142 407 903	9,77%
(HOSPITALITY SEGMENT)		Orion Hotel & Resorts	5 200	810 617	12,99	0,00			
(COMMERCIAL SEGMENT)	07/04/2006	Capitec	3 312	4 055 089	102,03	0,00			
KENSINGTON B (COMMERCIAL SEGMENT)	10/07/2003	Mica Hardware Graylag	3 655	1 869 892	42,63	0,00	5 975 000	16 331 409	11,45%
67 – 7th STREET (COMMERCIAL SEGMENT)	10/07/2003	Fleet Cube cc Tower Architects	1 410	931 204	55,04	44,89	2 482 000	9 475 110	9,83%
SCORE – DELFT (RETAIL SEGMENT)	19/12/2002	The Standard Bank of SA Limited Orient Trading / SPAR	1 091	724 062	55,31	0,00	3 291 403	4 700 000	15,41%
SCORE – ROOSENDAL (RETAIL SEGMENT)	19/12/2002	Score Supermarkets (Trading) Proprietary Limited The Standard Bank of SA Limited	1 091	829 641	63,37	0,00	3 305 403	3 900 000	21,27%
SCORE – MFULENI (RETAIL SEGMENT)	19/12/2002	Score Supermarkets (Trading) Proprietary Limited The Standard Bank of SA Limited	1 091	834 047	63,71	0,00	3 301 403	4 000 000	20,85%
SCORE – MACASSAR (RETAIL SEGMENT)	19/12/2002	Rapha Fellowship Church	1 055	1 447 845	114,36	0,00	3 303 403	5 200 000	27,84%
SCORE – WESBANK (RETAIL SEGMENT)	19/12/2002	Score Supermarkets (Trading) Proprietary Limited The Standard Bank of SA Limited	1 091	813 972	62,17	0,00	3 303 403	4 070 000	20,00%
DAN PERKINS (COMMERCIAL SEGMENT)	10/07/2003	McCarthy Limited	6 310	1 247 570	16,48	0,00	4 100 000	14 300 000	8,72%
STANDARD BANK BRAMLEY (COMMERCIAL SEGMENT)	10/07/2003	Eastridge School	3 024	1 774 223	48,89	28,90	5 400 000	19 000 000	9,34%

27. Segment report – property portfolio information (continued)

Property name and operating segment	Acquisition date	Major tenants	Rentable area (m²) by operating segment	Total income per building excluding recoveries	Weighted average rental per month per square metre	Vacancy %	Purchase price	Valuations 30 June 2013 R	Average annualised property yield
PRIMROSE MALL (RETAIL SEGMENT)	28/02/2008	African Bank ABSA Bank Pepkor Retail Limited OK Furniture	3 322	1 658 344	41,60	24,32	7 400 000	11 547 530	14,36%
MEYERS CORNER (RETAIL SEGMENT)	28/02/2008	SA Post Office Limited Cash Crusaders Ellerines	1 336	1 009 207	62,95	1,50	3 900 000	9 286 140	10,87%
ORION HOUSE (COMMERCIAL SEGMENT)		Molteno Language Institute Capitec Bank Old Mutual Finance African Bank	10 751	9 150 393	70,93	9,27	27 200 000	83 723 675	13,63%
(HOSPITALITY SEGMENT)	30/05/2008	Devonshire Hotel	4 487	2 259 583	41,97	0,00			
MARLBORO ERF 97 (INDUSTRIAL SEGMENT)	30/05/2008	Mag Doctor	635	348 460	45,73	0,00	1 400 000	3 469 550	10,04%
MARLBORO ERF 142 (INDUSTRIAL SEGMENT)	30/05/2008	E CAR	575	286 125	41,47	0,00	1 100 000	2 665 300	10,74%
MARLBORO ERF 161 (INDUSTRIAL SEGMENT)	30/05/2008	SJ Andrews Electronics Proprietary Limited	612	588 096	80,08	0,00	1 100 000	6 542 543	8,99%
MARLBORO ERF 211 & 212 (INDUSTRIAL SEGMENT)	30/05/2008	NJR Steel	1 135	686 022	50,37	0,00	2 800 000	5 965 770	11,50%
ERF 63/64 LYDENBURG (INDUSTRIAL SEGMENT)	15/05/2014	St Pie Properties (Pty) Ltd	6 692	88 355	13,20	0,00	9 500 000	9 500 000	0,93%
WENDYWOOD (RETAIL SEGMENT)	30/05/2008	Belfy Trading CC t/a Spar Sandwich Baron Hiltons Car Sound CC SA Post Office Limited	4 244	4 423 934	86,87	7,42	14 900 000	37 175 900	11,90%
LASER PARK ERF 101 (INDUSTRIAL SEGMENT)	07/07/2008	Lloyds Lounge Proprietary Limited	3 882	2 053 548	44,08	0,00	9 500 000	20 500 000	10,02%
LASER PARK ERF 123 (INDUSTRIAL SEGMENT)	07/07/2008	Prestige Cleaning Services Proprietary Limited EDC Installations CC	2 123	957 552	37,59	39,05	5 300 000	11 200 000	8,55%

27. Segment report – property portfolio information (continued)

Property name and operating segment	Acquisition date	Major tenants	Rentable area (m²) by operating segment	Total income per building excluding recoveries	Weighted average rental per month per square metre	Vacancy %	Purchase price	Valuations 30 June 2014 R	Average annualised property yield
LASER PARK ERF 124 & 126 (INDUSTRIAL SEGMENT)	07/07/2008	GSI Cumberland SA Proprietary Limited	5 359	2 080 435	32,35	33,59	9 200 000	27 000 000	7,71%
WARTBURG (HOSPITALITY SEGMENT)	07/07/2008	Orion Hotels & Resorts Proprietary Limited	6 000	900 000	12,50	0,00	8 100 000	9 700 000	9,28%
NORTHCLIFF ATRIUM – STAND 19 (COMMERCIAL SEGMENT)	25/07/2008	World of Fishing Suzaan Heyns	5 739	2 250 464	32,68	9,06	8 200 000	27 263 265	8,25%
MOUNTAIN VIEW SHOPPING CENTRE (RETAIL SEGMENT)	12/12/2008	Woolworths FirstRand Bank Limited	3 427	2 119 676	51,54	16,28	10 000 000	16 290 718	13,01%
ACA KRANS TRUST (COMMERCIAL SEGMENT)	19/06/2009	Diners Club (S.A.) Proprietary Limited City of Johannesburg	9 365	9 441 586	84,01	18,63	38 200 000	94 000 000	10,04%
72 VOORTREKKER (COMMERCIAL SEGMENT)	10/07/2003	Ukobona Electrical 200 Dita Security Services CC	1 894	1 143 600	50,32	36,06	4 000 000	9 530 884	12,00%
296 KENT (COMMERCIAL SEGMENT)	30/06/2009	Planet Image Productions South African Breweries	6 772	1 959 763	24,12	72,98	30 000 000	41 977 989	4,67%
BUILDINGS NOT OWNED AT 30 JUNE 2014 (SOLD 2014)	N/A	N/A	N/A	2 403 722	N/A	N/A	N/A	N/A	N/A
TOTAL			**126 509**	**73 767 051**	**48,59**	**12,43**	**281 083 548**	**783 223 686**	

ORION CENTRE ERF 195 (RETAIL SEGMENT) Not included in computation of vacancies percentage because building is undergoing a major redevelopment and the space is not ready for occupation.

28. Commitments

The group and company has capital commitments, not yet incurred, of R15 163 000 in respect of capital expenditure contracted for at 30 June 2014 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.

These commitments will be funded by way of mortgage bond financing.

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. The matter remains under review.

The Body Corporate of Erf 195 Elma Park has initiated liquidation proceedings for arrear levies. These are being contested by mentioned company as we question the levies raised as well as the expense allocation basis used. The company is in the process of launching a counter application; however, are currently in negotiations in an attempt to settle the matter with the Body Corporate.

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
	Fargoscene Proprietary Limited
	OFM Property Management Proprietary Limited
	Orion Hotels and Resorts Proprietary Limited
	Orion Hotels and Resorts (SA) Proprietary Limited
	Orion Agri Proprietary Limited
	Eagle Fleet Solutions 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 (continued)

Figures in Rand	Group		Company	
	2014	2013	2014	2013
Loan accounts – Owing (to)/by related parties	**14 214 378**	3 595 460	**424 239 977**	395 616 693
CBB Properties Proprietary Limited	**–**	–	**(15 697)**	(5 750)
Elma Park 195 Limited	**–**	–	**33 536 729**	33 454 754
Franz Gmeiner Property Trust	**–**	–	**–**	–
Gmeiner Family Trust	**(59 206)**	(1 072 164)	**(59 206)**	(1 072 164)
Gmeiner Investment Holding Proprietary Limited	**6 281 453**	4 278 582	**6 281 453**	4 278 582
GEHS Leasing Company Proprietary Limited	**–**	–	**5 715 227**	2 559 133
Gold Edge III Proprietary Limited	**–**	–	**36 028**	(8 029)
Ixia Trading 532 Proprietary Limited	**–**	–	**(6 566 300)**	3 706 986
OFM Property Management Proprietary Limited	**4 353 791**	(437 543)	**4 353 906**	(437 428)
Orion Security Services Proprietary Limited	**(376 154)**	(616 649)	**(376 154)**	(616 649)
Orion Development One Proprietary Limited	**–**	–	**16 352**	3 500
Orion Development Two Proprietary Limited	**–**	–	**(8 407)**	840
Orion Development Three Proprietary Limited	**–**	–	**3 953**	3 900
Orion Hotels and Resorts Proprietary Limited	**3 180 002**	1 410 392	**3 124 919**	1 382 091
Orion Property Holding Trust	**–**	–	**377 380 925**	352 347 302
SBD Investments Proprietary Limited	**–**	–	**(36 751)**	(31 725)
Eagle Fleet Solutions Proprietary Limited	**624 426**	–	**624 426**	–
Orion Agri Proprietary Limited	**1 515**	–	**1 515**	–
Fargoscene Proprietary Limited	**66 988**	51 350	**66 988**	51 350
F Gmeiner	**160 071**	–	**160 071**	–
AC Gmeiner	**(18 508)**	(18 508)	**–**	–
Amounts included in trade payables	**–**	562 354	**–**	319 889
Orion Hotels and Resorts Proprietary Limited	**–**	402 576	**–**	278 889
OFM Property Management Proprietary Limited	**–**	159 778	**–**	41 000

30. Related party transactions (continued)

Related party balances:	Group 2014	Group 2013	Company 2014	Company 2013
Amounts included in trade receivables	**29 444 689**	22 938 488	**–**	–
8 Mile Investments Proprietary Limited	**–**	1 505 188	**–**	–
Orion Creative Business Ideas Proprietary Limited	**2 261**	–	**–**	–
Orion Hotels and Resorts Proprietary Limited	**27 867 033**	9 492 624	**–**	–
Salger Investments Proprietary Limited	**795 561**	289 928	**–**	–
Hotel Devonshire Proprietary Limited	**–**	11 261 222	**–**	–
Orion Security Services Proprietary Limited	**112 970**	6 010	**–**	–
OFM Property Management Proprietary Limited	**666 864**	383 516	**–**	–

Related party transactions with:	Group 2014	Group 2013	Company 2014	Company 2013
Orion Hotels and Resorts Proprietary Limited	**(8 333 704)**	(4 188 196)	**(8 779 942)**	(4 188 196)
Rental income*	**(3 885 326)**	(2 047 535)	**(3 885 326)**	(2 047 535)
Operational costs received*	**(109 471)**	(42 605)	**(109 471)**	(42 605)
Recoveries*	**(2 981 441)**	(1 467 889)	**(2 981 441)**	(1 467 889)
Interest correction*	**–**	143 024	**–**	143 024
Discounting	**446 238**	–	**–**	–
Debtors' interest received*	**(1 803 704)**	(773 191)	**(1 803 704)**	(773 191)
Orion Creative Business Ideas Proprietary Limited	**(131 839)**	(143 294)	**(131 839)**	(143 294)
Rental income*	**(89 188)**	(97 912)	**(89 188)**	(97 912)
Recoveries*	**(42 651)**	(45 382)	**(42 651)**	(45 382)

30. Related party transactions (continued)

	Group		Company	
Figures in Rand	2014	2013	2014	2013
Orion Security Services Proprietary Limited	**4 467 413**	4 475 285	**3 669 118**	3 700 046
Security*	**4 584 205**	4 500 370	**3 785 910**	3 725 131
Rental income*	**(68 485)**	(18 150)	**(68 485)**	(18 150)
Operational costs received*	**(18 388)**	(1 890)	**(18 388)**	(1 890)
Recoveries*	**(29 919)**	(5 032)	**(29 919)**	(5 032)
Debtors' interest received*	**–**	(13)	**–**	(13)
Hotel Devonshire Proprietary Limited	**–**	(4 076 146)	**–**	(4 076 146)
Rental income*	**–**	(1 938 543)	**–**	(1 938 543)
Operational costs received*	**–**	(5 155)	**–**	(5 155)
Recoveries*	**–**	(2 008 685)	**–**	(2 008 685)
Debtors interest received*	**–**	(123 763)	**–**	(123 763)
OFM Property Management Proprietary Limited	**7 737 975**	21 681 677	**5 423 057**	15 903 943
Asset management fees paid*	**105 273**	10 445 924	**–**	7 603 209
Administration fees and collection commission paid*	**32 000**	4 860 893	**12 000**	3 645 797
Accounting fees paid*	**8 000**	751 138	**–**	535 817
Cleaning*	**1 716 821**	1 599 360	**1 321 605**	1 334 492
Maintenance paid*	**3 816 290**	2 766 759	**2 810 402**	1 853 062
Commission paid*	**49 889**	–	**40 399**	–
Garden services paid*	**55 960**	–	**34 760**	–
Health and safety paid*	**223 932**	–	**172 392**	–
Pest control paid	**65 883**	–	**42 692**	–
Internal audit services paid*	**–**	213 967	**–**	211 167
Tenant installations paid*	**2 048 952**	1 293 260	**1 416 290**	970 023
Waste removal paid*	**200 135**	–	**157 677**	–
Rental income*	**(360 033)**	(168 737)	**(360 033)**	(168 737)
Operational costs received*	**(46 810)**	(18 875)	**(46 810)**	(18 875)
Recoveries*	**(178 317)**	(6 194)	**(178 317)**	(61 947)
Debtors' interest received*	**–**	(65)	**–**	(65)

30. Related party transactions (continued)

Related party transactions with:	Group 2014	Group 2013	Company 2014	Company 2013
Salger Investments Proprietary Limited	**(458 569)**	(258 222)	**(458 569)**	(258 222)
Rental income*	**(252 960)**	(177 300)	**(252 960)**	(177 300)
Operational costs received*	**(37 778)**	(26 730)	**(37 778)**	(26 730)
Recoveries*	**(67 400)**	(37 151)	**(67 400)**	(37 151)
Debtors' interest received*	**(100 431)**	(17 041)	**(100 431)**	(17 041)
Elma Park 195 Body Corporate				
Share block levies	**3 957 013**	2 690 297	**–**	–
	3 957 013	2 690 297	**–**	–
Profit distribution from controlled trust	**–**	–	**(42 375 272)**	(38 115 554)
Orion Property Holdings Trust	**–**	–	**(42 375 272)**	(38 115 554)

* 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 R39 773 961 (2013: R38 115 554) 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, less net 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)

Figures in Rand The gearing ratios at 30 June 2014 and 2013, respectively were as follows:	Note	Group 2014	Group 2013	Company 2014	Company 2013
Borrowings	11	**185 173 669**	203 838 910	**14 940 254**	10 757 960
Linked units – debenture portion	10	**54 974 397**	54 438 419	**55 632 580**	55 096 602
Loans from shareholders	14	**–**	–	**–**	–
Loans from directors	15	**18 508**	18 508	**–**	–
Loans from related parties	12	**435 360**	1 688 810	**435 360**	2 126 241
Loans from group companies	13	**–**	–	**6 603 051**	39 754
Add: Bank overdrafts	8	**4 578 479**	2 457 470	**3 544 629**	2 013 045
Less: Cash and cash equivalents	8	**(774 188)**	(4 187 424)	**(753 991)**	(4 151 587)
Net debt		**244 406 225**	258 254 693	**80 401 883**	65 882 015
Total equity		**453 653 349**	418 833 093	**351 316 373**	326 794 977
Total capital		**698 059 574**	677 087 786	**431 718 256**	392 676 992
Gearing ratio		**35,01%**	38,14%	**18,62%**	16,78%

The decrease in the gearing ratio for the group during 2014 was mostly as a result of the reduction in mortgage bonds due to properties sold. Management is investigating options to increase the gearing ratio in line with group strategy.

Financial risk management

The group and company's activities expose it to a variety of financial risks: market risk (fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk.
There was no change to the entities' exposure to these risks, or group's objectives, policies and processes for managing these risks from the previous periods.
The group is not exposed to foreign exchange risk.

31. Risk management (continued)

Liquidity risk

Liquidity risk is the risk that the group and the company will not be able to meet its financial obligations as they fall due. The group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash to meet its liabilities when due, without incurring unacceptable losses or risking damage to the group's reputation.

Group management has considered the cash flow forecast for the next 12 months, the five-year operational income forecast and other planned potential developments in the short and medium term. Based on this, they remain satisfied with the group's liquidity position. The other planned potential developments are the re-financing of certain bonds to 50% of fair value, planned repayment by related parties of debt and the sale of properties.

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.

Group

At 30 June 2014	Less than 1 year	Between 1 and 5 years	Over 5 years
Linked units – debenture portion	**–**	**–**	**54 974 397**
Borrowings	**34 501 035**	**202 995 752**	**–**
Loans from directors	**18 508**	**–**	**–**
Loans from related parties	**435 360**	**–**	**–**
Trade and other payables	**38 386 691**	**–**	**–**
Surety in respect of subsidiary mortgage bonds	**1 453 463**	**6 946 537**	**–**
	74 795 057	**209 942 289**	**54 974 397**

Borrowings due within six months are R2 800 126.

At 30 June 2013	Less than 1 year	Between 1 and 5 years	Over 5 years
Linked units – debenture portion	–	–	54 438 419
Borrowings	46 950 596	207 533 901	188 721
Loans from directors	18 508	–	–
Loans from related parties	2 126 356	–	–
Trade and other payables	30 035 800	–	–
Surety in respect of subsidiary mortgage bonds	8 400 000	–	–
	87 531 260	**207 533 901**	**54 627 140**

Borrowings due within six months are R19 699 302.

31. Risk management (continued)

Company

At 30 June 2014	Less than 1 year	Between 1 and 5 years	Over 5 years
Linked units – debenture portion	**–**	**–**	**55 632 580**
Borrowings	**3 386 121**	**15 221 643**	**–**
Loans from related parties	**435 360**	**–**	**–**
Trade and other payables	**2 691 096**	**–**	**–**
Surety in respect of subsidiary mortgage bonds	**1 453 463**	**6 946 537**	
	7 966 040	**15 221 643**	**55 632 580**

At 30 June 2013	Less than 1 year	Between 1 and 5 years	Over 5 years
Linked units – debenture portion	–	–	55 096 602
Borrowings	2 335 179	10 941 240	–
Loans from shareholders	–	–	–
Loans from related parties	2 126 241	–	–
Trade and other payables	1 882 072	–	–
Surety in respect of subsidiary mortgage bonds	8 400 000		
	14 743 492	**10 941 240**	**55 096 602**

Interest rate risk

The group and company's interest rate risk arises from long-term borrowings, long-term debtors and cash and cash equivalents. 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 does 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)

Based on the simulations performed, the impact on post-tax profit would be:	Group 2014	Group 2013	Company 2014	Company 2013
Decrease				
A decrease of 1% (2013: 2%) in prime interest rate	**(1 043 016)**	(2 564 141)	**(107 570)**	(152 377)
Increase				
An increase of 1% (2013: 2%) in prime interest rate	**1 043 016**	2 564 141	**107 570**	152 377

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	Variable	14 959 234	20 007 034	–
Loans from directors		(18 508)	–	–
Linked units – debenture portion	Variable	–	–	(54 974 397)
Borrowings	8,00%	(2 532 530)	(10 394 084)	–
Borrowings	14,43%	(1 258 826)	–	–
Borrowings	9,00%	(1 494 985)	(27 558 592)	–
Borrowings	8,50%	(8 031 385)	(94 278 583)	–
Borrowings	8,75%	(3 952 297)	(34 189 568)	–
Borrowings	10,00%	(62 337)	(252 488)	–
Borrowings	11,00%	(78 670)	(200 427)	–
Borrowings	25,00%	(540 158)	(348 742)	–

31. Risk management (continued)

Company

Financial instrument	Current interest rate	Less than 1 year	Between 1 and 5 years	Over 5 years
Accounts receivable	Variable	860 107	–	–
Linked units – debenture portion	Variable	–	–	(55 632 580)
Borrowings	8,00%	(1 638 577)	(7 261 592)	–
Borrowings	9,00%	(333 133)	(5 124 597)	–
Borrowings	8,75%	(91 813)	–	–
Borrowings	10,00%	(62 337)	(252 488)	–
Borrowings	11,00%	(46 940)	(97 799)	–

Credit risk

Credit risk is managed on a group basis. Credit risk consists mainly of cash deposits and cash equivalents as well as trade receivables and loans to related parties.

The group and company only deposit cash with major banks and limit exposure to any one counterparty.

Trade receivables comprise a widespread customer base except for those with related parties. 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 credit exposure due to trade receivables:	**Group**		**Company**	
	2014	2013	**2014**	2013
Trade receivables	**36 862 254**	33 944 985	**280 534**	1 466 382
Less: Provision for impairment of trade receivables	**(4 589 082)**	(1 865 594)	**–**	–
Less: Tenant deposits held	**(6 563 381)**	(6 371 863)	**(127 357)**	(140 622)
	25 709 791	25 707 528	**153 177**	1 325 760

32. Financial instruments by category

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

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

	Group		Company	
	2014	2013	**2014**	2013
Financial assets	**Loans and receivables**	Loans and receivables	**Loans and receivables**	Loans and receivables
Loans to related parties	**14 508 175**	5 740 324	**14 453 207**	5 712 023
Loans to directors	**160 071**	–	**160 071**	–
Loans to group companies	**–**	–	**416 665 110**	392 070 665
Trade and other receivables	**31 909 909**	32 125 256	**358 349**	1 507 087
Cash and cash equivalents	**774 188**	4 187 424	**753 991**	4 151 587
	47 352 343	42 053 004	**432 390 728**	403 441 362

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	**54 974 397**	54 438 419	**55 632 580**	55 096 602
Borrowings – long-term portion	**167 250 231**	169 992 645	**12 767 221**	9 203 880
Loans from shareholders	**–**	–	**–**	–
Loans from directors	**18 508**	18 508	**160 071**	–
Loans from related parties	**435 360**	2 126 356	**435 360**	2 126 241
Loans from group companies	**–**	–	**6 603 051**	39 754
Trade and other payables	**38 386 688**	30 035 800	**2 691 096**	1 882 072
Bank overdraft	**4 578 479**	2 457 470	**3 544 629**	2 013 045
Borrowings – short-term portion	**17 923 438**	33 846 265	**2 173 033**	1 554 080
	283 567 101	292 915 463	**84 007 041**	71 915 674

33. Profit distribution from controlled 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 2014

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	376	64,49	212 905	0,03
1 001 – 10 000 shares	105	18,01	441 355	0,07
10 001 – 100 000 shares	62	10,63	2 734 428	0,43
100 001 – 1 000 000 shares	28	4,80	12 344 321	1,96
1 000 001 shares and over	12	2,06	614 965 679	97,51
	583	**100,00**	**630 698 688**	**100,00**
Distribution of linked unit holders				
Banks or nominees	5	0,86	565 512	0,09
Individuals	530	90,91	26 849 979	4,33
Investment trust	22	3,77	588 966 613	93,37
Share trusts	1	0,17	1 705 000	0,27
Other companies	25	4,29	12 611 584	1,94
	583	**100,00**	**630 698 688**	**100,00**
Public/non-public spread				
Non-public	**19**	**3,26**	**595 220 014**	**94,37**
Directors and associates	18	3,09	593 515 014	94,10
Share trust	1	0,17	1 705 000	0,27
Public	**564**	**96,74**	**35 478 674**	**5,63**
	583	**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 2014 (continued)

Non-public holdings: Directors' interest in linked units

The interests of directors in the issued share capital of the company were as follows:	Number of linked units			
	Direct beneficial	Indirect beneficial	Total	Percentage of issued linked units capital
2014				
Managing director				
F Gmeiner	**2 321 188**	**588 737 355**	**591 058 543**	**93,71%**
Non-executive director				
AC Gmeiner	**2 056 471**	**–**	**2 056 471**	**0,33%**
Non-executive chairman of the board				
RS Wilkinson	**250 000**	**–**	**250 000**	**0,04%**
Non-executive directors				
FM Viruly	**50 000**	**–**	**50 000**	**0,01%**
	4 677 659	**588 737 355**	**593 415 014**	**94,09%**
2013				
Managing director				
F Gmeiner	2 216 189	588 737 355	590 953 544	93,70%
Non-executive director				
AC Gmeiner	2 056 471	–	2 056 471	0,33%
Non-executive chairman of the board				
RS Wilkinson	250 000	–	250 000	0,04%
Non-executive directors				
FM Viruly	50 000	–	50 000	0,01%
	4 572 660	**588 737 355**	**593 310 015**	**94,09%**

NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of members of ORION REAL ESTATE LIMITED will be held in the boardroom, 16th floor, Orion House, 49 Jorissen Street, Braamfontein, Johannesburg on MONDAY, 24 NOVEMBER 2014 at 10:00 for the purposes of considering and, if deemed fit, passing with or without modification, the resolutions set out below:

1. **Ordinary resolution number one (Auditor's report)**
   To resolve that the auditor's 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 2014, together with the reports of the directors and auditors.
3. **Ordinary resolution number three (Re-election of non-executive director: Dr AC Gmeiner):**
   To re-appoint Dr AC Gmeiner, who retires by rotation but, being eligible, offers herself for re-appointment.

   Dr Antoinette Gmeiner is the chief executive officer of Orion Business Solutions, and also a director of OBS Coach House. She completed her doctorate in Nursing Science in 1993 at Rand Afrikaans University. She is a Master Executive Coach and has extensive coaching experience on executive committee and board level. She has been coaching for more than 14 years and has established an internal Coaching Programme for the Orion Group.
4. **Ordinary resolution number four (Re-election of non-executive director: Mr RS Wilkinson**
   To re-appoint Mr RS Wilkinson, who retires by rotation but, being eligible, offers himself for re-appointment.

   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 non-governmental organisational sector. He retired in 1991 as Executive Director of Rennies Group Limited having served the enterprise for 35 years.
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 2014 to 30 June 2015, as follows:

			Payable
Board meetings	Chairman Director	15 180 6 820	Each meeting Each meeting
All other meetings*	Chairman Director	Nil Nil	Nil Nil

   In order for special resolution number one to be passed, the support of at least 75% (seventy-five per cent) of the voting rights exercised on the resolution by shareholders present in person, or represented by proxy, at the Annual General Meeting is required.
6. **Special resolution number two (Financial assistance in terms of section 45 of the Companies Act)**
   "RESOLVED THAT, in accordance with section 45 of 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, 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% (seventy-five per cent) of the votes exercised on the resolution.

In order for special resolution number two to be passed the support of at least 75% (seventy-five per cent) of the voting rights exercised on the resolution by shareholders present in person, or represented by proxy, at the Annual General Meeting is required.

7. **Ordinary resolution number five (Appointment of auditor)**
Subject to the audit committee being satisfied as to the auditor's independence, to appoint Mazars Inc. as the auditors for the current financial year, ending 30 June 2015. The responsible audit partner is Mr M Fisher.

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

8. **Ordinary resolutions numbers six, seven and 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 MDK Mthembu

8.2 Ordinary resolution number seven
MR RS Wilkinson

8.3 Ordinary resolution number eight
PROFESSOR FM Viruly

9. **Ordinary resolution number nine (Non-binding shareholders' vote in favour of the company's remuneration policy)**
To consider and, if considered appropriate, to approve the non-binding shareholders' resolution contained on page 104 of the Annual Report.

10. **Ordinary resolution number ten (Authority to issue shares) Not applicable to issues of shares for cash**
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 the 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% (fifteen per cent) of the company's issued share capital at the time that this authority is given.

The aforementioned resolution does not empower the directors to issue shares for cash.

NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

Quorum for all resolutions
The quorum for all resolutions is sufficient persons being present to exercise, in aggregate, at least 25% (twenty-five per cent) of all of the voting rights, subject to three shareholders being present at the meeting.

Record date
The record date for the purpose of determining which shareholders of the company are entitled to receive notice of this Annual General Meeting is Friday, 17 October 2014 and the record date for purposes of determining which shareholders of the

company are entitled to participate in and vote at the Annual General Meeting is Friday, 21 November 2014. Accordingly, only shareholders who are registered in the register of members of the company on Friday, 14 November 2014 will be entitled to participate in and vote at the Annual General Meeting.

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 below, 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 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 may appoint a proxy (or more than one proxy) to attend, participate in and vote at the Annual General Meeting in the place of the relevant shareholder;
- a proxy holder need not also be a shareholder of the company; and
- 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 not less than 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 either of the below addresses by not later 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
15 October 2014

FORM OF PROXY

ORION REAL ESTATE LIMITED
(Incorporated in the Republic of South Africa) ("the company")
Registration Number 1997/021085/06 ISIN: ZAE 000075651 JSE Code: ORE

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 MONDAY, 24 NOVEMBER 2014 AT 10:00

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 Monday, 24 November 2014 at 10:00 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: Auditor's report			
2. Ordinary resolution number two: Adoption of annual financial statements			
3. Ordinary resolution number three: Re-election of director: DR AC Gmeiner			
4. Ordinary resolution number four: Re-election of director: MR RS Wilkinson			
5. Special resolution number one: Remuneration of non-executive directors			
6. Special resolution number two: financial assistance in terms of section 45 of the Companies Act			

	For	Against	Abstain
7. Ordinary resolution number five: Appointment of auditor			
8. Ordinary resolution numbers six to eight: By separate resolutions, to appoint the following members to the audit committee			
8.1. Ordinary resolution number six: MR MDK Mthembu			
8.2. Ordinary resolution number seven: MR RS Wilkinson			
8.3 Ordinary resolution number eight: Professor FM Viruly			
9. Ordinary resolution number nine: Non-binding shareholders' vote in favour of the company's remuneration policy			
10. Ordinary resolution number ten: Authority to issue shares. Not applicable to issues of shares for cash			

Signed at ____________________on ____________________2014

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 Annual General Meeting will be entitled to act as proxy to the exclusion of those whose names follow.

3. A member’s instructions to the proxy holder 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 proxy holder, to vote in favour of the resolutions, or any other proxy to vote or to abstain from voting at the Annual 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 by not less than 48 (forty eight) hours before the time appointed for holding the Annual General Meeting.

6. The completion and lodging of this form of proxy will not preclude the relevant member from attending the Annual General Meeting and speaking and voting in person thereat to the exclusion of any proxy holder 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

   HAND DELIVERIES:
   Ground floor, 70 Marshall Street, Johannesburg. 2000

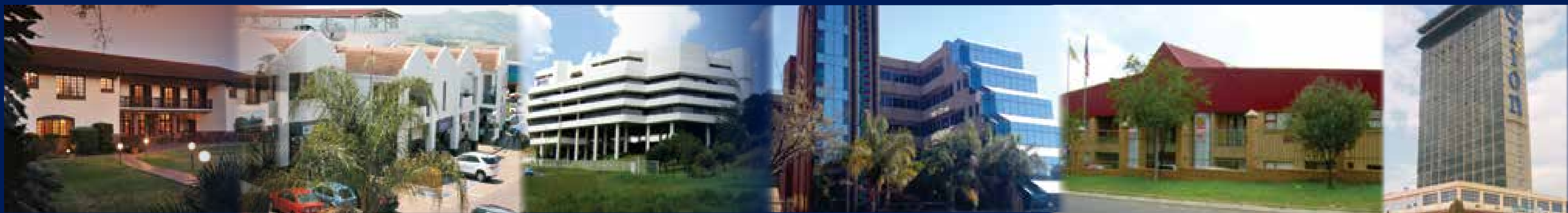
   OR POSTAL DELIVERIES:
   PO Box 61051
   Marshalltown, 2107

   by not later than 48 hours before the Annual General 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 Annual General 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