ATTACQ

ATTACQ GREW DISTRIBUTABLE EARNINGS BY 9.5%
SA portfolio and MAS dividends boost earnings

- Distributable earnings per share grew by 9.5% to 45.0 cents per share
- Dividend of 40.5 cents per share, well in line with upper end of guidance
- SA portfolio grew distributable earnings by 17.7%
- Total rental income increased by 12.4% to R1.0 billion
- Dividends received from MAS grew by 29.4%
- Retail trading densities increased by 6.9%
- Interest cover ratio improved to 1.77 times, from 1.68 times
- Waterfall development continues to prove its unique, attractive value proposition, completing two buildings, with additional 12 buildings under construction

Tuesday, 5 March 2019. Attacq Limited ("Attacq"), a South African-based REIT today announced an interim dividend of 40.5 cents per share for the six months ended 31 December 2018, which is well in line with guidance. Subsequent to the REIT conversion in May 2018, the company paid its maiden dividend in October 2018, therefore there is no prior period comparative for the interim dividend.

Attacq's distributable earnings per share increased by 9.5% to 45 cents per share, as a result of the completed developments generating additional income and growth in the dividend received from MAS. Attacq's net asset value per share (NAVPS) decreased by 2.39% from R24.24 at 30 June 2018 to R23.66 largely due to the full year dividend payout of R520 million in October 2018 and the impairment from the Rest of Africa retail investments.

Melt Hamman, CEO of Attacq commented, **"We are very pleased with our half year results and the progress made in the transition from a capital growth business model into a REIT. Our focus remains on the four key value drivers underpinning our business model, namely the South African portfolio, developments in Waterfall, investment in MAS and our Rest of Africa retail investments."**

Attacq's high quality South African portfolio is valued at R21.0 billion which, at 75% makes up the majority of the group's total assets. The portfolio comprises 52.5% retail, 37.9% office and mixed-use, 7.9% industrial and 1.7% hotel. The Company received two MSCI awards for the 2018 top performing South African portfolio in the office and industrial sector based on three-year annualised total return.

The retail dominated portfolio saw rental escalations of 7.1%. The weighted average lease expiry profile at December 2018 was 6.8 years, compared to 7.1 years at December 2017. Total rental income increased by 12.4% to R1.0 billion, which is largely due to the additional rental income from the buildings completed during the 2017 and 2018 financial years.

COO Jackie van Niekerk says, **"Our South African portfolio is well positioned to deliver the majority of the distributable earnings. The strong average trading density increase of 6.9% exceeds the market average, with the largest contribution coming from our well-located flagship Mall of Africa; which had a 12.7% increase in trading density. The Mall continues to benefit from the densification of the overall Waterfall node and will experience further growth once the Ellipse residential development rolls out in future, making Waterfall City a "live, work, play" community."**

Attacq's overall portfolio vacancies decreased to 5% from 7.7% at June 2018, mainly as a result of securing the Dis-chem lease for our industrial warehouse and leases concluded at Gateway West with Sage and Spaces. Subsequent to 31 December 2018, vacancies reduced to 4.6%.

The Company will be participating in the Edcon's newly announced recapitalisation programme. Attacq's effective South African Edcon exposure will settle at 22 945m² of PGLA by 1 October 2019, with effective gross monthly rental at R3.2 million; and the total PGLA exposure estimated at 3%. Attacq's involvement in Edcon's recapitalisation programme will negatively impact its 2019 financial year distributable earnings by R4.1 million.

"We have worked hard in order to reduce vacancies by securing new tenants. This was achieved by adopting a proactive and solution-driven approach which assists in mitigating future risk in the changing property sphere, especially in the retail sector", commented Jackie van Niekerk.

The total value invested in developments at Waterfall has increased to R2.6 billion, up from R2.3 billion at 30 June 2018. This includes buildings under construction, remaining development bulk as well as the industrial bulk in the Sanlam joint venture. The increase is a result of capital expenditure and fair value adjustments on developments under construction due to the progress of the developments. The number of developments under construction at 31 December 2018 comprised a total PGLA of 83 896m², 57 431m² of which belong to Attacq.

"We remain focused on Waterfall as it is Attacq's unique enabler for delivering future growth. The development offers a unique mix of office, hotel, light industrial and residential prime spaces, ideally located between Johannesburg and Pretoria. Our development pipeline includes the Waterfall Corporate Campus Office Park, the new Courtyard Hotel and the exciting Ellipse residential development", said Hamman.

One of Attacq's four key value drivers is the investment in MAS, where the company held 22.8% at reporting period. During the six-month period ended 31 December 2018, Attacq received cash dividends of R97.3 million from MAS.

Despite being only 3.1% of total gross assets, the performance of Attacq's Rest of Africa retail investments was disappointing as a result of challenging economic conditions. The decline in the investment value was the result of an impairment of R370.2 million.

According to CFO Raj Nana, **"Our interest cover ratio improved to 1.77 times, from 1.68 times at 31 December 2017 and gearing ratio increased from 33.5% to 36.3% following the payment of our maiden dividend from our cash reserves and lower valuations in our Rest of Africa retail investments. A focus for us, is improving the interest cover ratio by recycling non-core assets."**

The group is targeting dividend growth of between 7.5% and 9.5% for the 2019 financial year; which is in line with the guidance communicated at September 2018. The unaudited guidance is based on the assumption of achieving the forecasted rental income, based on contractual terms and anticipated market-related renewals; the Edcon structure commencing on 1 April 2019; the expected roll out of the current and budgeted development portfolio; MAS paying its 2019 interim dividend; and no unforeseen circumstances, such as major corporate tenant failures or material macro-economic instability.

Hamman concludes, **"Attacq's strategic objectives remain firm with us investing further capital into our SA portfolio and developments at Waterfall."**

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NOTES TO EDITOR

Attacq Ltd is a premier Real Estate Investment Trust (REIT), founded in 2005 and listed in the Johannesburg Stock Exchange (JSE) in 2013. It is the owner and manager of a high-quality property portfolio of assets worth over R28 billion in total asset value and is the property developer of the iconic Waterfall node.

Attacq's vision is to deliver exceptional and sustainable growth through its real estate investments and developments in Waterfall City, Waterfall Logistics Hub and retail and mixed-use precincts. Property sectors include retail, office and mixed-use, light industrial and hotel, while the iconic Mall of Africa and PwC Tower are also amongst Attacq's premium assets.

Bolstered by its four key value drivers, namely (1) the South African portfolio, (2) developments at Waterfall (3) its investment in MAS Real Estate Inc. (which has a presence in Western Europe and Central and Eastern Europe), and (4) the rest of Africa retail investments, Attacq is firmly positioned to become one of the country's preeminent REITS, offering both sustainable income distributions and capital growth.