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Effective date:

- a) Audits and reviews of financial statements for periods beginning on or after 15 December 2022;
and
- b) Other assurance and related services engagements beginning on or after 15 December 2022.



Guide for Registered Auditors

**Reporting Responsibilities of the Reporting Accountant
Relating to Property Entities in terms of the JSE
Listings Requirements**

Independent Regulatory Board for Auditors

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This *Guide for Registered Auditors: Reporting Responsibilities of the Reporting Accountant Relating to Property Entities in terms of the JSE Listings Requirements* was prepared by the Independent Regulatory Board for Auditors' (IRBA) Committee for Auditing Standards (CFAS) and was approved for issue in November 2015.

Its purpose is to provide guidance to a JSE-accredited reporting accountant (a reporting accountant) in the implementation of:

- The International Standard on Assurance Engagements (ISAE) 3400, *The Examination of Prospective Financial Information*, when engaged to report on an entity's forecast statement of profit or loss and other comprehensive income as well as the vacancy and lease expiry profile of the property portfolio as a whole (forecast information). This information is prepared in terms of paragraphs 13.12-13.14 and 13.18(d) and (e) of the JSE Limited Listings Requirements (LR) and reported on in terms of paragraph 13.15 of the LR; and/or
- The International Standard on Review Engagements (ISRE) 2400 (Revised), *Engagements to Review Historical Financial Statements*, or the ISRE 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, when engaged to report on the assets and/or liabilities acquired by the applicant issuer in terms of the transaction reflected in the adjustment column of an entity's pro forma statement of financial position. This information is prepared in terms of paragraph 13.16 of the LR and reported on in terms of paragraph 13.16(e) of the LR.

Updated in November 2019 for Alignment to the IRBA Code of Professional Conduct (Revised November 2018)

This *Guide for Registered Auditors: Reporting Responsibilities of the Reporting Accountant Relating to Property Entities in terms of the JSE Listings Requirements* has been updated to align with the *IRBA Code of Professional Conduct for Registered Auditors (Revised November 2018)*, which became effective from 15 June 2019.

A free download of the *Guide for Registered Auditors: Reporting Responsibilities of the Reporting Accountant Relating to Property Entities in terms of the JSE Listings Requirements* is available in both Word and PDF formats from the [IRBA website](#).

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This is a guide for JSE-accredited reporting accountants to assist them with implementing the requirements of the relevant international standards. It's also aimed at helping them meet the additional regulatory JSE Listings Requirements that relate to listed entities that carry out certain property-related transactions.

Guides are developed and issued by the IRBA to provide guidance to auditors in meeting specific legislative requirements imposed by a Regulator. Guides do not impose requirements on auditors beyond those included in the International or South African Standard/s or South African regulatory requirements and do not change an auditor's responsibility to comply, in all material respects, with the requirements of the International or South African Standards or with South African regulatory requirements relevant to the audit, review, other assurance services or related services engagement.

An auditor is required to have an understanding of the entire text of every Guide to enable the auditor to assess whether or not any particular Guide is relevant to an engagement, and if so, to enable the auditor to apply the requirements of the particular International or South African Standard/s to which the Guide relates, properly.

In terms of section 1 of the Auditing Profession Act, No 26 of 2005 (the Act), a Guide is included in the definition of "auditing pronouncements" and in terms of the Act, the auditor must, in the performance of an audit, comply with those standards, practice statements, guidelines and circulars developed, adopted, issued or prescribed by the Regulatory Board.

Introduction

Scope of the Guide

1. The purpose of this Guide is to provide guidance to a JSE-accredited reporting accountant¹ (a reporting accountant) in the implementation of:
 - The International Standard on Assurance Engagements (ISAE) 3400, *The Examination of Prospective Financial Information*, (ISAE 3400)² when engaged to report on an entity's forecast statement of profit or loss and other comprehensive income³ as well as the vacancy and lease expiry profile of the property portfolio as a whole (forecast information). This information is prepared in terms of paragraphs 13.12-13.14 and 13.18(d) and (e) of the JSE Limited Listings Requirements (LR) and reported on in terms of paragraph 13.15 of the LR; and/or
 - The International Standard on Review Engagements (ISRE) 2400 (Revised), *Engagements to Review Historical Financial Statements*,⁴ (ISRE 2400 (Revised)) or the ISRE 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*,⁵ (ISRE 2410) when engaged to report on the assets and/or liabilities acquired by the applicant issuer in terms of the transaction reflected in the adjustment column of an entity's pro forma statement of financial position. This information is prepared in terms of paragraph 13.16 of the LR and reported on in terms of paragraph 13.16(e) of the LR.
2. This Guide does not override ISAE 3400, ISRE 2400 (Revised) or ISRE 2410, nor does it purport to deal with all considerations that may be relevant in the circumstances of such engagements. The reporting accountant is required to comply with ISAE 3400, ISRE 2400 (Revised) and/or ISRE 2410, respectively, in the performance of the assurance engagement and the preparation of the related reporting accountant's reports on an entity's forecast information and/or

¹ LR, Section 22 sets out the requirements for registered auditors and their audit firms to be accredited by the JSE. Only a JSE-accredited reporting accountant may be appointed as the reporting accountant of an applicant issuer listed on the JSE Limited.

² ISAE 3000 (Revised) *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* (ISAE 3000 (Revised)), paragraph 5: ISAE 3000 (Revised) covers assurance engagements other than audits or reviews of historical financial information. ISAE 3000 (Revised) applies in addition to ISAE 3400 (subject-matter specific ISAE).

³ The LR refer to the statement of profit or loss and other comprehensive income as "the statement of comprehensive income" as permitted by IAS 1, paragraph 10.

⁴ ISRE 2400 (Revised), paragraph 3: This ISRE is to be applied, adapted as necessary, to reviews of other historical financial information.

⁵ When the reporting accountant is the auditor of the entity whose assets and liabilities are being acquired, ISRE 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, would equally apply whenever ISRE 2400 (Revised) is referred to throughout this Guide.

adjustments as reflected in the adjustments column of the pro forma statement of financial position.

3. The LR govern the preparation and publication of forecast information and the adjustments as reflected in the adjustment column of the pro forma statements of financial position by property entities regulated by the JSE. The LR also specify what assurance engagement is required to be performed and prescribes certain additional specific procedures to be performed by the entity's reporting accountant on the forecast information⁶. Refer to paragraph 13.15(b) of the LR for a list of additional specific procedures relating to rental revenue that the reporting accountant must perform and report on when engaged to report on forecast information in terms of paragraph 13.15 of the LR.
4. This Guide provides guidance on how to report on the additional specific procedures referred to in paragraph 3 above.
5. If the transaction involves the acquisition of assets and/or liabilities, the reporting accountant is required to issue a separate assurance report on the adjustment column in terms of paragraph 13.16(e) of the LR, as set out in paragraph 1 above. However, if the transaction involves the acquisition of a company or a business, then paragraph 13.16(a) of the LR also requires the source of those adjustments reflected in the adjustment column in the pro forma statement of financial position to be audited, but this Guide does not deal with such situations. To illustrate the differences between the acquisition of assets and/or liabilities and the acquisition of a company or a business in a pro forma consolidated statement of financial position, appendix 4 deals with two illustrative scenarios. This Guide, however, does not deal with situations where the reporting accountant reports on the pro forma statement of financial position as a whole, as required by paragraph 13.16(f) of the LR. This engagement is performed in terms of ISAE 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* (ISAE 3420).
6. This Guide provides an appendix that summarises a reporting accountant's reporting responsibilities in terms of the LR.
7. It has an appendix containing, for consideration, example assurance engagement risks and a reporting accountant's possible responses to these risks when he/she is engaged to report on forecast information in terms of paragraph 13.15 of the LR.
8. This Guide provides illustrative reporting accountant's reports for when he/she is reporting on an entity's forecast information and/or adjustments as reflected in the adjustment column of the pro forma statement of financial position in terms of Section 13 of the LR.
9. The Appendices are as follows:

⁶ LR, paragraphs 13.15(b) and 13.16(e)

- Appendix 1: A reporting accountant's reporting responsibilities in terms of the LR;
- Appendix 2: Example assurance engagement risks and possible responses to the assurance engagement risks pertaining to a property entity's forecast information in terms of paragraph 13.15 of the LR;
- Appendix 3: Illustrative reporting accountant's reports; and
- Appendix 4: Illustration of an acquisition by a property entity.

Users of the reporting accountant's reports

10. The users of the reporting accountant's reports on an entity's forecast information and adjustments, as reflected in the adjustment column of the pro forma statement of financial position, include the following:

- The JSE, which would ordinarily use the financial information and the reporting accountant's reports to evaluate whether the entity has:
 - Complied with paragraphs 13.12-13.16 and 13.18(d) and (e) of the LR as they relate to the forecast information;
 - Complied with paragraph 13.16 of the LR as it relates to the pro forma financial information (adjustments as reflected in the adjustments column of the pro forma statement of financial position);
 - Met the listings criteria for a new applicant, in terms of paragraphs 4.28(a) and 4.28(c) or 13.3(a) (for listing on the Main Board) or 21.3(b) and 13.13(t) (for listing on the AltX) of the LR; and
 - Met the listing criteria for an applicant issuer that is a property entity to receive a REIT status from the JSE, in terms of paragraphs 13.46(b), (d) and (e) of the LR.
- The directors of the entity who would ordinarily use the reporting accountant's reports to ensure that the entity has complied with Section 13 of the LR.
- Investors who would ordinarily use the reporting accountant's reports to make informed investment decisions.
- Financial institutions that would ordinarily use the reporting accountant's reports to make informed lending decisions.

Effective date

11. This Guide is effective for engagements commencing on or after 1 March 2016. Early adoption is encouraged.

Definitions

12. For purposes of this Guide, the terms below have the following meanings attributed to them:
- a) Applicant or applicant issuer: An issuer, or an issuer of specialist securities, or a new applicant⁷.
 - b) Circular: Any document issued to holders of listed securities by an issuer of securities, including notices of meetings, but excluding annual financial statements, interim reports, provisional reports, proxy forms and dividend or interest notices⁸.
 - c) Company: A company as defined in the Companies Act, South Africa⁹.
 - d) Criteria: The benchmarks used to measure or evaluate the underlying subject matter. The “applicable criteria” are those used for the particular engagement¹⁰.
 - e) Forecast information: Forecast statement of profit or loss and other comprehensive income as well as the vacancy and lease expiry profile of the property portfolio as a whole.
 - f) IFRS: International Financial Reporting Standards.
 - g) Issuer: Any company, excluding an issuer of specialist securities, any class of whose securities has been admitted to the List¹¹.
 - h) LR: The JSE Limited Listings Requirements, as amended from time to time by the JSE Limited.
 - i) New applicant: An applicant, no class of whose securities is already listed¹².
 - j) Property: Includes immovable freehold or leasehold property¹³.
 - k) Property entity: An applicant entity that falls within the ambit of Section 13 of the LR.
 - l) Real Estate Investment Trust (REIT): An applicant issuer which receives REIT status in terms of the LR¹⁴.
 - m) Reporting accountant: An audit firm, registered with the IRBA and accredited as an audit firm and a reporting accountant on the JSE list of auditors and

⁷ LR, definitions

⁸ LR, definitions

⁹ Companies Act, No.71 of 2008

¹⁰ ISAE 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, paragraph 12(c)

¹¹ LR, definitions

¹² LR, definitions

¹³ LR, paragraph 13.1(s)

¹⁴ LR, paragraph 13.1(x)

their advisers and the individual accredited partner, responsible for preparing the work and issuing the reporting accountant's report, as described in paragraph 8.45 of the LR¹⁵.

Applied criteria

Forecast information

13. The LR require financial information contained in a property entity's forecast information to be prepared in accordance with paragraphs 13.12-13.14.
14. Reference in the reporting accountant's reports to the applied criteria is "as set out in Note X to the forecast information in accordance with paragraphs 13.12-13.14 of the JSE Limited Listings Requirements (JSE Limited Listings Requirements for forecast information)".

Adjustments to the pro forma statement of financial position

15. The LR require financial information contained in a property entity's pro forma statement of financial position, including the adjustment column, to be prepared in accordance with paragraph 13.16.
16. Reference in the reporting accountant's reports to the applied criteria is "in accordance with paragraph 13.16(a)-(d) of the JSE Limited Listings Requirements (the JSE Limited Listings Requirements for the adjustment column of the pro forma statement of financial position), as set out in Note X to the pro forma statement of financial position".

Subject matter: Adjustment column in the pro forma statement of financial position – historical financial information

17. The adjustment column of the pro forma statement of financial position must be extracted from the underlying results of the subject matter, in terms of paragraph 13.16(a) of the LR. Appendix 4 is included for illustrative purposes to differentiate between the acquisition of assets and/or liabilities and the acquisition of a company or a business in a pro forma consolidated statement of financial position.
18. The information reflected in the "adjustment column of the pro forma statement of financial position" represents the assets and/or liabilities that will be acquired by the property entity from a third party. In terms of paragraph 13.16(e) of the LR, the reporting accountant is required to issue a review conclusion regarding the assets and/or liabilities being acquired, as reflected in the adjustment column of the pro forma statement of financial position. The review conclusion is required to indicate that the reporting accountant has no reason to believe the assets and liabilities are

¹⁵ LR, definitions

not prepared, in all material respects, in accordance with the accounting policies adopted by the issuer and the recognition and measurement criteria of IFRS and includes the relevant IFRS disclosures, which will be set out in the note to the pro forma statement of financial position.

19. The Glossary of Terms relating to the International Auditing and Assurance Standards Board's (IAASB) *Handbook of International Quality Management, Auditing, Review, Other Assurance, and Related Services Pronouncements* (as updated) provides a definition of "historical financial information" as follows:

"Information expressed in financial terms in relation to a particular entity, derived primarily from that entity's accounting system, about economic events occurring in past time periods or about economic conditions or circumstances at points in time in the past".

20. Based on the description provided in paragraph 18 above, the information pertaining to the assets and/or liabilities being acquired represents historical financial information as follows:

- The assets and/or liabilities being acquired are presented in financial terms, i.e. rand amounts.
- The assets and/or liabilities being acquired relate to a specific entity and are derived primarily from the accounting records of that entity.
- The assets and/or liabilities exist and are measured based on information available on the date of the pre-listing statement/prospectus/listings particulars/circular. The information relates to economic events that have occurred in the past, even though the measurement of the assets and/or liabilities may be based on forecast assumptions, e.g. growth rates and discount rates.

Materiality

21. The reporting accountant's determination of materiality is a matter of professional judgement, and is affected by his/her perception of the needs of the intended users and the requirements of the LR. The principles of ISAE 3400, ISRE 2400 (Revised) and ISRE 2410 should be applied to the different elements of the engagement for the reporting accountant's report.

Designing and performing procedures

22. The nature, timing and extent of procedures performed by the reporting accountant in an assurance engagement are determined by his/her professional judgement based on his/her assessment of assurance engagement risk.

23. When the entity holds an off-shore property portfolio(s), the nature, timing and extent of procedures performed by the reporting accountant may be required to be adjusted in order to respond to additional assurance engagement risks relating to, for example, foreign tax and ownership rules as well as the effect of foreign currency exchange. This Guide does not deal with such situations.

Forecast information

24. Procedures related to the forecast information need to be determined and performed by the reporting accountant to enable him/her to:
- Conclude that nothing has come to his/her attention that causes him/her to believe that the applicant issuer's assumptions do not provide a reasonable basis for the preparation and presentation of the forecast information (limited assurance); and
 - Provide an opinion that such forecast information is prepared and presented, in all material respects, on the basis of those assumptions and in accordance with the requirements of the LR for forecast information (reasonable assurance).
25. The reporting accountant is required to exercise professional judgement in the application of ISAE 3400 in determining what procedures may be considered necessary pertaining to the financial information.
26. Appendix 2 contains, for consideration, example assurance engagement risks and a reporting accountant's possible responses to these risks when he/she is engaged to report on forecast information in terms of paragraph 13.15 of the LR. The risks that have been identified in the appendix are typically present in an engagement to report on forecast information in terms of paragraph 13.15 of the LR and the reporting accountant is required to exercise professional judgement in the circumstances of the engagement to adapt the example risks and responses to the identified assessed risks as necessary.

Adjustments to the pro forma statement of financial position

27. Procedures relating to the assets and/or liabilities acquired by the applicant issuer in terms of the transaction and reflected in the adjustment column of the pro forma statement of financial position, are required to be determined and performed by the reporting accountant. This is to enable him/her to conclude that nothing has come to his/her attention that causes him/her to believe that the financial information is not prepared, in all material respects, in accordance with the LR for the adjustment column of the pro forma statement of financial position, as set out in a note to the pro forma statement of financial position.

28. The reporting accountant is required to exercise professional judgement in the application of ISRE 2400 (Revised) or ISRE 2410 in determining what procedures may be considered necessary pertaining to the adjustments reflected in the adjustment column of the pro forma statement of financial position.

Written representations

29. The reporting accountant is required to obtain written representation from the directors of the applicant issuer confirming that they have fulfilled their responsibility for the preparation and presentation of the forecast information and/or the preparation of the adjustments reflected in the adjustment column of the pro forma statement of financial position and for the completeness and accuracy of the information provided to the reporting accountant¹⁶.

The reporting accountant's report

Content of the reporting accountant's report

30. Paragraph 8.51 of the LR sets out the basic elements that should be included in the reporting accountant's report.

Modified reporting accountant's reports

31. The applicant issuer is advised to approach the JSE, through its sponsor, to discuss the implications of any potential modified reporting accountant report that might be included on its circular. This, however, has to be done prior to the circular's submission to the JSE as it is common practice for the JSE not to accept a circular from an applicant issuer when the reporting accountant has issued a modified report.
32. Once the matter has been resolved with the JSE, the reporting accountant should consider the impact thereof on the engagement (including the impact on the applied criteria) and on the reporting accountant's report.

Report on other legal and regulatory requirements when reporting on the forecast information

33. The LR include additional specific procedures relating to rental revenue that the reporting accountant must perform and report on when engaged to report on forecast information in terms of paragraph 13.15 of the LR.
34. The JSE requires these additional specific procedures to be performed in addition to the reporting accountant's responsibility under ISAE 3400 to report on the

¹⁶ ISRE 2400 (Revised), paragraphs 61-64, ISRE 2410, paragraphs 34-35 and ISAE 3400, paragraph 25

identified property forecast information. The procedures are addressed in a separate section in the reporting accountant's report under the section subtitled Report on Other Legal and Regulatory Requirements, as illustrated in Appendix 3, Illustration 1. As a result, the reporting accountant is required to report any exception as these procedures do not form part of his/her engagement to express an opinion and/or a conclusion on the forecast information.

35. ISAE 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* (ISAE 3000 (Revised)), states that the ISAs and the ISREs have been written for audits and reviews of historical financial information, respectively, and do not apply to other assurance engagements. The ISAs and the ISREs may, however, provide guidance in relation to the engagement process, generally, for practitioners undertaking an assurance engagement in accordance with ISAE 3000 (Revised)¹⁷. As a result, the requirement for the reporting accountant to report on the additional specific procedures relating to rental revenue in a separate section subtitled Report on Other Legal and Regulatory Requirements in the reporting accountant's report described in paragraphs 33 and 34 above has been drawn from ISA 700¹⁸.
36. In the Report on Other Legal and Regulatory Requirements section of the reporting accountant's report as discussed in paragraph 35 above, the reporting accountant is required to report, based on the required additional procedures performed, whether he/she has detected any exceptions. If any exceptions are detected, the reporting accountant is required to describe these. In addition, the reporting accountant should determine the effect, if any, of these exceptions on his/her opinion and/or conclusion on the forecast information.
37. The applicant issuer is advised to approach the JSE, through its sponsor, to discuss the implications of any potential exceptions detected and reported in the Report on Other Legal and Regulatory Requirements section of the reporting accountant's report. This has to be done prior to the applicant issuer's circular submission to the JSE as it is common practice for the JSE not to accept a circular when the reporting accountant has reported any exceptions detected, as referred to in paragraph 36 above.
38. Once the matter has been resolved with the JSE, the reporting accountant is required to consider the impact thereof on the engagement (including the impact on the applied criteria) and on the reporting accountant's report.

Date of the reporting accountant's report

39. The date of the reporting accountant's report on forecast information and/or adjustments as reflected in the adjustment column of the pro forma statements of

¹⁷ ISAE 3000 (Revised), paragraph A22

¹⁸ Drawn from ISA 700, paragraphs 38-39 and A34-A36

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financial position should be dated on the same day that the directors authorise the issue of the prospectus, pre-listing statement, circular or announcement for formal submission to the JSE¹⁹.

¹⁹ LR, paragraph 8.52

Appendix 1

A reporting accountant's reporting responsibilities in terms of the LR

Financial information	LR reference	Reporting accountant's responsibility	Assurance required as per LR	Applicable reporting standard	Scope of this Guide
Forecast information	13.12	Report on an entity's forecast statement of profit or loss and other comprehensive income and the vacancy and lease expiry profile of the property portfolio as a whole	13.15	ISAE 3400	Within the scope of this Guide
Pro forma statement of financial position – assets and/or liabilities acquired in terms of the transaction (adjustment column)	13.16	Report on the assets and/or liabilities acquired by the applicant issuer in terms of the transaction reflected in the adjustment column of the pro forma statement of financial position	13.16(e)	ISRE 2400 (Revised) or ISRE 2410	Within the scope of this Guide
Report of historical financial information	13.4	(i) An audit opinion on financial information relating to the financial year immediately preceding the issue of the prospectus/pre-listing statement/circular; and/or (ii) either an audit opinion or a review conclusion on financial information relating to	8.48(a) and 13.16(f)	International Standards on Auditing or International Standards on Review Engagements as applicable for reporting	Not within the scope of this Guide

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Financial information	LR reference	Reporting accountant's responsibility	Assurance required as per LR	Applicable reporting standard	Scope of this Guide
		the financial years prior to the financial year immediately preceding the issue of the prospectus or circular; and/or (iii) a review conclusion on interim financial information		on historical financial information	
Pro forma statement of financial position – historical	13.16	Report on whether the pro forma financial information has been compiled, on the basis required by the LR	8.48(b) and 13.16(f)	ISAE 3420	Not within the scope of this Guide
Pro forma statement of financial position – acquisition of a business in terms of the transaction	13.16	If the subject matter is a company or a business, the underlying results must be audited	13.16(a)	International Standards on Auditing	Not within the scope of this Guide

Appendix 2

Example assurance engagement risks and possible responses to the assurance engagement risks pertaining to a property entity’s forecast information in terms of paragraph 13.15 of the LR

Note: The example assurance engagement risks and the reporting accountant’s responses to these assurance engagement risks are neither exhaustive nor the only appropriate ones. The reporting accountant exercises professional judgement in the circumstances of the engagement and adapts them as necessary for each engagement.

No	Example assurance engagement risk ²⁰	Possible responses to assurance engagement risk ²¹
	Forecast statement of profit or loss and other comprehensive income	
	<i>Forecast statement of profit or loss and other comprehensive income</i>	
1.	The forecast statement of profit or loss and other comprehensive income may not be arithmetically accurate.	Obtain the completed forecast statement of profit or loss and other comprehensive income, and test the arithmetical accuracy thereof.
	<i>Preparation of the forecast statement of profit or loss and other comprehensive income</i>	
2.	The forecast statement of profit or loss and other comprehensive income may not be prepared in accordance with paragraph 13.14 of the LR.	Obtain an understanding of how the forecast statement of profit or loss and other comprehensive income was prepared and: <ul style="list-style-type: none"> • Discuss any matters of principle with management;

²⁰ These are risks that have been identified as typically present in an engagement to report on forecast information in terms of paragraph 13.15 of the LR

²¹ The reporting accountant exercises professional judgement in the circumstances of the engagement and adapts the illustrated responses as necessary

No	Example assurance engagement risk ²⁰	Possible responses to assurance engagement risk ²¹
		<ul style="list-style-type: none"> • Consider whether it has been prepared in accordance with paragraph 13.14²² of the LR; and • Obtain explanations from management about any matters of non-compliance with the LR and consider the impact thereof on the assurance engagement.
<i>Application of accounting policies</i>		
3.	<p>The accounting policies used in the preparation of the forecast statement of profit or loss and other comprehensive income may not:</p> <ul style="list-style-type: none"> • Be in compliance with extant and/or future IFRS; • Agree with the policies disclosed; • Be applied appropriately; and/or • Be applied consistently. 	<p>Obtain an understanding of the accounting policies²³ applied and:</p> <ul style="list-style-type: none"> • Discuss any matters of principle with management; • Consider whether these comply with extant and/or future IFRS, as applicable; • Consider whether these agree with the accounting policies disclosed; • Consider whether these have been applied appropriately; • Consider whether these have been applied consistently and, if not, consider whether disclosure has been made of any changes in the accounting policies; and

²² Paragraph 13.14 of the LR provides requirements for the preparation of the forecast statement of profit or loss and other comprehensive income

²³ LR, paragraph 13.14(a)

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No	Example assurance engagement risk ²⁰	Possible responses to assurance engagement risk ²¹
		<ul style="list-style-type: none"> • Obtain explanations from management about any variances and consider the impact thereof on the assurance engagement.
	<i>Model review</i>	
4.	The forecast model used may not be appropriate and reliable.	Obtain an understanding of the forecast model used for rental revenue and expenses and consider whether it is appropriate and reliable.
5.	The forecast model used may not be applied consistently and/or mathematically accurate.	Perform a review of the forecast model used for rental revenue, recoveries and expenses to determine its consistency and mathematical accuracy.
	<i>Rental Revenue</i>	
6.	<ul style="list-style-type: none"> • The rental revenue amounts disclosed in the forecast statement of profit or loss and other comprehensive income may not agree with the aggregated rental revenue amounts contained in the underlying forecast rental revenue schedule(s); • The forecast rental revenue schedule(s) may not be arithmetically accurate; and/or • The disclosure split between contracted, near-contracted and uncontracted rental revenue disclosed in the forecast statement of profit or loss and other 	<p>Obtain the forecast rental revenue schedule(s) for the applicant issuer's property portfolio, and:</p> <ul style="list-style-type: none"> • Agree the aggregated rental revenue amounts per the schedule(s) with the amounts disclosed in the forecast statement of profit or loss and other comprehensive income; • Check the arithmetical accuracy of the schedule(s); and • Re-calculate the disclosure split contained in the forecast statement of profit or loss and other

No	Example assurance engagement risk ²⁰	Possible responses to assurance engagement risk ²¹
	comprehensive income may be inaccurate based on the information contained in the forecast rental revenue schedule(s).	comprehensive income between contracted, near-contracted and uncontracted rental revenue.
7.	The split between contracted, near-contracted and uncontracted rental revenue amounts disclosed in the forecast statement of profit or loss and other comprehensive income may be inaccurate based on the existence or non-existence of legally binding agreements.	<p>Obtain an understanding of any existing legally binding agreements that will expire during the forecast period under review and:</p> <ul style="list-style-type: none"> • Discuss the selected sample of legally binding agreements with management; • Determine that forecast rental revenue in respect of legally binding agreement(s) that expire during the forecast period has been correctly re-classified, with effect from the date of expiry of the legally binding agreement(s), from forecasted contracted rental revenue to either: <ul style="list-style-type: none"> ○ Near-contracted rental revenue in the case of legally binding agreements that have expired and are reasonably expected to be renewed, an expectation that takes into consideration the nature of the tenant, the location of the property, historical vacancy levels and relevant economic indicators; or ○ Uncontracted forecast revenue in all other cases;

No	Example assurance engagement risk ²⁰	Possible responses to assurance engagement risk ²¹
		<ul style="list-style-type: none"> • Determine that when a legally binding agreement(s) (in terms of which the forecast rental revenue has been included in contracted forecast rental revenue) is expiring during the forecast period under review and the existing tenant has indicated that they will vacate the premises, the forecast rental revenue has been correctly re-classified, with effect from the date of expiry of the legally binding agreement(s), from forecasted contracted rental revenue to either: <ul style="list-style-type: none"> ○ Near-contracted rental revenue, if a new tenant has been identified on or before the date of issuance of the reporting accountant’s report on the profit forecast and a legally binding agreement is in the process of being drafted (<i>consideration should be given as to whether the near-contracted forecast rental revenue should be adjusted to take into account the potential that the premises may be vacant for a time while being refurbished and also whether the proposed monthly rental is reasonable in comparison to other recent legally binding agreements for the same property with similar tenants</i>); or

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No	Example assurance engagement risk ²⁰	Possible responses to assurance engagement risk ²¹
		<ul style="list-style-type: none"> ○ Uncontracted forecast rental revenue if there is a reasonable expectation that a replacement tenant will be found within a reasonable period, based on the location or historical vacancy levels of the specific property (<i>consideration should be given as to whether the uncontracted forecast rental revenue should be adjusted to take into account the potential that the premises may be vacant for a time while being refurbished and also whether the proposed monthly rental is reasonable in comparison to other recent legally binding agreements for the same property with similar tenants</i>); ● Confirm that no forecast revenue has been included in the profit forecast in respect of existing vacant space unless a tenant has been identified and a legally binding agreement is being finalised or a warranty/guarantee has been agreed in respect of such premises; ● Compare the expiry dates of the legally binding agreements, per the profit forecast model, to the expiry dates, per the original legally binding agreements; and

No	Example assurance engagement risk ²⁰	Possible responses to assurance engagement risk ²¹
		<ul style="list-style-type: none"> • Compare the timing and quantum of movements out of contracted revenue to the movements into near-contracted and uncontracted revenue.
	<i>Contracted Rental Revenue</i>	
	Rental revenue (income producing properties)	
8.	<p>The forecast contracted rental revenue (for income producing properties) per the schedule(s) may be materially misstated as:</p> <ul style="list-style-type: none"> • Warranties/guarantees for rental revenue in respect of specific premises provided for in the purchase agreement(s) may not have been accounted for appropriately in calculating the contracted rental revenue in the schedule(s); • Details in the forecast contracted rental revenue schedule(s) may not agree with the underlying legally binding agreements; • Arithmetical errors may exist in the calculation of the forecast contracted rental revenue based on the terms stipulated in the underlying legally binding agreements; 	<p>Obtain the forecast contracted rental revenue schedule(s) for the applicant issuer’s property portfolio, select a sample of income producing properties that represents a combined total coverage of [70%²⁴] of the forecast contracted rental revenue, and:</p> <ul style="list-style-type: none"> • Examine the purchase agreement(s) to determine whether the seller has provided certain warranties/guarantees in respect of specific premises for rental revenue and confirm that: <ul style="list-style-type: none"> ○ These provisions have been taken into account in calculating the contracted rental revenue; and ○ The rental warranty/guarantee has been allocated to the correct premises, for the correct period(s) and at the correct rental amount per month;

²⁴ A combined sample coverage as required by the LR, paragraph 13.15(b)

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No	Example assurance engagement risk ²⁰	Possible responses to assurance engagement risk ²¹
	<ul style="list-style-type: none"> • The forecast recoveries from contracted rental revenue included in the schedule(s) may be unreasonable compared to historical recoveries of the property (or similar properties in the rental portfolio) and/or market average recoveries; and/or • The forecast contracted rental revenue earned from profit warranties provided by the seller may not agree with the relevant purchase agreement. 	<ul style="list-style-type: none"> • Agree the forecast contracted rental revenue to the underlying legally binding agreements; • Recalculate and agree the forecast contracted rental revenue as stipulated in the underlying legally binding agreements; • Compare the forecast recoveries from contracted rental revenue to historical recoveries (or to historical recoveries from similar properties in the rental portfolio) and/or market average recoveries and consider whether the forecasted recoveries are reasonable; • Agree the forecast contracted rental revenue earned from profit warranties provided by the seller with the relevant purchase agreement; and • Obtain explanations from management about any variances and consider the impact thereof on the assurance engagement.
	Rental revenue (development properties)	
9.	The forecast contracted rental revenue (for development properties) per the schedule(s) may be materially misstated as:	Obtain the forecast contracted rental revenue schedule(s) for the applicant issuer’s property portfolio, select a sample of development properties that represents a

No	Example assurance engagement risk ²⁰	Possible responses to assurance engagement risk ²¹
	<ul style="list-style-type: none"> • Arithmetical errors may exist in the calculation of the forecast contracted rental revenue; • The forecast contracted rental revenue per the schedule(s) may be unreasonable compared to historical revenues of similar listed property development entities and/or market average rentals; • The levels of expected tenancy and the forecast rental escalations may not be reasonable compared to detail per the signed contracts with future tenants and/or • The completion date of the development properties may be unrealistic based on the business plan. 	<p>combined total coverage of [70%²⁵] of the forecast contracted rental revenue, and:</p> <ul style="list-style-type: none"> • Discuss the business plan in connection with the property development with the property developer and evaluate critical assumptions applied in the forecast against the business plan and corroborate information as appropriate; • Recalculate the forecast contracted rental revenue; • Compare the levels of expected tenancy and the forecast rental escalations to rentals for similar properties either in the portfolio or in the industry for reasonableness; • Compare the forecast rental revenue to historical revenues of similar listed property development entities and/or market average rentals for reasonableness; • Evaluate the progress made on the development properties to date against the business plan or any revised business plan and against any available external information;

²⁵ A combined sample coverage as required by the LR, paragraph 13.15(b)

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No	Example assurance engagement risk ²⁰	Possible responses to assurance engagement risk ²¹
		<ul style="list-style-type: none"> • Consider the contractual obligations of key subcontractors to determine whether they support the timeous completion of the development properties in terms of the business plan or any revised business plan; • Obtain correspondence from legal counsel on aspects concerning the key performance of contractors and/or subcontractors to determine whether there are any variations to the expected contract completion; and • Obtain explanations from management about any variances and consider the impact thereof on the assurance engagement.
	<i>Near-contracted Rental Revenue</i>	
	Rental revenue (income producing properties)	
10.	The forecast near-contracted rental revenue (for income producing properties) per the schedule(s) may be materially misstated as:	Obtain the forecast near-contracted rental revenue schedule(s) for the applicant issuer’s property portfolio, select an appropriate representative sample ²⁶ of income producing properties, and:

²⁶ LR, paragraph 13.15(b): The JSE may direct the reporting accountant to conduct an inspection of the original legally binding agreements for a certain percentage of the near-contracted rental revenue and confirm that the revenue to be derived therefrom is accurately reflected as near-contracted rental revenue from the date of expiry of the original legally binding agreement. The JSE may make such a request when the issuer has non-rental revenue and the near-contracted rental revenue portion is a large part of rental revenue

No	Example assurance engagement risk ²⁰	Possible responses to assurance engagement risk ²¹
	<ul style="list-style-type: none"> • Details in the forecast near-contracted rental revenue schedule(s) may not agree with the original underlying legally binding agreements; • Arithmetical errors may exist in the calculation of the forecast near-contracted rental revenue based on the terms stipulated in the underlying original legally binding agreements; and/or • The forecast recoveries from near-contracted rental revenue included in the schedule(s) may be unreasonable compared to historical recoveries of the property (or similar properties in the rental portfolio) and/or market average recoveries. 	<ul style="list-style-type: none"> • Agree the forecast near-contracted rental revenue to the original underlying legally binding agreements that are reasonably expected to be renewed; • Consider the nature of the tenant, the location of the property, historical vacancy levels of the specific property under review and relevant economic indicators in determining the reasonableness of the assumption of a renewal; • Recalculate and agree to the forecast near-contracted rental revenue as stipulated in the underlying legal agreements that are reasonably expected to be renewed (<i>forecast near-contracted rental revenue subsequent to the expiry of a legally binding agreement may need to be adjusted downwards as legally binding agreements escalate annually and often the rentals are higher than market averages at the end of the legally binding agreement and are negotiated downwards for the purposes of the new legally binding agreement</i>); • Compare the forecast recoveries from near-contracted rental revenue to historical recoveries (or to historical recoveries from similar properties in the rental portfolio)

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No	Example assurance engagement risk ²⁰	Possible responses to assurance engagement risk ²¹
		<p>and/or market average recoveries and consider whether the forecasted recoveries are reasonable; and</p> <ul style="list-style-type: none"> • Obtain explanations from management about any variances and consider the impact thereof on the assurance engagement.
	Rental revenue (development properties)	
11.	<p>The forecast near-contracted rental revenue (for development properties) per the schedule(s) may be materially misstated as:</p> <ul style="list-style-type: none"> • Arithmetical errors may exist in the calculation of the forecast near-contracted rental revenue; • The forecast near-contracted rental revenue per the schedule(s) may be unreasonable compared to historical revenues of similar listed property development entities and/or market average rentals and/or • The completion date of the development properties may be unrealistic based on the business plan. 	<p>Obtain the forecast near-contracted rental revenue schedule(s) for the applicant issuer’s property portfolio, select an appropriate representative sample²⁷ of development properties, and:</p> <ul style="list-style-type: none"> • Discuss the business plan in connection with the property development with the property developer and evaluate critical assumptions applied in the forecast against the business plan and corroborate information as appropriate; • Recalculate the forecast near-contracted rental revenue;

²⁷ LR, paragraph 13.15(b): The JSE may direct the reporting accountant to conduct an inspection of the original legally binding agreements for a certain percentage of the near-contracted rental revenue and confirm that the revenue to be derived therefrom is reflected accurately as near-contracted rental revenue from the date of expiry of the original legally binding agreement. The JSE may make such a request when the issuer has non-rental revenue and the near-contracted rental revenue portion is a large part of rental revenue

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No	Example assurance engagement risk ²⁰	Possible responses to assurance engagement risk ²¹
		<ul style="list-style-type: none"> • Compare the levels of expected tenancy and the forecast rental escalations to market averages for reasonableness; • Discuss the letters of consent from potential tenants with the property developer; • Obtain the letters of consent from potential tenants and evaluate if these were included appropriately in the forecast; • Compare the forecast rental revenue to historical revenues of similar listed property development entities and/or market average rentals for reasonableness; • Evaluate the progress made on the development properties to date against the business plan or any revised business plan and against any available external information; • Consider the contractual obligations of key subcontractors to determine whether they support the timeous completion of the development properties in terms of the business plan or any revised business plan; • Obtain correspondence from legal counsel on aspects concerning the key performance of contractors and/or

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No	Example assurance engagement risk ²⁰	Possible responses to assurance engagement risk ²¹
		<p>subcontractors to determine whether there are any variations to the expected contract completion; and</p> <ul style="list-style-type: none"> • Obtain explanations from management about any variances and consider the impact thereof on the assurance engagement.
	<i>Uncontracted Rental Revenue</i>	
	Rental revenue (income producing properties)	
12.	<p>The forecast uncontracted rental revenue (for income producing properties) per the schedule(s) may be materially misstated as:</p> <ul style="list-style-type: none"> • Arithmetical errors may exist in the calculation of the forecast uncontracted rental revenue; • The assumed renewals of expiring legally binding agreements, with particular reference to the rental in terms of the expired legally binding agreements, may not be reasonable compared to market related rentals; • Revenue forecast on prospective tenants, where a new legally binding agreement is in the process of being signed, may not be reasonable; • The levels of expected tenancy and the forecast rental escalations may not be reasonable compared to market 	<p>Obtain the forecast uncontracted rental revenue schedule(s) for the applicant issuer’s property portfolio, select an appropriate representative sample of income producing properties and:</p> <ul style="list-style-type: none"> • Recalculate the forecast uncontracted rental revenue; • Review the reasonableness of assumed renewals of expiring legally binding agreements, with particular reference to the rental in terms of the expired legally binding agreement compared to market related rentals; • If relevant, confirm with a prospective tenant that a new legally binding agreement is in the process of being signed (<i>this could be the case for vacant space or legally binding agreements that are expiring in the short term. An assumption needs to be made regarding legally</i>

No	Example assurance engagement risk ²⁰	Possible responses to assurance engagement risk ²¹
	<p>averages (or similar completed properties in the rental portfolio); and/or</p> <ul style="list-style-type: none"> • Insufficient lead time may be built into the schedule(s) to allow for the property to be refitted to the tenants' satisfaction before recognising the rental revenue. 	<p><i>binding agreements expiring more than a few months into the forecast period</i>);</p> <ul style="list-style-type: none"> • Compare the levels of expected tenancy and the forecast rental escalations to the vacancy levels of other similar property entities for reasonableness; • Discuss with management and confirm that there is sufficient lead time built into the forecast uncontracted rental revenue schedule(s) to allow for the property to be refitted to the tenants' satisfaction before recognising the rental revenue in the forecast; and • Obtain explanations from management about any variances and consider the impact thereof on the assurance engagement.
	Rental revenue (development properties)	
13.	<p>The forecast uncontracted rental revenue (for development properties) per the schedule(s) may be materially misstated as:</p> <ul style="list-style-type: none"> • Arithmetical errors may exist in the calculation of the forecast uncontracted rental revenue; • The forecast uncontracted rental revenue per the schedule(s) may be unreasonable compared to historical 	<p>Obtain the forecast uncontracted rental revenue schedule(s) for the applicant issuer's property portfolio, select an appropriate representative sample of development properties, and:</p> <ul style="list-style-type: none"> • Discuss the business plan in connection with the property development with the property developer and evaluate critical assumptions applied in the forecast

No	Example assurance engagement risk ²⁰	Possible responses to assurance engagement risk ²¹
	<p>revenues of similar listed property development entities and/or market average rentals;</p> <ul style="list-style-type: none"> • The levels of expected tenancy and the forecast rental escalations may not be reasonable compared to detail per the signed contracts with future tenants and/or • The completion date of the development properties may be unrealistic based on the business plan. 	<p>against the business plan and corroborate information as appropriate;</p> <ul style="list-style-type: none"> • Recalculate the forecast uncontracted rental revenue; • Compare the levels of expected tenancy and the forecast rental escalations to market averages (or similar completed properties in the rental portfolio) for reasonableness; • Discuss the letters of consent from potential tenants with the property developer; • Obtain the letters of consent from potential tenants and evaluate if these were included appropriately in the forecast; • Compare the forecast rental revenue to historical revenues of similar listed property development entities for reasonableness; • Evaluate the progress made on the development properties to date against the business plan or any revised business plan and against any available external information; • Consider the contractual obligations of key subcontractors to determine whether they support the

No	Example assurance engagement risk ²⁰	Possible responses to assurance engagement risk ²¹
		<p>timeous completion of the development properties in terms of the business plan or any revised business plan;</p> <ul style="list-style-type: none"> • Obtain correspondence from legal counsel on aspects concerning the key performance of contractors and/or subcontractors to determine whether there are any variations to expected contract completion; and • Obtain explanations from management about any variances and consider the impact thereof on the assurance engagement.
14.	<p>The forecast statement of profit or loss and other comprehensive income may not adequately disclose:</p> <ul style="list-style-type: none"> • The assumptions made on renewals and new legally binding agreements relating to uncontracted rental revenue; and/or • The uncontracted rental revenue included in the forecast statement of profit or loss and other comprehensive income. 	<p>Evaluate the forecast statement of profit or loss and other comprehensive income²⁸ to determine that adequate disclosures are made regarding:</p> <ul style="list-style-type: none"> • The assumptions made on renewals and new legally binding agreements relating to uncontracted rental revenue²⁹; and • The percentage of uncontracted rental revenue included in the forecast statement of profit or loss and other comprehensive income³⁰.

²⁸ May be disclosed in the notes to or the basis of preparation of the statement of profit or loss and other comprehensive income

²⁹ LR, paragraph 13.14(d)

³⁰ LR, paragraph 13.14(e)

No	Example assurance engagement risk ²⁰	Possible responses to assurance engagement risk ²¹
	<i>Recoveries (included in rental revenue)</i>	
15.	<p>The forecast contracted recoveries in respect of municipal costs as well as operating and advertising/marketing costs, if applicable, (for income producing properties) per the schedule(s) may be materially misstated as:</p> <ul style="list-style-type: none"> • Warranties/guarantees in respect of recoveries for specific premises provided for in the purchase agreement(s) may not have been accounted for appropriately in calculating the contracted recoveries in the schedule(s); • The amounts in the forecast contracted recoveries schedule(s) may be in excess of the related expenditure item; • Details (including amounts) in the forecast contracted recoveries schedule(s) may not agree to the terms of the underlying legally binding agreements (<i>in particular, the terms of recoveries of common area square meterage from tenants should be considered</i>); • Arithmetical errors may exist in the calculation of the forecast contracted recoveries based on the terms 	<p>Obtain the forecast contracted recoveries schedule(s) for the applicant issuer’s property portfolio, select a sample of properties that represents a combined total coverage of [70%³¹] of the forecast contracted rental revenue, and:</p> <ul style="list-style-type: none"> • Examine the purchase agreement(s) to determine whether the seller has provided certain warranties/guarantees for recoveries, and if so, which expenditure items the warranties/guarantees for recoveries relate to and confirm that: <ul style="list-style-type: none"> ○ These provisions per the purchase agreement(s) have been taken into account in calculating the contracted recoveries; and ○ The recoveries warranty/guarantee has been allocated to the correct premises, for the correct period(s), at the correct recoverable amount per month and in respect of the correct expenditure items; • Agree the forecast contracted recoveries for each specific expenditure item to the related forecast specific

³¹ A combined sample coverage as required by the LR, paragraph 13.15(b)

No	Example assurance engagement risk ²⁰	Possible responses to assurance engagement risk ²¹
	<p>stipulated in the underlying legally binding agreements; and/or</p> <ul style="list-style-type: none"> The forecast contracted recoveries included in the schedule(s) may not be in line with expectations or may otherwise be excessive when compared to historical recoveries for the specific property (or similar properties in the rental portfolio) and/or market average forecast recoveries. 	<p>expenditure items and confirm that the forecast recoveries, in respect of each specific expenditure item, do not exceed the forecast expenditure for that specific item;</p> <ul style="list-style-type: none"> Agree the forecast contracted recoveries for each specific expenditure item to the terms relating to the recovery from the tenant of the related expenditure item per the underlying legally binding agreements; Recalculate the forecast contracted recoveries for each specific expenditure item in accordance with the terms stipulated in the underlying legally binding agreements and agree the amount to the underlying forecast contracted recoveries for each specific expenditure item included in the schedule(s); Compare the forecast contracted recoveries for each specific expenditure item to historical recoveries in respect of each specific expenditure item (or to historical recoveries for each specific expenditure item from similar properties in the rental portfolio) and/or market average recoveries for each expenditure item and consider whether the forecasted contracted recoveries for each

No	Example assurance engagement risk ²⁰	Possible responses to assurance engagement risk ²¹
		<p>expenditure item are in line with expectations or are otherwise not excessive.; and</p> <ul style="list-style-type: none"> • Obtain explanations from management about any such variances and consider the impact thereof on the assurance engagement.
16.	<p>The forecast near-contracted recoveries (for income producing properties) per the schedule(s) may be materially misstated as:</p> <ul style="list-style-type: none"> • The amounts in the forecast near-contracted recoveries schedule(s) may be in excess of the related expenditure item; • Details (including amounts) in the forecast near-contracted recoveries schedule(s) may not agree to the terms of underlying legally binding agreements (<i>in</i> 	<p>Obtain the forecast near-contracted recoveries schedule(s) for the applicant issuer’s property portfolio, select an appropriate representative sample³² of properties, and:</p> <ul style="list-style-type: none"> • Agree the forecast near-contracted recoveries for each specific expenditure item to the related forecast specific expenditure items and confirm that the forecast near-contracted recoveries, in respect of each specific expenditure item, do not exceed the forecast expenditure for that specific item;

³² LR, paragraph 13.15(b): The JSE may direct the reporting accountant to conduct an inspection of the original legally binding agreements for a certain percentage of the near-contracted rental revenue and confirm that the revenue to be derived therefrom is reflected accurately as near-contracted rental revenue from the date of expiry of the original legally binding agreement. The JSE may make such a request when the issuer has non-rental revenue and the near-contracted rental revenue portion is a large part of rental revenue

No	Example assurance engagement risk ²⁰	Possible responses to assurance engagement risk ²¹
	<p><i>particular, the terms of recoveries of common area square meterage from tenants should be considered);</i></p> <ul style="list-style-type: none"> • Arithmetical errors may exist in the calculation of the forecast near-contracted recoveries based on the terms stipulated in the underlying legally binding agreements; and/or • The forecast near-contracted recoveries included in the schedule(s) may not be in line with expectations or may otherwise be excessive when compared to historical recoveries for the specific property (or similar properties in the rental portfolio) and/or market average forecast recoveries. 	<ul style="list-style-type: none"> • Agree the forecast near-contracted recoveries for each specific expenditure item to the terms relating to the recovery from the tenant of the related expenditure item per the underlying legally binding agreements that are reasonably expected to be renewed (<i>a reasonable expectation of renewal is linked to the nature of the tenant – Category A and B tenants can reasonably be expected to renew, unless they have expressly indicated otherwise. The same cannot be assumed for Category C tenants</i>); • Recalculate the forecast near-contracted recoveries for each specific expenditure item in accordance with the terms stipulated in the underlying legally binding agreements that are reasonably expected to be renewed and agree the amount to the underlying forecast near-contracted recoveries for each specific expenditure item included in the schedule(s); • Compare the forecast near-contracted recoveries for each specific expenditure item to historical recoveries in respect of each specific expenditure item (or to historical recoveries for each specific expenditure items from similar properties in the rental portfolio) and/or market average recoveries for each expenditure item, and

No	Example assurance engagement risk ²⁰	Possible responses to assurance engagement risk ²¹
		<p>consider whether the forecasted near-contracted recoveries for each expenditure item are in line with expectations or are otherwise not excessive.; and</p> <ul style="list-style-type: none"> • Obtain explanations from management about any such variances and consider the impact thereof on the assurance engagement.
17.	<p>The forecast uncontracted recoveries (for income-producing properties) per the schedule(s) may be materially misstated as:</p> <ul style="list-style-type: none"> • The forecast uncontracted recoveries included in the schedule(s) for specific expenditure items in respect of certain premises, for which a legally binding agreement will either not be renewed or cannot reasonably be assumed to be renewed (particularly in respect of Category C tenants), may not be reasonably compared to historical recoveries and/or market related terms of recoveries for specific expenditure items; and/or • The forecast uncontracted recoveries in respect of existing vacant space may be over-stated. 	<p>Obtain the forecast uncontracted recoveries schedule(s) for the applicant issuer’s property portfolio, select an appropriate representative sample of properties, and:</p> <ul style="list-style-type: none"> • Compare the forecast uncontracted recoveries for specific expenditure items in respect of premises for which a legally binding agreement will either not be renewed or cannot reasonably be assumed to be renewed (particularly in respect of Category C tenants) to the historical recoveries and/or market-related terms of recoveries in respect of such premises for such specific expenditure items. Where the forecast uncontracted recoveries are equal to or in excess of those historically achieved and/or equal to or in excess of market-related terms of recovery, compare such forecast uncontracted recoveries to the terms of

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No	Example assurance engagement risk ²⁰	Possible responses to assurance engagement risk ²¹
		<p>recoveries for specific expenditure items included in the recently renewed legally binding agreements for similar premises;</p> <ul style="list-style-type: none"> • Confirm that no recoveries in respect of existing vacant space have been included in uncontracted recoveries, unless a tenant has been identified and a legally binding agreement is in the process of being finalised or a warranty/guarantee that includes recoveries has been agreed to; and • Obtain explanations from management about any such variances and consider the impact thereof on the assurance engagement.
	<i>Forecast statement of profit or loss and other comprehensive income rental revenue disclosures</i>	
18.	The disclosure split contained in the forecast statement of profit or loss and other comprehensive income between rental and other non-rental related income may be inaccurate.	<ul style="list-style-type: none"> • Agree the disclosure split contained in the forecast statement of profit or loss and other comprehensive income between rental and other non-rental related income to the underlying schedule(s) or other supporting calculations for interest received and other group amounts; and

No	Example assurance engagement risk ²⁰	Possible responses to assurance engagement risk ²¹
		<ul style="list-style-type: none"> Obtain explanations from management about any variances and consider the impact thereof on the assurance engagement.
	<i>Rental expenses</i>	
19.	<p>The forecast rental expenses schedule(s) may be materially misstated as:</p> <ul style="list-style-type: none"> The rental expense amounts disclosed in the forecast statement of profit or loss and other comprehensive income may not agree with the aggregated rental expense amounts contained in the underlying forecast rental revenue schedule(s); The forecast rental expenses schedule(s) may not be arithmetically accurate; and/or Forecast expenditure in respect of municipal costs, in particular electricity, water and rates, may be understated. 	<p>Obtain the forecast rental expenses schedule(s) for the applicant issuer’s property portfolio, and:</p> <ul style="list-style-type: none"> Agree the aggregated rental expense amounts per the schedule(s) to the amounts disclosed in the forecast statement of profit or loss and other comprehensive income; Compare the forecast expenses to historical expenses, where relevant, and consider whether the forecasted expenses are reasonable; Discuss with management and review the explanations for variances of 15% or more between the historic and forecast material expenditure line items and assess them for reasonableness³³;

³³ LR, paragraph 13.14(g)

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No	Example assurance engagement risk ²⁰	Possible responses to assurance engagement risk ²¹
		<ul style="list-style-type: none"> • Compare the forecast expenses to prior period expenses and consider whether the differences are in line with the auditor’s understanding of the operations of the entity; • For expenses that are based on specific contractual agreements and/or related to other service level agreements (agreements), inspect a sample of the agreements and ensure that the rates or percentages applied in calculating the forecast expenses are in line with those disclosed in the agreements; • Compare the forecast expenses, as a percentage of the forecast rental income, to the historical expenses, as a percentage of the historical rental income; • Consider announced price escalations from third-party supplies such as Eskom and the relevant municipalities and confirm that announced escalations in excess of inflation have been factored into the profit forecast; • Check the arithmetical accuracy of the schedule(s); and • Obtain explanations from management about any variances and consider the impact thereof on the assurance engagement.

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No	Example assurance engagement risk ²⁰	Possible responses to assurance engagement risk ²¹
20.	<p>The forecast statement of profit or loss and other comprehensive income may not adequately disclose:</p> <ul style="list-style-type: none"> • Each material expenditure item; and/or • Full details and an explanation (or contain a negative statement) for any changes of 15% or more between historical and forecast expenditure for each material expenditure item³⁴. 	<p>Review the forecast statement of profit or loss and other comprehensive income to determine that adequate disclosures have been made regarding:</p> <ul style="list-style-type: none"> • Each material expenditure item³⁵; and • Full details and an explanation (or a negative statement) for any changes of 15% or more between historical and forecast expenditure for each material expenditure item³⁶.
21.	<p>The property management fee and/or other portfolio expenses may be materially misstated, including the calculation of management fees and other portfolio expenses.</p>	<p>Obtain an understanding of the principles applied in determining the forecast property management fees and/or other portfolio expenses, inspect relevant contracts and recalculate any property management fees and other portfolio expenses and assess them for reasonableness. Consider the impact of any variances on the assurance engagement.</p>
	<i>Valuation adjustments</i>	
22.	<p>The valuation reports and the valuation adjustment schedule may be materially misstated as:</p>	<p>Obtain the valuation reports and any valuation adjustments schedule, and:</p>

³⁴ LR, paragraph 13.14(g)

³⁵ LR, paragraph 13.14(f)

³⁶ LR, paragraph 13.14(g)

No	Example assurance engagement risk ²⁰	Possible responses to assurance engagement risk ²¹
	<ul style="list-style-type: none"> • The valuation reports and the valuation adjustment schedule may not be arithmetically accurate; and /or • The valuation adjustments contained in the forecast statement of profit or loss and other comprehensive income may not agree with the valuation reports. 	<ul style="list-style-type: none"> • Through discussions with management, obtain an understanding of the assumptions used in the valuation report and: <ul style="list-style-type: none"> ○ Based on evidence obtained while performing procedures on contracted , near-contracted and uncontracted rental revenue evaluate if the assumptions used in the valuation report are consistent with those used; ○ Based on evidence obtained while performing procedures on rental expenses, evaluate if the assumptions used in the valuation report are consistent with those used; and ○ Assess the reasonableness of the variables/input factors (The inputs and variables (e.g. capitalisation rate and vacancy rates) in the model could have a significant impact on the outcome of the valuation); • Check the arithmetical accuracy of the schedule; • Obtain explanations from management about any variances and consider the impact thereof on the assurance engagement; and

No	Example assurance engagement risk ²⁰	Possible responses to assurance engagement risk ²¹
		<ul style="list-style-type: none"> • Agree the valuation adjustments contained in the forecast statement of profit or loss and other comprehensive income to the valuation reports.
	<i>Finance costs</i>	
23.	<p>The forecast finance costs may be materially misstated as:</p> <ul style="list-style-type: none"> • The finance costs contained in the forecast statement of profit or loss and other comprehensive income may not agree with the finance cost schedule; • The forecast finance cost for development properties may have not been allocated appropriately based on the development timelines and be included inappropriately in the forecast finance cost instead of being considered in the valuation adjustments; and/or • The forecast finance cost schedule may not be arithmetically accurate. 	<p>Obtain the forecast finance cost schedule and any underlying finance agreements, and:</p> <ul style="list-style-type: none"> • Through discussions with management, obtain an understanding of the calculation of finance costs used in the forecast statement of profit or loss and other comprehensive income; • Agree the finance costs contained in the forecast statement of profit or loss and other comprehensive income to the finance cost schedule; • Compare the interest rates used to calculate the finance costs per the schedule and the split of the facilities between the variable and fixed components to the interest rates and the terms contained in the finance agreements; • Obtain an understanding of the principles applied in determining the forecast finance cost and evaluate based on the development plans and expected dates of

No	Example assurance engagement risk ²⁰	Possible responses to assurance engagement risk ²¹
		<p>issue of funding, whether the expected capitalised finance cost is excluded appropriately from forecast finance cost and included in the valuations adjustments;</p> <ul style="list-style-type: none"> • Check the arithmetical accuracy of the schedule; and • Obtain explanations from management about any variances and consider the impact thereof on the assurance engagement.
	<i>Other non-rental related income and expenses</i>	
24.	Other non-rental related income and expenses may be materially misstated, including the calculation of other non-rental related revenue and expenses or changes in equity.	Obtain the forecast statement of profit or loss and other comprehensive income. By exercising professional judgement in the application of ISAE 3400, develop and perform procedures considered necessary pertaining to other non-rental related revenue and expenses or changes in equity.
	Vacancy profile and lease expiry profile	
25.	The applicant issuer's circular / pre-listing statement may not include a vacancy profile and lease expiry profile on its property portfolio as a whole.	<p>Evaluate whether the applicant issuer's pre-listing statement³⁷ includes the following additional information on its property portfolio as a whole:</p> <ul style="list-style-type: none"> • A vacancy profile, by sector and/or by rentable area; and

³⁷ Pre-listing statement/prospectus/listing particulars/circular

No	Example assurance engagement risk ²⁰	Possible responses to assurance engagement risk ²¹
		<ul style="list-style-type: none"> • A lease expiry profile, based on existing legally binding agreements, by revenue and by rentable area per sector³⁸.
26.	<p>The vacancy profile and lease expiry profile may be materially misstated as:</p> <ul style="list-style-type: none"> • The vacancy profile and forecast model may be derived from incorrect sources; • The profiles may not agree with the vacancy profile and lease expiry profile in the forecast model; and/or • The vacancy profile per the forecast model may be unreasonable compared to the historical vacancy levels (or historical vacancy levels from similar properties in the rental portfolio) and/or market average vacancy levels. 	<p>Obtain the vacancy profile and lease expiry profile contained in the applicant issuer’s pre-listing statement and:</p> <ul style="list-style-type: none"> • Inspect the individual property worksheets to determine whether the vacancy profile and the lease expiry profile included in the forecast model were derived from the correct sources; • Compare the profiles to the vacancy profile and lease expiry profile in the forecast model to determine whether they are in agreement; • Compare the vacancy profile per the forecast model to the historical vacancy levels (or historical vacancy levels from similar properties in the rental portfolio) and/or market average vacancy levels for reasonableness; • Compare the vacancy profile per the forecast model to the results of the procedures performed above on

³⁸ LR, paragraph 13.18(d) and (e)

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No	Example assurance engagement risk ²⁰	Possible responses to assurance engagement risk ²¹
		<p>contracted rental revenue – inspection of signed legally binding agreements – and evaluate whether a plausible relationship exists; and</p> <ul style="list-style-type: none"> • Obtain explanations from management about any variances and consider the impact thereof on the assurance engagement.

Appendix 3

Illustrative reporting accountant's reports

Illustration 1: Independent reporting accountant's report on property forecast information

Circumstances include the following:

- Reporting accountant's report in terms of paragraph 13.15 of the JSE Limited Listings Requirements
- The entity is a listed property entity
- The entity is a company
- Reasonable assurance engagement in respect of the forecast financial information required by paragraph 13.15 of the JSE Limited Listings Requirements (forecast financial information)
- Limited assurance engagement in respect of the directors' assumptions used to prepare and present the forecast financial information (directors' assumptions)
- The reporting accountant has concluded that an unmodified (i.e., "clean") conclusion is appropriate in respect of the directors' assumptions, that nothing has come to his/her attention that causes him/her to believe that the directors' assumptions do not provide a reasonable basis for the preparation and presentation of ABC Limited's forecast information (limited assurance engagement)
- The reporting accountant has concluded that an unmodified (i.e., "clean") opinion is appropriate in respect of the forecast information, that the forecast information is properly prepared and presented on the basis of those assumptions, and in accordance with the requirements of the JSE Limited Listings Requirements for forecast information (reasonable assurance engagement)
- Report on Other Legal and Regulatory Requirements

Independent reporting accountant's report on the property forecast information of ABC Limited

To the directors of ABC Limited³⁹

³⁹ Listings requirements, paragraph 8.51 – a reporting accountant's report should be addressed to the directors of the applicant, in the case of an application for listing of new securities, or the listed company, in the case of an acquisition or disposal

Report on the identified property forecast information

We have undertaken a reasonable assurance engagement in respect of the accompanying property forecast of ABC Limited for the years ending 31 December 20x1 and 31 December 20x2 set out on pages ... to ... and ... to ..., comprising the forecast statement of profit or loss and other comprehensive income and the vacancy and lease expiry profile of the property portfolio as a whole (the forecast information), as required by paragraph 13.15 of the JSE Limited Listings Requirements.

We have also undertaken a limited assurance engagement in respect of the directors' assumptions used to prepare and present the forecast information, disclosed in Note X to the forecast information, as required by paragraph 13.15 of the JSE Limited Listings Requirements.

Directors' responsibility for the forecast information and for the assumptions used to prepare the forecast information

The directors are responsible for the preparation and presentation of the forecast information and for the reasonableness of the assumptions used to prepare the forecast information as set out in Note X to the forecast information in accordance with paragraphs 13.12-13.14 of the JSE Limited Listings Requirements (JSE Limited Listings Requirements for forecast information). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the forecast information on the basis of those assumptions that is free from material misstatement, whether due to fraud or error.

Inherent Limitations

Actual results are likely to be different from the forecast information since anticipated events frequently do not occur as expected and the variation may be material. Consequently, readers are cautioned that this forecast may not be appropriate for purposes other than described in the purpose of the report paragraph below.

Our independence and quality management

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*.

(Name of firm)/(The firm) applies International Standard on Quality Management 1,⁴⁰ which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Limited assurance engagement on the reasonableness of the directors' assumptions

Reporting accountant's responsibility

Our responsibility is to express a limited assurance conclusion on whether anything has come to our attention that causes us to believe that the assumptions do not provide a reasonable basis for the preparation and presentation of the forecast information in accordance with the JSE Limited Listings Requirements for forecast information, based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3400, *The Examination of Prospective Financial Information* (ISAE 3400), issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform this engagement to obtain limited assurance about whether the directors' assumptions provide a reasonable basis for the preparation and presentation of the forecast information.

A limited assurance engagement undertaken in accordance with ISAE 3400 involves assessing the source and reliability of the evidence supporting the directors' assumptions. Sufficient appropriate evidence supporting such assumptions would be obtained from internal and external sources including consideration of the assumptions in the light of historical information and an evaluation of whether they are based on plans that are within the entity's capacity. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgement and included inquiries, observations of processes performed, inspection of documents, analytical procedures, evaluating the reasonableness of best-estimate assumptions and agreeing or reconciling with underlying records.

Our procedures included evaluating the directors' best-estimate assumptions on which the forecast information is based for reasonableness.

The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is

⁴⁰ ISQM1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*

substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether the directors' assumptions provide a reasonable basis for the preparation and presentation of the forecast information.

Limited assurance conclusion on the reasonableness of the directors' assumptions

Based on the procedures we have performed and evidence we have obtained, nothing has come to our attention that causes us to believe that the directors' assumptions do not provide a reasonable basis for the preparation and presentation of the forecast information for the years ending 31 December 20x1 and 31 December 20x2.

Reasonable assurance engagement on the forecast information

Reporting accountant's responsibility

Our responsibility is to express an opinion based on the evidence we have obtained about whether the forecast information is properly prepared and presented on the basis of the directors' assumptions disclosed in Note X to the forecast information (the assumptions) and in accordance with the JSE Limited Listings Requirements for forecast information. We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3400, *The Examination of Prospective Financial Information* (ISAE 3400), issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform this engagement to obtain reasonable assurance about whether such forecast information is properly prepared and presented on the basis of the directors' assumptions disclosed in Note X to the forecast information and in accordance with the JSE Limited Listings Requirements for forecast information.

A reasonable assurance engagement in accordance with ISAE 3400 involves performing procedures to obtain evidence that the forecast information is properly prepared and presented on the basis of the assumptions and in accordance with the JSE Limited Listings Requirements for forecast information. The nature, timing and extent of procedures selected depend on the reporting accountant's judgement, including the assessment of the risks of material misstatement, whether due to fraud or error, of the forecast information. In making those risk assessments, we considered internal control relevant to ABC Limited's preparation and presentation of the forecast information.

Our procedures included:

- Inspecting whether the forecast information is properly prepared on the basis of the assumptions;
- Inspecting whether the forecast information is properly presented and all material assumptions are adequately disclosed, including a clear indication as to whether they are best-estimate assumptions; and

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- Inspecting whether the forecast statement of profit or loss and other comprehensive income is prepared on a consistent basis with the historical financial statements, using appropriate accounting policies.

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

Opinion on the forecast information

In our opinion, the forecast information is properly prepared and presented on the basis of the assumptions and in accordance with the JSE Limited Listings Requirements for forecast information for the years ending 31 December 20x1 and 31 December 20x2.

Purpose of the report

This report has been prepared for the purpose of satisfying the requirements of paragraph 13.15 of the JSE Limited Listings Requirements and for no other purpose.

Report on other legal and regulatory requirements

[No exceptions detected:

In accordance with our responsibilities set out in the JSE Limited Listings Requirements, paragraph 13.15(b), we have performed the procedures set out therein. If, based on the procedures performed, we detect any exceptions, we are required to report those exceptions. We have nothing to report in this regard.]

OR

[Exceptions detected:

In accordance with our responsibilities set out in the JSE Limited Listings Requirements, paragraph 13.15(b), we have performed the procedures set out therein. If, based on the procedures performed, we detect any exceptions, we are required to report those exceptions. We have detected the following exceptions:

- xxx
- xxx.]

Reporting Accountant's signature

Name of individual reporting accountant

Capacity: e.g. Director or Partner

Registered Auditor

Date of reporting accountant's report

Reporting accountant's address

Illustration 2: Independent reporting accountant's review report on the adjustment column in the pro forma statement of financial position

Circumstances include the following:

- Reporting accountant's report in terms of paragraph 13.16(e) of the JSE Listings Requirements
- The reporting accountant's audit firm is not the appointed auditor of the entity whose assets and liabilities are being acquired
- The entity is a listed property entity
- The entity is a company
- Limited assurance engagement in terms of ISRE 2400⁴¹
- The auditor has concluded an unmodified (i.e., "clean") conclusion is appropriate based on the evidence obtained

Independent reporting accountant's review report on the adjustment column in the property pro forma statement of financial position of ABC Limited

To the directors of ABC Limited

We have reviewed the assets and liabilities to be acquired by ABC Limited (the company), as reflected in the adjustment column of the pro forma statement of financial position as at 30 June 20X1, included in Annexure X to the circular to be issued on or about 31 December 20X1 (the prospectus) set out on pages ... to ... and ... to ... (the financial information) as required by paragraph 13.16(e) of the JSE Limited Listings Requirements.

Directors' responsibility for the financial information

The directors are responsible for the preparation and presentation of the financial information in accordance with paragraph 13.16(a)-(d) of the JSE Limited Listings Requirements (the JSE Limited Listings Requirements for the adjustment column of the pro forma statement of financial position), as set out in Note X to the pro forma statement of financial position, and for such internal control as the directors determine is necessary to enable the preparation of the financial information that is free from material misstatement, whether due to fraud or error.

⁴¹ This illustrative report assumes that ISRE 2400 (Revised), *Engagements to Review Historical Financial Statements*, is relevant since it assumes that the reporting accountant is not the auditor of the entity whose assets and liabilities are being acquired. When the reporting accountant is the auditor of the entity whose assets and liabilities are being acquired, ISRE 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, would apply.

Reporting Accountant's responsibility

Our responsibility is to express a conclusion on the financial information. We conducted our review in accordance with the International Standard on Review Engagements (ISRE) 2400 (Revised), *Engagements to Review Historical Financial Statements* (ISRE 2400 (Revised)). ISRE 2400 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the financial information, taken as a whole, is not prepared in all material respects in accordance with the JSE Limited Listings Requirements for the adjustment column of the pro forma statement of financial position. This Standard also requires us to comply with relevant ethical requirements.

A review of financial information in accordance with ISRE 2400 (Revised) is a limited assurance engagement. The reporting accountant performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on the financial information.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial information is not prepared, in all material respects, in accordance with the JSE Limited Listings Requirements for the adjustment column of the pro forma statement of financial position, as set out in Note X to the pro forma statement of financial position.

Purpose of report

This report has been prepared for the purpose of satisfying the requirement of paragraph 13.16(e) of the JSE Limited Listings Requirements, and for no other purpose.

Reporting Accountant's signature

Name of individual reporting accountant

Capacity: e.g. Director or Partner

Registered Auditor

Date of the reporting accountant's report

Reporting accountant's address

Appendix 4

Illustration of an acquisition by a property entity

Note: This example is included for illustrative purposes to differentiate between the acquisition of assets and/or liabilities (under which a reporting accountant would be required to issue a report in terms of paragraph 13.16(e) of the LR) and the acquisition of a company or a business (which would be audited in terms of paragraph 13.16(a) of the LR) in a pro forma consolidated statement of financial position.

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Introduction

This appendix presents the *pro forma* consolidated statement of financial position of ABC Limited as at 30 June 20X1. It provides investors with information about the impact that the acquisition of DSC Limited and Property XY (the transactions) might have had on the historical financial information of ABC Limited (the company) had the transactions been effected at 30 June 20X1.

The *pro forma* consolidated statement of financial position:

- Is the responsibility of the directors of the company;
- Has been prepared for illustrative purposes only and may, because of its nature, not fairly present the company's financial position subsequent to the transactions.

Basis of preparation

The *pro forma* consolidated statement of financial position presented in this appendix has been based on the company's audited financial statements for the year ended 30 June 20X1, and is presented in a manner consistent with the format and accounting policies adopted by the company.

The adjustments to the financial information set out below illustrate the effect of the transactions on the statement of financial position as if the transactions had been effected on 30 June 20X1.

	Audited Year Ended	DSC Limited	Property XY	Sub-total	Acquisition costs	Transaction costs	After transaction
	30-Jun						30-Jun
	20x1						20x1
	Note 1	Note 2	Note 3		Note 4		
ASSETS							
Non-current assets	2,243,986	76,893	129,505	2,450,384	101,055	-	2,551,439
Investment property	2,202,525	76,893	129,505	2,408,923	50,293	-	2,459,216
Goodwill	-	-	-	-	50,762	-	50,762
Property, plant and equipment	31,925	-	-	31,925	-	-	31,925
Other non-current assets	5,781	-	-	5,781	-	-	5,781
Deferred tax	3,755	-	-	3,755	-	-	3,755
Current assets	89,501	2,516	-	92,017	-	(2,374)	89,643
Trade and other receivables	23,824	937	-	24,761	-	-	24,761
Income tax receivable	1,228	499	-	1,727	-	-	1,727
Cash and cash equivalents	64,449	1,080	-	65,529	-	(2,374)	63,155
Total assets	2,333,487	79,409	129,505	2,542,401	101,055	(2,374)	2,641,082
EQUITY AND LIABILITIES							

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	Audited Year Ended	DSC Limited	Property XY	Sub-total	Acquisition costs	Transaction costs	After transaction
	30-Jun						30-Jun
	20x1						20x1
	Note 1	Note 2	Note 3		Note 4		
Equity	1,592,316	34,124	107,805	1,734,245	84,939	(2,374)	1,816,810
Stated capital	945,436	32,716	107,805	1,085,957	86,347	-	1,172,304
Retained earnings / (Accumulated loss)	646,880	1,408	-	648,288	(1,408)	(2,374)	644,506
Shareholders' interest	1,592,316	34,124	107,805	1,734,245	84,939	(2,374)	1,816,810
Other liabilities							
Other non-current liabilities	360,066	39,957	21,130	421,153	-	-	421,153
Other financial liabilities	360,066	27,234	21,130	408,430	-	-	408,430
Deferred tax	-	12,723	-	12,723	-	-	12,723
Current liabilities	381,105	5,328	570	387,003	16,116	-	403,119
Current portion of other financial liabilities	337,277	2,465	-	339,742	16,116	-	355,858
Trade and other payables	43,828	2,863	570	47,261	-	-	47,261
Total liabilities	741,171	45,285	21,700	808,156	16,116	-	824,272
Total equity and liabilities	2,333,487	79,409	129,505	2,542,401	101,055	(2,374)	2,641,082
Shares in issue	160,210	7,615	3,926	21,112			208,567
Net asset value per share (cents)	993.89						983.17

Notes: *[This is merely a selection of notes for illustrative purposes and is not a comprehensive list of all notes that would be included. For example it does not discuss the accounting policy and significant judgement exercised in determining whether these are assets of business acquisition, the taxation calculation, etc.]*

1. Extracted from the audited consolidated statement of financial position of ABC Limited as at 30 June 20x1.
2. Extracted from the audited statement of financial position of DSC Limited as at 28 February 20x1, which was audited by JSE-accredited auditor A. *[This financial information must come from the underlying audited financial statements as it relates to the acquisition of a company and is required to be audited in terms of paragraph 13.16(a) of the Listings Requirements.]*
3. This column relates to the acquisition of Property XY, which would require the sign-off by the reporting accountant in terms of paragraph 13.16(e) of the Listings Requirements.
4. In this example it is assumed that the transactions are business combinations and therefore this column includes business combination and consolidation entries, including fair valuing of the assets and the raising of goodwill.