ATTACQ LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1997/000543/06)
JSE share code: ATT ISIN: ZAE000177218
("**Attacq**")

ATTACQ'S STRATEGY TO BECOME A REIT

Introduction

Attacq has focused on long-term sustainable capital growth through active investment, management and development of real estate since being listed on the JSE as a property company in October 2013. This strategy has differentiated Attacq from other JSE-listed property companies that have elected to receive REIT status from the JSE, reflective of their focus on the generation and regular distribution of income derived from rental income.

Since listing, Attacq has completed 32 developments, including the Mall of Africa and 25 other developments in Waterfall, adding 434 154 m^2 of gross lettable area to the portfolio. Due to progress made in actively recycling capital and converting developable bulk into a quality portfolio, Attacq is entering a transitional phase in which its capital growth focus shifts to a focus on total return comprising distributions and capital growth, with the ultimate goal of becoming a REIT focused on distributions and distribution growth.

Attacq's Waterfall development portfolio continues to be a strong differentiating factor as it enables Attacq to develop and deliver accretive income generating assets in support of its aim of delivering exceptional and sustainable capital and earnings growth to its shareholders.

The board of directors of Attacq has resolved that it is now appropriate for Attacq to re-position itself and adopt a strategy which includes income distribution with the objective, subject to the approval of the JSE, of receiving REIT status for the financial year commencing 1 July 2018. The re-positioning to achieve REIT status is underway and includes the reduction of existing debt facilities with the proceeds from the disposal of Attacq's Central and Eastern European investments, the continued optimisation of its balance sheet and the sale of certain non-core assets, where the deployment of the proceeds will serve to enhance sustainable and growing distributable earnings.

Attacq's value proposition

At present, Attacq's value proposition has four key drivers, namely its:

1. Existing quality operational portfolio;
2. Waterfall development portfolio;
3. Strategic investment in MAS Real Estate Inc. ("**MAS**"); and
4. Rest of Africa retail investment.

1. Existing quality operational portfolio

Attacq has a high-quality operational portfolio of retail, commercial and industrial properties with a weighted average lease expiry of 6.5 years. One of Attacq's most valuable assets is its 80% interest in the Mall of Africa, the super-regional mall located at the centre of the growing Waterfall City.

The mall opened in April 2016 and has performed well in its first year. The annual rent to turnover ratio for the mall of 9.6% is more favourable than the average of other super-regional malls per the IPD benchmarking report of 10.4% for the year ended 31 March 2017. Average monthly trading densities of R2 637/m^2 were achieved in the first year's trading which reflect the growth potential of the asset and footfall averaged in excess of 1.2 million visitors per month over the first year.

Attacq's other notable properties include the Lynnwood Bridge Precinct, Garden Route Mall, MooiRivier Mall, Eikestad Precinct and 25.0% in Brooklyn Mall.

As at 31 December 2016, Attacq's existing quality operational portfolio had a gross value of R18.6 billion.

2. Waterfall development portfolio

Attacq has approximately 1.2 million m^2 of remaining developable bulk in the Waterfall area. This bulk is ungeared and 608 000 bulk m^2 is already serviced and ready for the value accretive roll-out of commercial, residential and industrial developments. Waterfall's location and ease of access create an attractive value proposition for the creation of a new city in the centre of Gauteng.

The secured Waterfall development pipeline, in various stages of progress, totals 175 545 $m^{2,}$ which includes new regional headquarters for PwC and Deloitte and a new BMW Group South Africa regional distribution centre. Earthworks has commenced for the development of a new mixed-use development in Waterfall City, The Atria, which includes a four star hotel, residential apartments and two commercial buildings.

The development of the residential component of Waterfall City, currently 70 000 m^2 of bulk which can be increased to 240 000 bulk m^2, will meet expected demand created by the growing number of office occupants in Waterfall City. This will include in excess of 8 000 PwC and Deloitte staff that will be introduced to Waterfall City following completion of the PwC and Deloitte offices.

In addition to the 1.2 million m^2 of developable bulk referred to above, Attacq holds a 20% shareholding in Waterfall JVCo 115 Proprietary Limited ("**JVCo 115**"), a joint venture with Sanlam Properties (a division of Sanlam Life Insurance Limited). JVCo 115 holds the light industrial development rights to 634 425 bulk m^2 in Waterfall and Attacq has the option of increasing its shareholding in JVCo 115 to 50%.

As at 31 December 2016, Attacq's development portfolio, comprising developments under construction, vacant land and its investment in JVCo 115, totalled R3.3 billion.

3. Strategic investment in MAS

Attacq currently holds a strategic investment of 30.8% in MAS, which invests in Western, Central and Eastern Europe via its partnership with Prime Kapital Limited. MAS has recently acquired properties in Poland and Bulgaria and has announced its target of increasing distributions by more than 30% per annum through to 2019. Demand and trade in MAS shares reflect their increasing liquidity. Attacq's investment in MAS provides Attacq with growing earnings, diversification and a Rand hedge.

Attacq equity accounts for MAS on its balance sheet and as at 31 December 2016 the investment was accounted for at a value of R2.4 billion. The current market value of Attacq's MAS investment is R3.4 billion based on a closing share price of R23 per share as at 12 June 2017.

4. Rest of Africa retail investment

Attacq holds a 25.0% interest in Ikeja City Mall in Nigeria and a 31.8% shareholding in AttAfrica Limited ("**AttAfrica**"). AttAfrica's premier retail weighted portfolio in terms of quality and size includes Accra Mall, Achimota Retail Centre, West Hills Mall and Kumasi City Mall in Ghana and Manda Hill Mall in Zambia.

Currently Attacq is not receiving distributions from AttAfrica, in light of unfavourable trading and macro-economic conditions impacting on the malls and the structure of Attacq's investment in AttAfrica. However, economic conditions in the countries of investment are improving and management continue to actively manage the investment in order to optimise net income and value. It is noted that a liquidity event in early 2020 is provided for in the AttAfrica shareholders' agreement giving Attacq an opportunity to realise its investment and redeploy the proceeds.

As at 31 December 2016, Attacq's Rest of Africa investments totalled R1.1 billion.

Guidance
In the financial year ending 30 June 2018, prior to becoming a REIT, Attacq will adopt a dividend policy pursuant to which it will distribute its available funds. The distribution in respect of the year ending 30 June 2018 will not be a qualifying distribution under the tax regime applicable to REITs.

Attacq's total return comprises its income and capital return from its income producing assets and the capital growth achieved in respect of its other assets. Attacq is targeting a maiden dividend payment from its income-producing assets, namely its existing quality operational portfolio and MAS investment, of 73 cents per share for the year ended 30 June 2018 with a 20% growth per annum in its distribution for the next three years thereafter. The target distributions are, *inter alia*, driven by Attacq's accretive development portfolio and ongoing balance sheet optimisation with a targeted gearing level, calculated as net interest-bearing debt to total assets, in the range of 35% to 40%.

This guidance is based on assumptions which include the expected roll-out of Attacq's current and budgeted development portfolio, MAS achieving its distribution targets, the required re-positioning to become a REIT and that no unforeseen circumstances such as major corporate tenant failures or macro-economic instability. The guidance has not been reviewed or reported on by Attacq's auditors.

13 June 2017

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