INTEGRATED REPORT
2019

ATTACQ

INVEST • DEVELOP • GROW

Our vision is to be a premier South African-based REIT, delivering sustainable income and capital growth through a focused approach

OUR REPORTING SUITE

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- Sustainability report
- Annual financial statements
- Notice of annual general meeting

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MORE INFORMATION

- Further information online
- Cross-referenced to relevant sections in this report
- Cross-referenced to sustainability report

Additional information, not prioritised for inclusion in our integrated report and supplementary reports, to meet our readers' requirements is disseminated via our website: **www.attacq.co.za**

Value creation snapshot

In a year characterised by change as we continue with our transition from a capital growth fund to a premier South African-based real estate investment trust (REIT), we focused on the allocation of our capital to deliver sustainable income and capital growth. Specific goals included growing our distributable earnings, recycling capital and improving our interest cover ratio.

DEPS
94.4 cents
2018: 80.7 cents

DPS
81.5 cents
2018: 74.0 cents

DPS growth
10.1%
Guidance: 7.5% to 9.5%

Waterfall bulk roll out*
27 701m^2
2018: 103 541 m^2

Interest cover ratio
1.85 times
2018: 1.78 times

Gearing
37.7%
2018: 33.5%

Trading density growth
6.8%
2018: 5.1%

FTSE/JSE Responsible Investment Top 30 Index
4.1 rating
2018: 3.5 rating

** PGLA based on effective ownership.*

Comparative figures have been restated – please refer to AFS.

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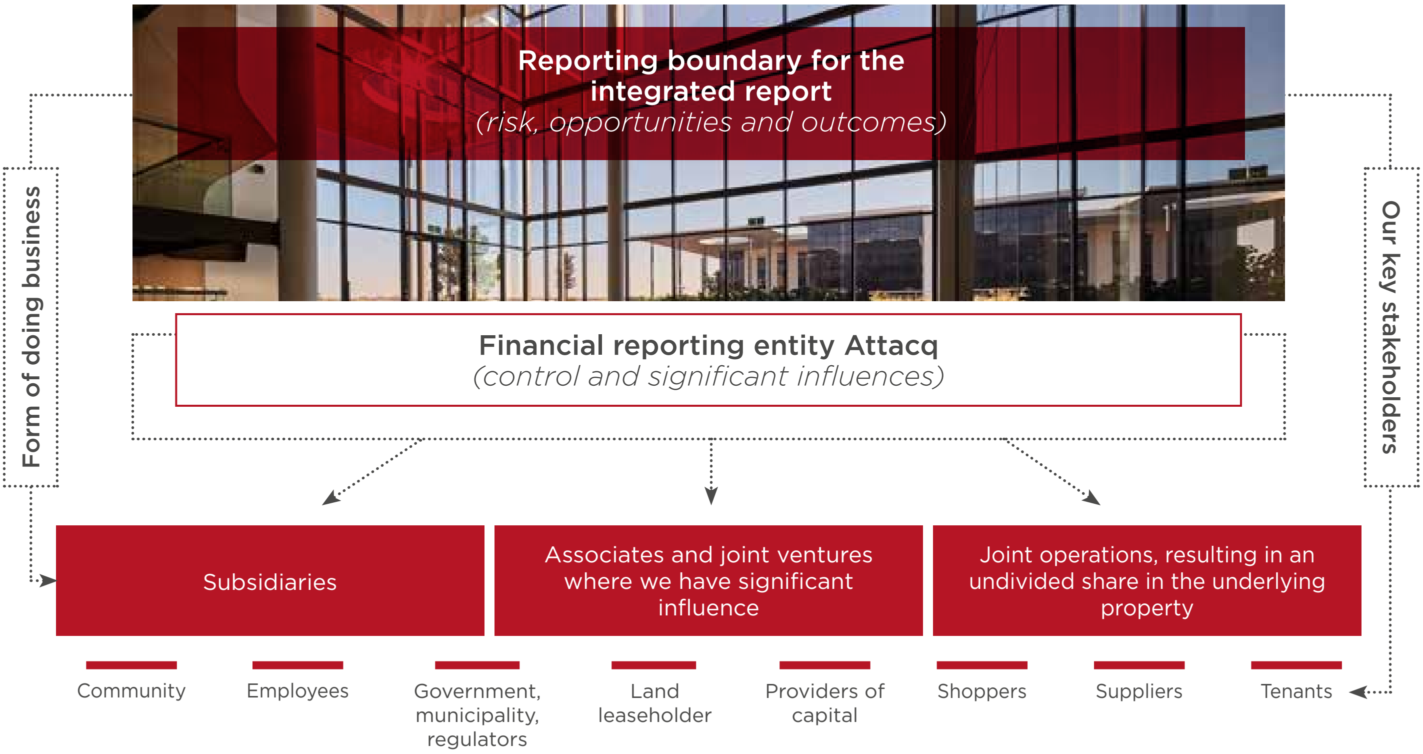
About this report



Report objective and scope

This integrated report presents a holistic view of Attacq Limited and its subsidiaries (Attacq, group or company) for the year ended 30 June 2019 (FY19). It includes information on our performance, governance and prospects to enable stakeholders to make an informed assessment of our ability to create and sustain value in the short, medium and long term. Supplementary information appears in our online sustainability report.

The primary audience of this report is providers of financial capital, and our complete suite of reports are catering for the wider stakeholder audience.

This report covers our South African, Rest of Africa and other international activities, associates and joint ventures. Refer to our annual financial statements (AFS) at **www.attacq.co.za** for details of these investments.

For completeness, we include material events between year end and publication. Unless indicated, information in this report refers to the group. We restated our prior year annual financial statements. For more information refer to our AFS.

Reporting boundary

In line with the International Integrated Reporting Council <IR> Framework (<IR> framework), in determining the boundary for this report, we work outward from the financial reporting entity, Attacq, to identify risks, opportunities and outcomes associated with stakeholders that have a significant effect on our ability to create and sustain value.

Reporting frameworks and regulations

We have applied the guiding principles and content elements of the <IR> framework and the following reporting frameworks and regulations in preparing this report:

- Companies Act 71 of 2008 (Companies Act)
- International Financial Reporting Standards (IFRS)
- SA REIT Association best-practice recommendations
- King Code on Corporate Governance 2016 (King IV™*)
- FTSE/JSE Responsible Investment Index (FTSE4Good)
- JSE Listings Requirements.

Materiality

This report focuses on matters that substantively affect our ability to create and sustain value over the short, medium and long term. Our approach to managing these is reflected in the matters flowing from our strategy (page 38).

Strategic matters were determined in an integrated process by understanding:

- How we create value (page 24)
- The impact of our operating context on value creation (page 20)
- The material needs, interests and expectations of our key stakeholders (page 26)
- Risks and opportunities facing the group (page 30).

Assurance

We use a combined assurance model (page 30) to manage various aspects of our operations, including external reporting. These assurances are provided by management, our board of directors, our internal auditors (outsourced to PricewaterhouseCoopers (PwC)) and our external auditors (Deloitte & Touche).

For more information on the scope of services performed by our external auditors, refer to our AFS on our website.

Specific non-financial elements are externally assured and/or audited to ensure legal compliance or adherence to our governance standards. These include adherence to water use licence, elements of our information technology environment, and occupational health and safety.

Forward-looking statements

This integrated report contains forward-looking statements that, unless indicated, reflect the group's expectations as at 23 October 2019. Actual results may differ from our expectations. The group cannot guarantee that any forward-looking statement will materialise and, accordingly, readers are cautioned not to place undue reliance on them. The group disclaims any intention and assumes no obligation to revise any forward-looking statement, even if new information becomes available, other than as stipulated by the JSE Listings Requirements and other applicable regulations.

Approval of the 2019 integrated report

The board, supported by the audit and risk committee, acknowledges its responsibility to ensure the integrity of the 2019 integrated report. The audit and risk committee has accordingly applied its collective mind, and, in its opinion, this integrated report addresses all material matters and offers a balanced view of its strategy and how it relates to the organisation's ability to create value in the short, medium and long term. The report adequately addresses the use of, and effects on the resources and the manner in which the availability of these resources are impacting Attacq's strategy and value creation model. We, as the board, believe that this report has been prepared in accordance with the International Integrated Reporting Council <IR> Framework.

The board authorised this report for release on 23 October 2019.

Feedback

We value your feedback as we continuously strive to improve our reporting. For feedback and enquiries on our reports, please email:
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Tel: +27 (0)87 845 1136

P Tredoux
Chairperson, independent non-executive director

HR El Haimer
Lead independent non-executive director

MM du Toit
Independent non-executive director

IN Mkhari
Independent non-executive director

BT Nagle
Independent non-executive director

S Shaw-Taylor
Independent non-executive director

JHP van der Merwe
Independent non-executive director

M Hamman
Chief executive officer (CEO)

R Nana
Chief financial officer (CFO)

JR van Niekerk
Chief operating officer (COO)

About Attacq

Our purpose

Our purpose is to create sustainable value for all stakeholders. Our vision is to be a premier South African-based REIT, delivering sustainable income and capital growth through a focused approach. Our approach and how we measure progress are detailed on page 38.

Who we are

Attacq was founded in 2005 and listed on the JSE in 2013. After converting from a focus on capital growth to a REIT in May 2018, our shareholders benefit from a combination of long-term capital growth and biannual dividend payments.

The group is a constituent of the FTSE/JSE South African Property Yield (SAPY) Index, FTSE/JSE SA REIT Index and the FTSE/JSE Responsible Investment Top 30 Index (FTSE4Good).

What we do

To create sustainable value for all stakeholders, we craft, develop and manage spaces – our focus is on owning and managing retail dominant mixed-used precincts, the development roll out of Waterfall and investing directly in retail–focused property assets via MAS.

We do this by investing in real estate across the retail, office, residential, light industrial and hotel sectors, leveraging the strength of our financial, natural, human, social and relationship and intellectual resources.

For our shareholders, we aim to deliver sustainable income and capital growth by investing in South Africa and beyond its borders. In South Africa, we focus on Waterfall City, Waterfall Logistics Hub and our retail and mixed-use precincts. Globally, we are invested in MAS Real Estate Inc (MAS) as well as shopping centres in Ghana and Nigeria.

We collaborate to meet the diverse needs of our key stakeholders. For our tenants, we create sustainable and flexible spaces to their specific requirements. For our employees, we provide a rewarding career in which they can develop their full potential and share in our success. For our communities and suppliers, we focus on inclusivity – from work opportunities to preferential supply chains. For our business partners, we concentrate on mutually beneficial developments that meet the needs of our common stakeholders.

These aims are encapsulated in our vision and unique value proposition, and realised through our key drivers:

Vision	Key drivers
To be a premier South African-based REIT, delivering sustainable income and capital growth through a focused approach	• South African portfolio • Developments at Waterfall • Investment in MAS • Rest of Africa retail investments

Our unique value proposition
We create safe, sustainable spaces where people can connect and flourish

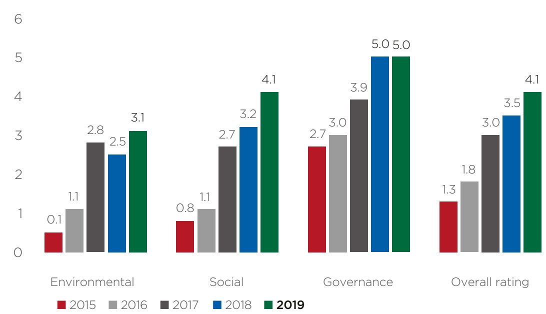
Benchmarking our progress

We track our progress in adopting global best practices in sustainability by benchmarking our performance against our peers nationally and internationally. At present, our principal benchmark is the FTSE4Good index, locally translated as the FTSE/JSE Responsible Investment Index and FTSE/JSE Responsible Investment Top 30 Index.

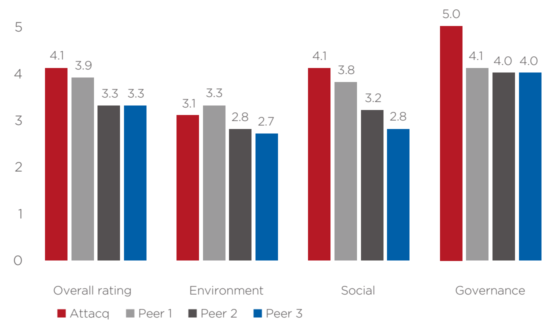
We are the only property company in the Top 30 index – a strong competitive and reputational advantage in a market looking ever more closely at the responsible citizenship credentials of its suppliers and partners. Our progress is even more notable given that we only listed in 2013 and made its first FTSE4Good submission just two years later.

We also outperformed our South African REIT peers, shown below.

Year-on-year progress



South African industry peer comparison



Strategic matters

Guided by our vision, our strategic matters flow from our strategy (page 38) which in turn is determined by our understanding of how we create value (page 24), our risks and opportunities (page 30), our key stakeholders (page 26) and our operating context (page 120).

Our risks, categorised between strategic and operational, are linked to strategic matters that enable management to focus on the broader picture while attending to the underlying detail.

Sustainable income and capital growth

- Aligning our capital structure to support us operating as a REIT by recycling assets in order to improve our interest cover ratio (ICR) and return on capital

Retail and mixed-use precincts

- Own and manage dominant mixed-use nodes, anchored by retail
- Focus on property fundamentals, eg tenant retention, proactively identifying tenant failures and lowering the cost of occupancy
- Investing in European retail-focused property assets via MAS
- Continue the implementation of the exit strategy for our investments in the Rest of Africa

Developments at Waterfall

- Create a live, work, play environment in Waterfall City
- Roll out developments in Waterfall City and Waterfall Logistics Hub

Environment, social and governance (ESG)

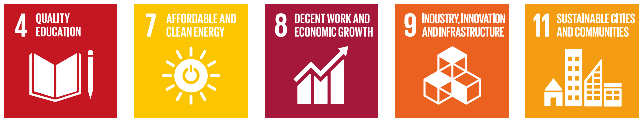
- Our vision is to be efficient, resilient and sustainable
- Investing in our local communities through the Attacq Foundation
- Promoting broad-based black economic empowerment through transformation

Broader perspective

This year we included sustainability as one of our values. In every aspect of our business, we are focused on the future. This extends beyond ecological considerations to every resource we use in our business.

In operating a sustainable business, we are mindful of our impact on and contribution to societal objectives for South Africa and global imperatives such as the United Nations' Sustainable Development Goals or SDGs. This is detailed in our sustainability report.

Our four-pronged strategy aligns well with specific SDGs, highlighted below:



Cummins Southern Africa regional office, Waterfall Logistics Hub

About Attacq CONTINUED

Our values

These values are corporate and individual route markers, illustrating what we need to be and live daily to effectively embed the Attacq spirit.

INTEGRITY
Consistent and trustworthy

We act and communicate in a consistent way, and we stay true to our promises and values.

COLLABORATION
Working together

We strive to build an integrated organisation in all areas of the business.

ACCOUNTABILITY
Taking ownership

We focus on execution, meeting deadlines and our quality of work. We ensure their goals are achieved in an efficient and timely manner.

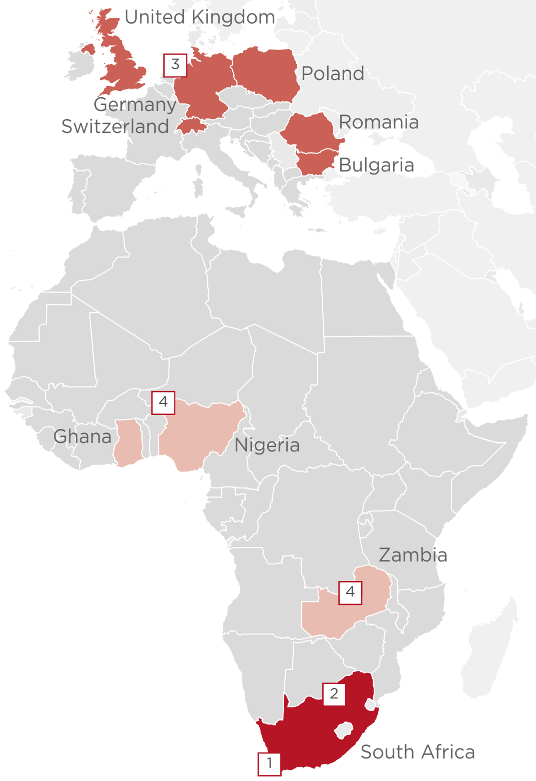
CREATIVITY
Thinking out of the box

Being creative is more than the ability to generate great ideas. It includes the capacity to transform those ideas into final products and services.

SUSTAINABILITY
Focused on the future

In every aspect of our business, we are focused on the future. This extends beyond ecological considerations to every resource we use in our business.

Where we invest and develop



1 SOUTH AFRICAN PORTFOLIO

South Africa: Gauteng, North West and Western Cape

Our top retail and mixed-use precincts by value

- Mall of Africa, Waterfall City, 80.0% interest
- Lynnwood Bridge precinct, including Glenfair Boulevard, Pretoria
- Garden Route Mall, George
- MooiRivier Mall, Potchefstroom
- Eikestad precinct, Stellenbosch, 80.0% interest
- Brooklyn Mall, Pretoria, 25.0% interest

Our top office and mixed-use buildings by value

- PwC Tower, 75.0% interest
- Cell C Campus
- Lynnwood Bridge Offices, including Aurecon

Our top Waterfall industrial buildings by value

- Amrod
- Massbuild Distribution Centre
- BMW Group SA Regional Distribution Centre

75.6%

Percentage of total assets (2018: 75.2%)

Value of portfolio **R20.5 billion** (2018: R21.0 billion)

Contribution to distributable earnings per share (DEPS): **59.0 cents** (2018: 54.1 cents)

2 DEVELOPMENTS AT WATERFALL

South Africa: Gauteng

Waterfall City

- Deloitte head office, 50.0% interest
- The Ingress
- Waterfall Corporate Campus, 50.0% interest
- Nexus Waterfall
- Waterfall Point
- Ellipse (sectional title residential units for sale, pipeline), 50.0% interest

Waterfall Logistics Hub

- Blue-chip tenant (pipeline)

Development rights, infrastructure and services Attacq Sanlam joint venture

8.6%

Percentage of total assets (2018: 8.1%)

Value of portfolio **R2.3 billion** (2018: R2.3 billion)

Contribution to DEPS: **(3.8) cents** (2018: (1.4) cents)

3 INVESTMENT IN MAS

Poland, Bulgaria, Germany, Switzerland and the United Kingdom

We hold a 22.8% (2018: 22.8%) interest in MAS. This investment is equity accounted and disclosed at an investment value of R3.2 billion (2018: R3.1 billion) versus a market value of R3.2 billion, (2018: R3.1 billion), calculated on closing price of R20.90 per share at 30 June 2019 (2018: R21.00).

11.8%

Percentage of total assets (2018: 11.3%)

Value of investment **R3.2 billion** (2018: R3.1 billion)

Contribution to DEPS: **26.9 cents** (2018: 19.5 cents)

4 REST OF AFRICA RETAIL INVESTMENTS

Ghana, Nigeria and Zambia

We hold a 31.8% interest in AttAfrica Limited (AttAfrica) and a 25.0% interest in Ikeja City Mall

3.0%

Percentage of total assets (2018: 4.2%)

Value of investment **R0.8 billion** (2018: R1.2 billion)

Contribution to DEPS: **12.3 cents** (2018: 8.5 cents)

Business overview

Accenture, Waterfall Corporate Campus, Waterfall City

Chairperson and chief executive officer's review

In a challenging environment, our South African portfolio performed soundly as we continue the transition from a capital growth company to a REIT.

Melt Hamman and Pierre Tredoux

It has been another tough year for the real estate industry in South Africa, reflected in below-par returns for most of the listed REITs versus the JSE All Share and All Bond indices at 30 June 2019. These returns, however, obscure the long-term benefits of investing in real estate.

There is a correlation between our industry and the national economy, where a protracted lack of growth due to structural and cyclical challenges remains a major concern. There seems to be little prospect of the lack of growth being reversed in the near future as factional divisions in the ruling party hamper reform efforts.

South Africa urgently needs strong leaders, willing to make the tough decisions required to restore the trust and confidence that will in turn make economic growth a reality. Equally, the country needs the co-ordinated efforts of government, business and labour working to effect change. The macroeconomic conditions are a challenge.

In the face of these significant local headwinds, Attacq has delivered good results and management has made progress in transforming the company from a capital growth company to a REIT.

Strategically, we continue to focus on our core assets and capabilities to deliver sustainable income and capital growth. We take a disciplined approach to the key drivers that underpin our business model: the South African portfolio, Developments at Waterfall, Investment in MAS and the Rest of Africa retail investments. These are detailed below.

For the year ended 30 June 2019, Attacq improved on most key metrics:

- 10.1% increase in the full-year dividend per share to 81.5 cents, exceeding guidance of 79.6 cents to 81.0 cents
- Interest-cover ratio improved to 1.85 times from 1.78 times, nearing our goal of 2.00 times in the medium term
- Average trading density growth in the retail portfolio was 6.8%, from 5.1% last year, while the Mall of Africa's trading density growth was a stellar 13.1%
- Seven buildings were completed in Waterfall, increasing primary gross lettable area (PGLA) by 3.8%, with a further nine under construction
- Reducing our Rest of Africa exposure with the disposal of interest in Achimota Retail Centre and, post-year end, Manda Hill Mall.

On several of these metrics, Attacq outperformed its industry peers, although we acknowledge we are coming off a lower base as a new REIT.

Importantly, the quality of our South African properties, dominant in their respective nodes, makes them defensive assets in the current economic environment. To illustrate, the Mall of Africa performed very well in its third year, with tenants benefiting from steadily higher footcount that improved trading densities and lowered the rent-to-turnover ratio.

In addition, each completed development in Waterfall will be contributing to distributable income. During the period under review, we launched Ellipse, our first residential development in Waterfall City, which will entrench the city's attractiveness as a resident destination and provide valuable growth opportunities for retail tenants. Attacq also has an attractive pipeline of commercial and industrial developments in Waterfall.

We believe that in uncertain times, a focused strategy provides clear direction. Equally, in uncertain times, we understand the need to be very astute in allocating capital and continually reviewing the performance of all our assets. Optimising our balance sheet is key to ensuring long-term growth and sustainable returns for shareholders.

Our key drivers

Given these difficult trading conditions, we remain focused on our key drivers and long-term objective to create value through sustainable income and long-term capital growth. Strategically, we are concentrating on:

- Our South African portfolio: we have a high-quality operational portfolio of retail, office and mixed-use, hotel and industrial properties. Management is focused on optimising these core assets
- Developments at Waterfall: our core competency and strategic advantage is our ability to create lasting value from, arguably, the best development opportunity in South Africa
- Investment in MAS: capitalising on MAS, which provides specialised focus
- Rest of Africa retail investments: we have reduced our investment and will continue working with our co-shareholders to further reduce our exposure.

South African portfolio

Our diversified operational portfolio has a total value of R20.5 billion, or 75.6% of total gross assets.

During the year, we completed seven buildings in Waterfall, predominantly occupied by blue-chip tenants. This supported a 10.4% increase in rental income (like-for-like growth of 5.0%) and well-managed property expenses. By securing new tenants and renewing 80.6% of leases that expired during the year, vacancies declined to 6.2% from 7.7%.

We reduced our exposure to the struggling Edcon Limited (Edcon) group and participated in its recapitalisation programme, detailed in the chief financial officer's review.

Chairperson and chief executive officer's review CONTINUED

Developments at Waterfall

Attacq is a significant landlord in one of South Africa's fastest-growing nodes, Waterfall City, in the heart of Gauteng, South Africa's economic hub (see map below). This will be an integrated and highly efficient 'live, work, play' city environment, anchored by the Mall of Africa, surrounded by commercial and light industrial properties and complemented by a range of residential and hospitality offerings.

Mall of Africa's trading density growth of 13.1% is exceptional for a super-regional mall that has only been operating for three years. It has become a leading lifestyle, entertainment and shopping destination, providing a holistic retail experience that supports tenant and consumer aspirations. Key to Mall of Africa's success is its central location in the heart of Gauteng, ease of access, and the growing number of corporates moving into Waterfall City will contribute to the mall performing even better with time.

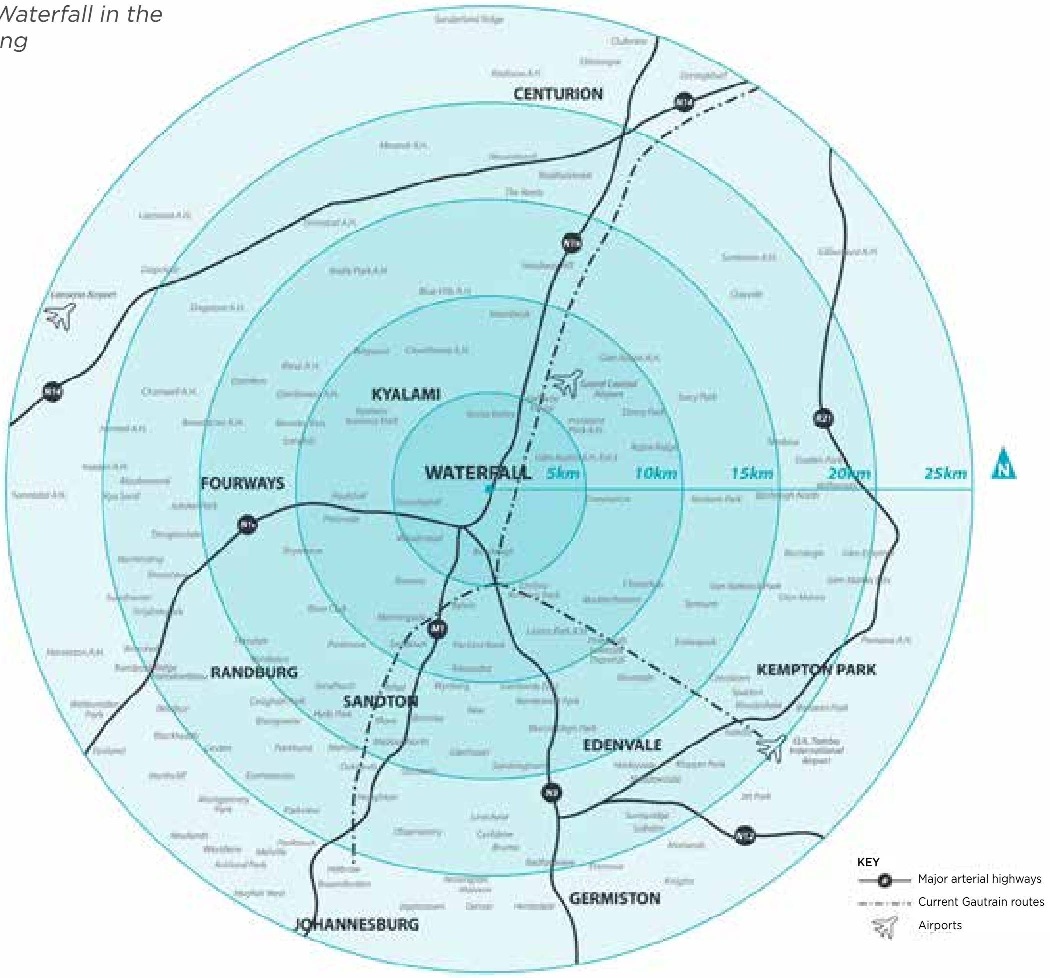
Across Waterfall, we completed seven buildings with over 42 615m^2 in PGLA (our effective share 27 701m^2) in the review period. New tenants include Accenture, Cummins, Pirtek, Superga and Zimmer Biomet.

At year end, nine buildings were under construction, with our attributable share of the roughly 72 000m^2 PGLA being 48 000m^2. New tenants include Deloitte head office, PSG Wealth, ContinuitySA and, in 2021, the 4-star Waterfall Courtyard Hotel – a 'new concept' facility from the City Lodge Hotels Limited (City Lodge). All these buildings are targeting green certification.

Post-year end we broke ground at Ellipse, in partnership with Tricolt, the first high-rise residential development in Waterfall City. Comprising four deluxe towers, Ellipse has exceeded market expectations for sales despite the prevailing economy. Since its launch in late 2018, we have entered into sale agreements for over 80.0% of the 272 apartments in the first two towers, a total value of over R565.0 million. Due to the success of phase I, the first tower of phase II will launch on 26 October 2019.

With around 949 000m^2 of developable bulk in Waterfall remaining, the opportunity is significant. A strong in-house development team gives us the flexibility to establish appropriate joint ventures. We currently have joint ventures with Zenprop Property Holdings Proprietary Limited (Zenprop), Atterbury Property

Map showing Waterfall in the heart of Gauteng



Holdings Proprietary Limited and its subsidiaries (Atterbury), the Moolman group and Sanlam with some as co-investors and others as co-developers.

Our development roll-out spans the next 21 years, and we are confident that Waterfall will be a strong driver of capital and dividend growth for years to come. Prudently, given the prevailing economy and more subdued demand, we have revised our target of rolling out 60 000m^2 of developable bulk per annum to concentrate on the land parcels for which there is higher immediate demand.

Across our Waterfall portfolio – retail, office and mixed-use, light industrial, hotel and residential – our focus remains on densification. We are effectively populating a new city by attracting tenants keen to take advantage of all the benefits offered by our 'live, work, play' concept.

Investment in MAS

Our European investment is concentrated in our strategic 22.8% shareholding in MAS, which remains a significant part of our portfolio at R3.2 billion or 11.8% of total assets. In recent years, we have exited all our European investments, except for our stake in MAS.

For the June 2019 financial year, MAS exceeded its distributable earnings performance guidance in a more competitive market and, in May 2019, its board made the strategic decision to focus on high-growth Central and Eastern European (CEE) markets. MAS has now set a three-year target of growing dividends per share by 30.0% to June 2022.

Post Attacq's year end, MAS announced its intention to purchase a 20.0% economic interest in the investment joint venture from its joint venture partner, Prime Kapital Limited, as well as the latter's property management platform with a view of increasing its geographical focus on CEE markets, subject to obtaining the requisite shareholder approval.

Rest of Africa retail investments

Our Rest of Africa retail investments contributed R86.2 million to our 2019 distributable earnings. The year-end book value, including cash balances, places this at 3.0% of total assets in our portfolio. The decrease reflects the disposal of Achimota Retail Centre and loan impairments of R467.5 million. AttAfrica's interest in Manda Hill Mall was sold and transferred post-year end at the December 2018 book value, reducing our exposure, excluding cash balances, to this key driver to under 2.0% of total assets.

Given the pressure on regional economies, we have reviewed this investment with our co-shareholders. Our intention is to exit in an orderly manner in the near future.

Importantly, we have no debt against these investments, so realised proceeds from disposals can be fully recycled into our South African portfolio.

Governance

In the review period, Attacq's governance standards received full marks (5/5) in the prestigious FTSE4Good ratings, for a second year. While this independent assessment of our governance is gratifying, we continue to evaluate our standards and the composition of our board to improve oversight of our business in the interests of all stakeholders.

In line with King IV, we strengthened the capacity, depth of skills and diversity of our board and appointed a lead independent non-executive director in 2018. All committees are structured and resourced to effectively support the board in meeting its mandate.

In April 2019, Keneilwe Moloko resigned as an independent non-executive director and member of the transformation, social and ethics committee. Tasja Kodde resigned as company secretary in the same month and Peter de Villiers was appointed in an interim capacity until a new appointment is made. The recruitment process is nearing completion.

The board's performance is externally reviewed every two years, with the 2019 review scheduled for November. The previous evaluation (2017) concluded that the board functions well and the skill set is appropriate. Refer to our sustainability report on page 54 for more detail.

The board has full confidence in Attacq's new management team, validated by results for their first full year in office. Their knowledge of the company and extensive experience in the property sector positions this team well to lead Attacq to the next level of growth and development as it matures as a REIT.

Sustainability – across the resources

We understand the complex interplay between the capitals or resources that underpin our long-term sustainability as a company. The way we manage this interplay was independently assessed during the year in the prestigious FTSE4Good ratings, with Attacq scoring 4.1 out of 5.0 for its environmental, social and governance standards. This rating also catapulted Attacq into the FTSE/JSE Responsible Investment's Top 30 index – the only property company to achieve this accolade.

Our approach is detailed in our first standalone sustainability report, but we comment here specifically on the natural, human and social and relationship resources.

Chairperson and chief executive officer's review CONTINUED

Natural resources

We are committed to managing our natural resources efficiently and responsibly. The key challenges at present are the cost and security of supply for water and electricity. While our new developments meet world-class standards of environmental efficiency, managing water and electricity consumption in our older assets is more challenging. Where practical, we have retrofitted lighting, air-conditioning and water systems to optimise re-use and recycling. This is an ongoing process that requires careful attention to balancing the trade-offs between capitals, particularly the natural and financial capitals, but we are committed to the process as a responsible corporate citizen.

We consider Waterfall as a natural resource, and we are concentrating on protecting its ecosystems as we develop the city and surrounding areas. In terms of our buildings, because we control the design and construction, we can guarantee the standards of quality and efficiency throughout their life cycles. By integrating design and construction with asset management criteria, we deliver smarter, more efficient buildings that minimise environmental impacts and lower operating costs.

Environmental sustainability is both an ethical responsibility and good business. We therefore take a long-term view on our potential impacts – negative and positive – in all project design and planning by minimising resource consumption, introducing alternatives such as solar power, and maximising re-use and recycling.

To illustrate this approach in action, 20.8% of our South African portfolio is green-certified. Certification is underway for the Mall of Africa. Although green-rated buildings may cost more to develop initially, their users and broader society benefit across the life cycle.

Human resources

We believe a motivating and collaborative culture will naturally attract the right people. We are making good progress in aligning our corporate culture to ensure we attract and retain the people we need.

We understand that more needs to be done to build a sustainable base of skills, and we are committed to this goal by developing the full potential of every person and rewarding them appropriately. To retain staff and create an owner-manager culture, we began issuing share awards to all employees in 2017. This was repeated in October 2018 and 2019.

Equally, we view a diverse workforce as a goal in itself, beyond compliance. Given that diversity has been proven to stimulate creativity and support balanced decisions, building a representative workforce is a key performance indicator for executive management.

Our ambition to be South Africa's premier property company depends on attracting the best talent from all parts of society to be part of the motivating culture our leadership is creating. Our performance management and reward systems are therefore aligned with our strategic objectives, enabling the board to proactively drive strategy implementation and performance. Our remuneration policy and implementation plan are annually presented to shareholders for an advisory vote. Changes detailed in the 2019 remuneration report included in the sustainability report from page 60 reflect valuable shareholder input.

Social and relationship resources

Our stakeholders are a cornerstone of our business. As detailed on page 26, each group contributes in different ways to our success, and has different requirements. How we anticipate and respond to these requirements contributes as much to our sustainability as our financial results.

We continue to invest in our local communities through the corporate social investment initiatives of our individual assets. Given the state of the South African economy, the most pressing need identified by these communities is employment. In response, we are helping to create jobs by providing training and funding through the Attacq Foundation, detailed in our sustainability report. We continue to engage with these stakeholders to determine real issues and develop appropriate solutions.

Attacq has a level 3 B-BBEE rating under the new property sector charter and we are focused on improving this performance.

In addition to statutory requirements imposed on a REIT, as a responsible company, we have adopted voluntary standards to further benefit our stakeholders – particularly our people, our communities and our tenants – as detailed under the relevant resources of our sustainability report.

Looking ahead

The board's primary responsibility is strategy and ensuring that management delivers on the strategic objectives of sustainable growth in distributable income and capital for shareholders. The board included a minimum interest-cover ratio, Waterfall bulk roll-out and long-term transformation targets for management (see our strategy, page 38. Accordingly, we continue to focus on protecting our shareholders' investments while creating lasting value for all stakeholders.

In achieving these multidimensional goals, we need to find the right balance between managing factors outside our control, such as the poor performance of the local economy, and factors we can control, like optimising our balance sheet.

We are strategically focused for sustainable growth because we are actively involved in both property management and property development. Combined with our thorough understanding of asset management, this will serve us well for the long term.

Attacq has collective strengths: a quality portfolio of assets, an unrivalled development pipeline, expert management team and a strategy focused on delivering sustainable income and capital growth. In addition, competitive remuneration structures attract and retain skilled professionals focused on performance, while corporate policies align the interests of management and shareholders.

Our strategy includes owning and controlling a long-term development pipeline at Waterfall. This pipeline, split between Waterfall City and Waterfall Logistics Hub, creates the platform for above-market average growth in distributable earnings and capital.

Since listing on the JSE six years ago, we have completed 45 developments, including the Mall of Africa, adding over 526 000m^2 of gross lettable area to our portfolio.

As a REIT, our focus has shifted from only capital growth to cash yields to support the dividends and dividend growth. To compete more effectively with our REIT peers, we need to improve our income yield and interest-cover ratio by increasing net rental income and reducing debt. We have made excellent progress by increasing distributable earnings per share by 17.0% in the last year and improving our interest-cover ratio from 1.10 times in 2017 to 1.85 times in the review period. We are targeting a minimum 2.0 times ratio in the medium term by recycling capital after exiting investments and reducing debt with the proceeds.

South Africa's phase of low economic growth is constraining consumer spend and corporate expansion, translating into weak property fundamentals and headwinds for our sector. Accordingly, we are paying close attention to the key metrics of vacancies, arrears and trading densities.

We are targeting distribution growth of 8.0% to 10.0%, or 88.0 to 90.0 cents per share, for the next financial year.

This guidance is based on the following assumptions:

- Achieving forecast rental income based on contractual terms and anticipated market-related renewals
- Tenants being able to absorb the recovery of rising utility costs and municipal rates
- Expected roll-out of the current and budgeted development portfolio
- MAS meeting its rolling three-year dividend target
- No unexpected circumstances such as major corporate tenant failures or further deterioration of the macroeconomic environment.

The prospects have not been reviewed or reported on by our auditors.

In appreciation

In a difficult market, our people are proving their commitment and we are most grateful for their contributions. We also value the input and support of our other stakeholders, which underpins our continued growth.

Our board members are a valuable source of ongoing counsel and expert input. We thank all our directors for their contributions.

Pierre Tredoux
Chairperson

Melt Hamman
Chief executive officer

23 October 2019

Extract from the corporate governance review and remuneration report

Board of directors

Pierre Tredoux (62)
Independent non-executive chairperson

Appointed: February 2005, chairperson 2012
Qualification: CA(SA)
Committees: Investment, remuneration and nominations
External directorship: Barnstone Group (executive)

Brett Nagle (42)
Independent non-executive director

Appointed: July 2015
Qualification: CA(SA)
Committees: Investment, audit and risk
External directorship: Safe Mode Investments Proprietary Limited

Hellen El Haimer (45)
Lead independent non-executive director

Appointed: August 2013
Qualifications: BSoc.Sc, LLB Hons (strategic management), AdvDip in property investment
Committees: Audit and risk, transformation, social and ethics
External directorships: FM Institute Proprietary Limited
Rhyco Risk Projects

Stewart Shaw-Taylor (67)
Independent non-executive director

Appointed: November 2012
Qualification: CA(SA)
Committees: Investment, audit and risk
External directorships: Hyprop Investments Limited, Newpark REIT Limited

Thys du Toit (60)
Independent non-executive director

Appointed: August 2013
Qualifications: BSc (Agric), MBA
Committee: Remuneration and nominations
External directorships: Non-executive director of Old Mutual Limited, director of Rootstock Investment Management Proprietary Limited.

Johan van der Merwe (54)
Independent non-executive director

Appointed: May 2008
Qualifications: CA(SA), MCom (Tax), MPhil (Finance)
Committee: Remuneration and nominations
External directorship: Co-CEO of African Rainbow Capital Investments Limited

Ipeleng Mkhari (45)

Independent non-executive director

Appointed: March 2018
Qualification: BSc
Committee: Transformation, social and ethics (appointed 4 September 2019)
External directorships: Motseng Investment Holdings Proprietary Limited (CEO), KAP Industrial Holdings Limited, Nampak Limited

Melt Hamman (48)

Chief executive officer (CEO)

Appointed: July 2013 (CFO and board member) June 2018 (CEO)
Qualification: CA(SA)
Committees: Investment, executive management

Raj Nana (36)

Chief financial officer (CFO)

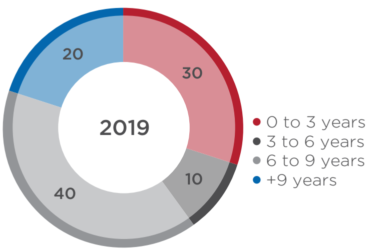
Appointed: April 2014, June 2018 (CFO and board member
Qualification: CA(SA)
Committees: Investment, transformation, social and ethics (resigned 4 September 2019 and appointed as Jackie van Niekerk's alternate), executive management

Jackie van Niekerk (36)

Chief operating officer (COO)

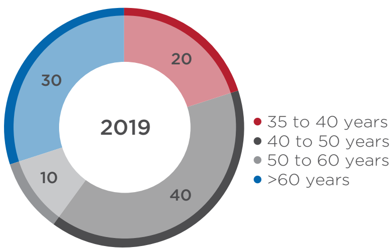
Appointed: April 2017 (COO), June 2018 (board member)
Qualification: BCom
Committees: Investment, transformation, social and ethics, executive management

Board tenure (%)



Average tenure 6.1 years (2018: 5.8 years)

Board by age group (%)



Average age 42 years (2018: 42 years)

For more information please refer to our sustainability report.

Extract from the corporate governance review and remuneration report CONTINUED

Executive management

1. Giles Pendleton (46)
Chief development officer

Appointed: March 2018
Qualifications: National HDip building
Committees: Investment, executive management

2. Peter de Villiers (41)
Chief investment officer and interim company secretary

Appointed: July 2013, June 2018 (CIO), April 2019 (interim company secretary)
Qualifications: CA(SA), CFA
Committees: Investment, executive management

3. Raj Nana (36)
Chief financial officer (CFO)

Appointed: April 2014, June 2018 (CFO) and board member
Qualification: CA(SA)
Committees: Investment, transformation, social and ethics (resigned 4 September 2019 and appointed as Jackie van Niekerk's alternate), executive management

4. Jackie van Niekerk (36)
Chief operating officer (COO)

Appointed: April 2017 (COO), June 2018 (board member)
Qualification: BCom
Committees: Investment, transformation, social and ethics, executive management

5. Melt Hamman (48)
Chief executive officer (CEO)

Appointed: July 2013 (CFO and board member)
June 2018 (CEO)
Qualification: CA(SA)
Committee: Investment, executive management

Board gender diversity (%)

70% Male

30% Female

Board racial diversity (%)

70% White

30% African, Coloured, Indian

Board independence (%)

70% Independent, non-executive

30% Executive

For more information please refer to our sustainability report.

Directors' value add skills matrix

Director	Property development	Property asset management	SA retailer knowledge	SA corporate knowledge	International markets	Tax	Financial markets	Financial accounting	Risk management	Funding	Investment management	Marketing	Legal and regulatory	Information technology	ESG
Pierre Tredoux	✓	✓	✓	✓	✓	–	✓	–	✓	–	✓	✓	✓	✓	✓
Hellen El Haimer	✓	✓	✓	✓	–	–	–	–	✓	–	–	✓	✓	✓	✓
Stewart Shaw-Taylor	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	–	✓
Thys du Toit	–	–	✓	✓	✓	–	✓	–	✓	–	✓	✓	–	–	✓
Johan van der Merwe	–	–	✓	✓	✓	✓	✓	✓	✓	–	✓	✓	–	–	✓
Brett Nagle	–	–	✓	✓	✓	✓	✓	✓	✓	✓	✓	–	✓	–	✓
Ipeleng Khari	✓	✓	✓	✓	–	–	–	–	–	–	✓	✓	–	–	✓
Melt Hamman	✓	✓	✓	✓	✓	–	✓	✓	✓	✓	✓	–	✓	–	✓
Raj Nana	✓	–	✓	✓	✓	✓	✓	✓	✓	✓	✓	–	✓	–	✓
Jackie van Niekerk	✓	✓	✓	✓	✓	–	–	–	✓	✓	–	✓	✓	✓	✓

Executive directors' remuneration

In line with King IV, we disclose a single view of executive directors' remuneration for 2019, compared to 2018. The detailed section in our sustainability report sets out our remuneration policy and remuneration implementation process, changes during the review period as well as voting on remuneration results from the 2018 annual general meeting.

2019	Melt Hamman				Raj Nana	Jackie van Niekerk
Benefit	**South Africa R'000**	**MAS R'000**	**International R'000**	**Total R'000**	**R'000**	**R'000**
Guaranteed total package	4 024	327	–	4 351	2 278	2 450
Short-term incentive	2 924	–	170	3 094	1 000	850
Pension	161	–	–	161	92	137
Other*	97	–	–	97	64	51
Long-term incentive – vesting of shares	3 725	–	–	3 725	623	–
Total	**10 931**	**327**	**170**	**11 428**	**4 057**	**3 488**

** Life insurance, pension administration fees, long service award, etc.*

2018	Melt Hamman				Raj Nana	Jackie van Niekerk
Benefit	**South Africa R'000**	**MAS R'000**	**International R'000**	**Total R'000**	**R'000**	**R'000**
Guaranteed total package	3 607	–	184	3 791	1469	2505
Short-term incentive	67			67	380	–
Pension	105			105	48	128
Other*	56			56	71	59
Long-term incentive – vesting of shares	3 749			3 749	245	–
Total	**7 584**	–	**184**	**7 768**	**2 213**	**2 692**

** Life insurance, pension administration fees, long service award, etc.*

Operating context and response

SOUTH AFRICA
(KEY DRIVERS: SOUTH AFRICAN PORTFOLIO AND DEVELOPMENTS AT WATERFALL)

STRATEGIC MATTERS:

OPERATING ENVIRONMENT	PROPERTY TRENDS	RISK AND OPPORTUNITIES (PAGE 30)
– Weak domestic economy – Constrained consumer spend – Increased online shopping ± Increased focus on transformation – Land expropriation – Increased competition for capital – Fourth industrial revolution – Cost and availability of water and electricity – Illegal land invasions – Increased community activism – Low business confidence – Uncertainty	– Oversupply of space in certain nodes – Retailers increasingly under pressure, including corporate failures – Consumer under pressure – Potential tenants delay decisions – Scarcity of experienced and skilled property professionals – Construction industry under pressure ± Shopper and tenant behavioural changes + Investments in renewable energy + Increased focus on green buildings – Increased focus on cost of occupancy – Through-the-cycle property valuations	**Meeting shareholder expectations** **Transformation targets** **Protection of property rights** **Availability of capital** **Impact of technology and/or disruptors** **Liquidity** **Emerging markets** **Cost and availability of water supply** **Delivery of developments at Waterfall** **Legal and regulatory compliance** **Cost and availability of electricity** **Cyber security** **Land invasion** **Stakeholder activism**

+ Positive **- Negative**

Our response

- We develop sustainable green buildings
- Our relationships with tenants and meeting their needs are increasingly important to ensure their retention
- We are proactively assisting our retail tenants, eg with marketing, understanding their business model, taking back or resizing lettable areas and ensuring optimal tenant mix
- We have a strong in-house brokerage team, supporting tenants in their decisions
- Our focus in corporate social investment is training, specifically for previously disadvantaged individuals
- We are developing corporate consolidations as a cost-effective solution for our tenants
- Defensive and dominant retail and mixed-use properties
- Well established Waterfall precinct, with development momentum
- We improved our tenant vetting and renewal process

REST OF AFRICA
(KEY DRIVER: REST OF AFRICA RETAIL INVESTMENTS)

STRATEGIC MATTERS:

OPERATING ENVIRONMENT	PROPERTY TRENDS	RISK AND OPPORTUNITIES (PAGE 30)
– Dollar strength against local currencies + Higher commodity prices + Declining interest rates and inflation – Challenging operating environment	– Limited tenant options available – Competition from informal trading – Increase in vacancies – Increase in arrears	**Meeting shareholder expectations** **Liquidity** **Emerging markets** **Legal and regulatory compliance**

+ Positive **- Negative**

Our response

- The decision has been made to exit our remaining investments in the Rest of Africa in an orderly manner.

EUROPE
(KEY DRIVER: INVESTMENT IN MAS)

STRATEGIC MATTERS:

OPERATING ENVIRONMENT	PROPERTY TRENDS	RISK AND OPPORTUNITIES (PAGE 30)
+ Euro strength against rand – Lower economic growth in Western Europe + Higher growth expectations in CEE – Potential increase in euro interest rate	– High asset prices in Western Europe make yield-accretive acquisitions challenging + CEE region still offers development opportunities for experienced operators	**Meeting shareholder expectations** **Emerging markets** **Legal and regulatory compliance**

+ Positive **- Negative**

Our response

- We have secured euro funding using our MAS investment as security to create a natural foreign currency hedge
- Attractive growth prospects in MAS dividend are expected to provide a rising and diversified income stream
- MAS has a growing income-producing portfolio, gearing capacity and the ability to recycle capital from mature assets to fund its large development pipeline

Focused progress

2019

- **Completed two new office buildings and five new industrial buildings in Waterfall, adding 27 701m² PGLA to our South African portfolio**
- **Launched Ellipse, Waterfall, our first residential offering in Waterfall City, supporting the 'live, work, play' concept**
- **Recycled capital from Rest of Africa retail investments via AttAfrica's disposal of Achimota Retail Centre in Ghana. An additional disposal was realised post-year end. Strategy to exit Rest of Africa is aligned with AttAfrica's co-shareholders**
- **Included in the FTSE/JSE Responsible Investment Top 30 Index**

2018

- Converted to a REIT
- B-BBEE level 2, rating under the revised property sector codes
- Revised executive management (exco) team
- Completed five new buildings and one extension in Waterfall, adding 103 541m² PGLA to our SA portfolio
- SAPOA awards for best corporate development for PwC Tower and best industrial development for BMW Group SA Regional Distribution Centre
- Successfully refinanced R5.7 billion of debt
- Recycled R524.0 million capital by exiting investments in Artisan, Stenham and Grove Mall of Namibia

2017

- Revised strategy to a more focused approach, ahead of converting to a REIT
- Completed four new buildings in Waterfall, adding 70 914m² PGLA to our SA portfolio
- Internalised development management function
- Included in FTSE/JSE Responsible Investment Index (FTSE4GOOD)
- Recycled R1.9 billion capital by exiting investments in Cyprus, Serbia, Pemba and eight industrial buildings

2016

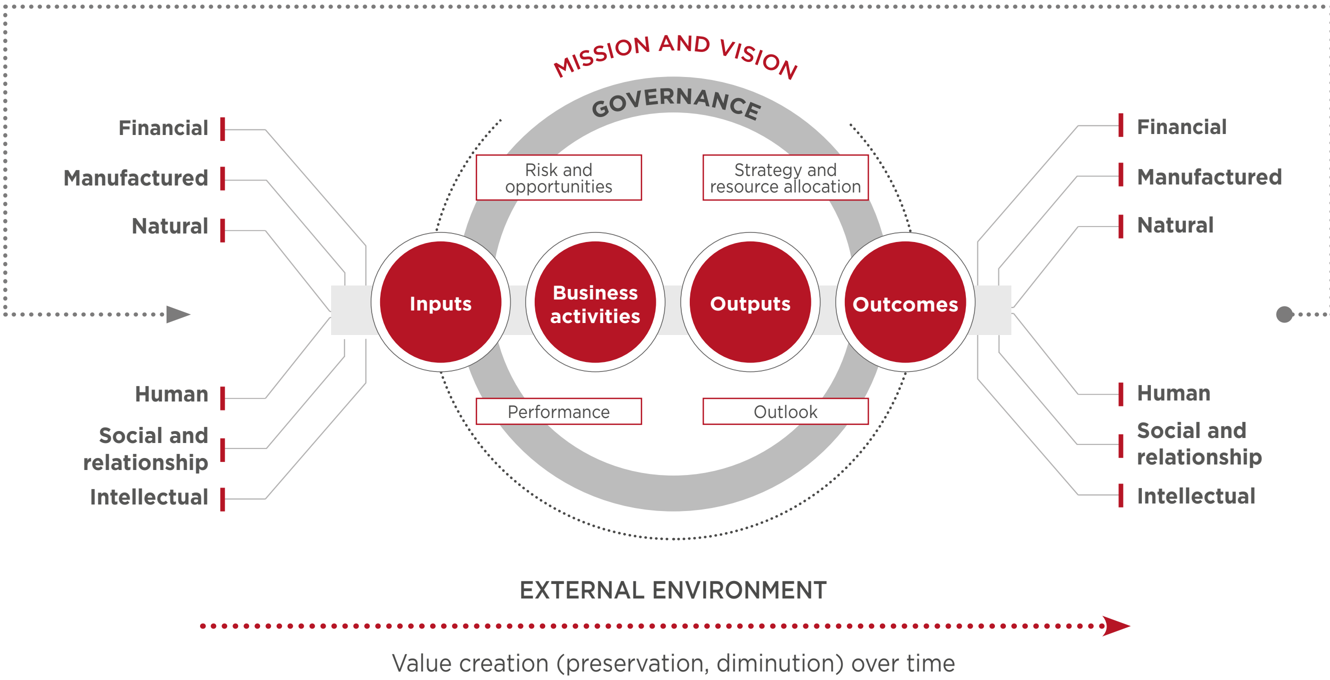
- Mall of Africa opened as the largest first-phase mall development in South Africa
- Completed seven new buildings in Waterfall, adding 127 198m² PGLA to our SA portfolio
- Partnered with:
  - Sanlam Life Insurance Limited (Sanlam)
  - Zenprop Property Holdings Proprietary Limited (Zenprop)
- Acquired 25.0% of Ikeja City Mall, Nigeria
- Recycled R1.3 billion capital by selling the remaining 50.0% of Great Westerford (Western Cape), our investment in Mauritius and a number of MAS shares
- Invested in Cyprus and Serbia

2015

- Completed 13 buildings in Waterfall, Lynnwood Bridge precinct and Newtown precinct, adding 150 850m² PGLA to our SA portfolio
- Refinanced our retail portfolio using R3.2 billion of existing debt
- Raised USD51.0 million debt facility
- Recycled capital: disposed of three properties in the Retail Africa Wingspan Investment portfolio, and our interest in Rapfund Holdings Proprietary Limited

Our value-creation process

Our value-creation process reflects the IIRC model shown below, where the flow of inputs (capitals or resources) is transformed by our business activities into outputs (what we use and produce) and outcomes (benefits or impacts for our stakeholders), all within an external environment that influences our decisions. This is a complex interplay, and our overarching objective is to generate positive outcomes for stakeholders, or at least mitigate negative impacts.



Resource trade-offs in implementing our strategy

Financial

As a REIT, we pay dividends twice a year. The positive impact on our shareholders (social and relationship resources) may be countered by the negative impact on our financial resources.

Manufactured

Our goal is to create an integrated smart city that works. Large investments in manufactured resources to build infrastructure in Waterfall impact our short-term financial resources. We believe creating a sustainable city will benefit us in the long run, increasing our financial resources.

Natural

Through water-saving strategies and our investment (financial resources) in renewable energy, we reduce the impact on our natural and financial resources, and honour our obligations as a responsible corporate citizen. By reducing the impact on our natural resources, we ensure 'business as usual' in times of service delivery interruptions, in turn reducing the impact on our financial and social and relationship resources (reputational).

Human

Training and developing employees is a retention strategy and a way to build our intellectual capital. Financial and human resources (lost time at work) are initially affected but increased in the long run by the value employees generate for the company.

Social & relationships

We invest time (human resources) and money (financial resources) in our communities and stakeholder groups as the quality of these relationships supports or hampers our ability to operate (page ••).

Intellectual

We invest in intellectual resources and leading technology systems to improve the quality of information. The short-term negative impact on human and financial resources is offset by enhancing our competitive advantage, which translates into a long-term benefit for these resources.

Our value-creation process CONTINUED

Resources

INPUTS

Financial
- Debt and equity funding
- Reinvestment/recycling capital (page 44)

Our challenge: Increased competition for capital

Manufactured
Our four key drivers
- South Africa portfolio
- Developments at Waterfall
- Investment in MAS
- Rest of Africa retail investments (page 54)

Our challenge: Oversupply of space in certain nodes in our South African portfolio

Natural
- Waste
- Electricity
- Technology
- Water
- Transport

(page 84)

Our challenge: Cost and availability of water and electricity

Human
- High-calibre, motivated employees
- Skilled professionals
- Experienced leadership (page 86)

Our challenge: Scarcity of experienced and skilled property professionals

Social & relationships
Quality relationships with
- Community
- Employees
- Government, municipality and regulators
- Land holder
- Providers of capital
- Shoppers
- Suppliers
- Tenants (page 87)

Our challenge: The maintaining of quality relationships

Intellectual
Intellectual
- Knowledge, systems, policies and procedures
- Brand and reputation (page 88)

Our challenge: Shortage of skills and resources to support innovation

Value-adding activities

WHAT WE DO

Invest

Source
Through internal and external resources, we source investment and development opportunities

Assess
We evaluate identified opportunities and invest in assets with potential to deliver sustainable income and capital growth. We seek to optimise our capital allocation

Secure
We secure the opportunity, once we have assessed and approved our investment decision

Fund
By prudently managing our funding, we have the financial flexibility to execute value-enhancing investments, develop new assets or redevelop existing assets

Develop

Develop
We develop buildings to meet tenant and consumer needs and, by doing so, we generate a pipeline of agile investment properties

Grow

Enhance
Through proactive property and asset management, we strive for sustainable income and capital growth. Total return includes both income and capital growth with the focus on dividend growth

Evaluate
We optimise our total return through proactive asset management, using our sector insight and expertise to regularly review our entire asset portfolio and value the potential return of our assets to generate maximum shareholder value

Recycle capital
We optimise our capital allocation by recycling capital from mature assets into assets with higher growth prospects

Support
All our activities are underpinned by shared corporate services such as finance, human resources, legal and marketing

OUTPUTS

Investing, developing and managing quality real estate investments

Completed seven new buildings

Resource

OUTCOMES

Outcomes	Strategic matters	How and why our outcomes created value	Risks and opportunities
+ Dividend of 81.5 cents per share - Gearing increased to 37.7% + Reduced cost of debt to a weighted average of 8.8% + 78.7% of total committed debt facilities hedged + Improved interest cover ratio of 1.85 times + MAS exceeding its dividend guidance - Shareholder loan impairments of R467.5 million on our Rest of Africa retail investments - Reduced value in Waterfall development rights		We are balancing dividend payouts to shareholders with reinvestment into Developments at Waterfall	Meeting shareholder expectations Availability of capital Liquidity
- Total assets decreased to R27.1 billion - Recycled capital totalling R450.0 million from selling assets + Reduced vacancies to 6.2% + Rental escalations of 7.1% + Weighted average lease expiry profile of 6.5 years + Average trading density growth of 6.8% - Bulk rolled out of 27 701m^2 effective PGLA		By actively managing the quality of our South African portfolio, we are achieving above-market performance in KPIs for the real estate industry	Protection of property rights Impact of disruptive technology Emerging markets Cost and availability of water supply Delivery of Developments at Waterfall Cost and availability of electricity Land invasion Stakeholder activism
+ 12.5% decrease in Scope 2 carbon footprint emissions + 36.7% waste recycled + Renewable energy-generating capacity of 6 852kWh + 13 certified green buildings		By investing to reduce the impact on our natural resources, we ensure 'business as usual' in times of service delivery interruptions and maintain our standing as a responsible citizen	Cost and availability of water supply Cost and availability of electricity
± Voluntary employee turnover at 9.1% + R4.1 million invested in training over four years		In the face of an industry-wide shortage of skills, we are focused on training for our own needs, those of the industry and the broader society	Transformation targets
- Commitment to transformation demonstrated through our B-BBEE level 3 score (revised property codes, REIT sector) + Corporate social investment (CSI) spend of R6.4 million + 402 employee hours invested in CSI + 681 direct beneficiaries reached through CSI projects + 415 jobs created through CSI		We invest time and money in our community as the quality of these relationships supports or hampers our ability to operate (page 26)	Transformation Stakeholder activism
+ Included in the FTSE4Good Index series for the third year + Effective controls and processes + Team of respected industry professionals + Recognition and enhanced reputation + Various industry awards		Investing in innovative solutions and measuring our performance against global benchmarks enhances our competitive advantage	All risks

Key relationships

Our key relationships are with those stakeholders who have significant influence over how we do business, with whom we engage regularly. In FY19, our updated stakeholder engagement policy was approved by the transformation, social and ethics committee.

In line with King IV, we follow an inclusive approach and derive our strategy from understanding our stakeholders' needs, interests and expectations. These relationships enable us to identify risks and opportunities, and address these proactively to create trust with our stakeholders.

Key stakeholder profile

COMMUNITY
All communities in the retail catchment areas of each asset in our South African portfolio

EMPLOYEES
150 permanent and temporary employees

GOVERNMENT, MUNICIPALITY AND REGULATORS
National and local government departments, municipalities, regulators, industry associations

LANDHOLDER
Waterfall

EXISTING AND POTENTIAL PROVIDERS OF CAPITAL
10 funders, >6 400 shareholders, mainly in South Africa

SHOPPERS
>40 million shoppers

TENANTS
>700 existing and potential tenants

SUPPLIERS
>80 product/service providers

The quality of our relationships supports or hampers our ability to operate, as almost every issue raised by our stakeholders can be a risk or opportunity in achieving our strategy. We classify the quality of our relationships into five categories:

ONE-WAY RELATIONSHIP
One-way communication

DEVELOPING RELATIONSHIP
Initiating two-way communication; a relationship still regarded as under development

GOOD RELATIONSHIP
Two-way communication and the company acts independently of the stakeholder

CONNECTED RELATIONSHIP
Collaborative engagement with joint learning, decision making and actions

STRONG RELATIONSHIP
Integrating stakeholder into governance, strategy and operations management through meaningful collaboration.

COMMUNITY

Stakeholder, quality of relationship, frequency and method of engagement
Developing relationship
Various outreach programmes

Benefits of engaging/risk of poor engagement

- Interacting with our communities enables us to understand their needs and further align our business with those needs to remain relevant
- Job creation, social upliftment and investing in our communities

Contribution to value creation

- We benefit from the support of the community and we therefore want to invest back into the community

Main discussion points

- Small and medium enterprises in Midrand were not always included in procurement for the developments at Waterfall (see risks and opportunities, page 30)

Our actions

- We have implemented an online procurement tool to communicate opportunities to all small and medium enterprises
- We are involved in the community through regional events and CSI projects

EMPLOYEES

Stakeholder, quality of relationship, frequency and method of engagement
Strong relationship
Daily, monthly, ad hoc

Benefits of engaging/risk of poor engagement

- Healthy organisational culture that motivates employees to perform improves engagement, fosters collaboration and strengthens commitment to embrace our values and strategic objectives

Contribution to value creation

- Provide talent, knowledge and skill by embracing company values

Main discussion points

- Advancement prospects within a flat hierarchical structure
- Engagement across all levels
- Transformation and employment equity (see risks and opportunities, page 30)
- Collaboration across all departments
- Living our values

Our actions

- Personal growth is encouraged by promoting innovative thinking and collaboration with other teams and individuals as well as training
- Monthly CEO update, including Q&A opportunity
- Regular visits by senior management and executives to our regional malls
- Transformation is a priority, with all non-equity appointments presented to the CEO for approval

GOVERNMENT, MUNICIPALITY AND REGULATORS

Stakeholder, quality of relationship, frequency and method of engagement
Developing and maintaining good relationships
Ad hoc, formal reports as required

Benefits of engaging/risk of poor engagement

- Streamline approval process
- Comply with laws and regulations to avoid fines and penalties

Contribution to value creation

- Municipalities providing utilities and services as well as building approvals

Main discussion points

- Local council: timeous receipt of approvals

Our actions

- We remain committed to ensuring the highest levels of compliance to all legislation.
- We engage regularly with government, regulators and improvement districts to ensure our developments are supported by the appropriate infrastructure. This includes detailed traffic impact assessments.

Key relationships CONTINUED

LANDHOLDER

Stakeholder, quality of relationship, frequency and method of engagement

Strong relationships

Regular interaction

Benefits of engaging/risk of poor engagement

- Retain and build the relationship

Contribution to value creation

- Land holder of our key driver, Developments at Waterfall and land holder to a majority of our assets in our South African portfolio

Main discussion points

- The roll-out and management of Waterfall precinct
- Approvals for proposed new developments

Our actions

- Regular one-on-one meetings ensure proactive management of this vital relationship

EXISTING AND POTENTIAL PROVIDERS OF CAPITAL

Stakeholder, quality of relationship, frequency and method of engagement

Strong relationships with larger shareholders and principal financiers; one-sided to connected relationship with others

Ad hoc meetings, SENS announcements, meetings after results presentations, roadshows, integrated report

Benefits of engaging/risk of poor engagement

- Create a larger shareholder base, increasing share liquidity and enhancing access to capital
- Access to debt capital, existing funding structures support our business strategy

Contribution to value creation

- Provide equity and debt capital

Main discussion points

- Our financial performance and position
- Credit quality of our tenants
- Implementation of the group's strategy
- Retail environment
- Developments at Waterfall and its pipeline
- Investment in MAS

Our actions

- Regularly updates providing accurate information to demonstrate our continuing ability to meet obligations (debt covenants, loan-to-value, interest cover ratio)
- Specific concerns raised were addressed by direct feedback (email/meetings/presentations)
- In addition to regular engagement, we issued specific newsletters and notices/updates and hosted a site visit to Lynnwood Bridge precinct, specific developments and Ellipse show unit

SHOPPERS

Stakeholder, quality of relationship, frequency and method of engagement

Good relationship

Proactive engagement through appropriate mediums

Benefits of engaging/risk of poor engagement

- Understanding shopping patterns, consumer experience and requirements, as well as the impact of online shopping and relevant retail competitors in each region

Contribution to value creation

- Consumer behaviour affects the tenant's turnover and therefore future sustainability and potential rental income, with an indirect impact on the value of our buildings

Main discussion points

- Remaining relevant in a competitive environment
- Changing the way in which we communicate to shoppers and the mediums used

Our actions

- Learn and improve campaigns, activities, initiatives based on shopper, customer or mystery-shopper feedback

TENANTS

Stakeholder, quality of relationship, frequency and method of engagement

Developing and connected relationships

Daily, monthly, ad hoc, twice-yearly roadshow, third-party tenant satisfaction surveys

Benefits of engaging/risk of poor engagement

- Tenant retention and expansion
- Implement early renewal strategy to improve retention and weighted average lease expiry
- Convert potential tenants to actual tenants

Contribution to value creation

- Tenants are our primary clients, providing the rental income that underpins our business

Main discussion points

- Cost of occupancy at tenant level and how to reduce the costs
- Partnering with tenants to restructure leases and drive down cost of occupancy
- Early renewals

Our actions

- We continually invest in cost-saving initiatives for electricity and water. We remain committed to using green building principles in our developments
- Closer relationships with our clients to identify early-renewal potential and address client risk proactively where possible

Adding value for tenants

In the review period, our asset, property and development teams completed a comprehensive programme aimed at adding value for existing and new tenants. The programme was closely linked to the South African portfolio and Developments at Waterfall as key drivers.

We believe that if we build sustainable relationships with our clients while still delivering exceptional service, our understanding of their evolving needs will be a natural outflow of our connection. When the time comes to renew these contracts, we want to be the logical choice because of our established connection with these tenants.

SUPPLIERS

Stakeholder, quality of relationship, frequency and method of engagement

Good relationship

Performance evaluations, penalties and bonus where applicable, effective feedback loop created through monthly performance tracker

Benefits of engaging/risk of poor engagement

- By maintaining good relationships and open communication with our suppliers and service providers, we benefit from high-service levels that enhance our service to tenants and shoppers

Contribution to value creation

- High-service levels and quality products enhance our service to tenants and shoppers

Main discussion points

- Fair and transparent tender processes
- Service level agreements

Our actions

- We ensure effective internal processes by selecting suppliers and service providers that support our strategy and values.

Risks and opportunities

Effective risk management allows the balanced pursuit and execution of these opportunities in a way that delivers competitive, yet balanced, returns to our shareholders.

In line with King IV (principles 11, 12, 13 and 15), we have applied the revised ISO 31000: 2018 risk management principles to establish an integrated approach in managing our risks by embedding our combined assurance process with our enterprise risk management process.

Our risks are closely linked to our strategy and related objectives and key performance indicators (KPIs), which are monitored continuously to ensure proactive responses to positive and negative risk appetite and tolerance levels and cascaded down to the operational risk level. Risk management is embedded in our culture. Our view on risk appetite and risk tolerance is summarised below:

Risk appetite is the maximum risk we are willing to accept in implementing our business strategy while **risk tolerance** is the threshold variance in the level of risk mitigation (avoid, tolerate, accept) we are prepared to accept.

At a strategic level we have analysed each risk to identify possible opportunities. The magnitude of opportunities varies from risk to risk, for example some risk represents greater opportunities. We have ranked opportunities on a three-point scale of low, medium and high.

We are continually strengthening our risk management practices to manage shareholder value and support sound business practices and growth. We summarised our top risks and responses on pages 30 to 37. We also link our top risks to our strategic objectives.

Assurance providers are monitored via the combined assurance forum (CAF). The board has delegated oversight of risk management to ARC. The board is ultimately responsible for risk management.

We believe that disclosing strategic and material operational risks assists our stakeholders in better understanding our risk landscape. We have therefore divided our risks into two sections following.

IDENTIFY AND ANALYSE	ASSESS	RESPOND	MONITOR AND MANAGE
Exco, as the implementer of strategy, is responsible for designing and implementing risk management policies and processes Our risk management process is applied equally across environmental, social, health and safety, governance, fraud and regulatory compliance matters	Our strategic and operational risks are well managed and reassessed against changes in the economy, property industry and our portfolio. This enables us to assess the potential impacts of risks on the value-creation process and prioritise critical risks	We respond to risk using a combined assurance approach whereby each risk is managed through three levels of defence First line of defence (day-to-day operations): • Each employee including line managers and exco members Second line of defence (day-to-day operations): • Risk managers Third line of defence (CAF, ARC and board): • Internal auditors, external auditors and other independent assurance providers	Risks and opportunities are interrogated quarterly at CAF, attended by exco members, senior management as well as internal and external auditors At forum meetings, exco reports back on the effectiveness of current risk mitigation strategies and reassess risks in light of current internal and external factors. The forum formally reports to the audit and risk committee (ARC) on all potential and identified emerging risks, and mitigating actions taken within acceptable parameters

NOTED	CONSIDERED	APPROVED	RESOLVED
RISK AND OPPORTUNITY			
• A new legal application, Sentinel, was launched that customises legislation communication based on individuals' role profiles • During the FTSE/JSE Responsible Investment Index rating process our governance section were given a 5.0 out of 5.0 rating	• Additional infrastructure cost to be spent on Waterfall, unlocking it's potential	• Internal audit charter • Appointed PwC as our internal auditors • In terms of the group's risk maturity assessment, a minimum threshold target was approved	• Expropriation of land without compensation added to the risk register • Risk appetite and tolerance levels were presented and approved

Ellipse, Waterfall City

Risks and opportunities CONTINUED

KEY STRATEGIC RISKS

DESCRIPTION	POTENTIAL IMPACT	KEY RISK INDICATOR	CURRENT STATUS
Meeting shareholder expectation			
Not meeting guidance provided on dividend per share (DPS) growth	• Reputational damage • A decline in the share price	DPS growth	Exceeded DPS growth guidance
Transformation targets			
Not meeting the transformation targets according to the seven pillars of the B-BBEE scorecard	• Potential sanctions by regulatory authorities • Failure to secure new tenants and/or retain existing tenants that rely on our rating for their B-BBEE scorecards	B-BBEE rating	Level 3
Protection of property rights			
Not having the opportunity to derive benefit of purchased leasehold land and not complying with the development rights agreement in respect of the leasehold land	• Loss of the rights to the land may trigger significant negative fair value adjustments	Forced disposal and/or expropriation of land and development rights	No claims
Availability of capital			
Not having access to equity and debt funding	• Inability to roll-out and commercialise development bulk • Inability to capitalise on unexpected opportunities in-line with our investment strategy	Gearing	37.7%
		ICR	1.85 times
Impact disruptions of technology			
Not maintaining the relevance of assets and responding to the needs of our tenants and shoppers in the context of online shopping, smart cities and modern construction techniques. Staying abreast of technology	• Evolving/reducing space requirements both in size and time frames • Shopping pattern behaviour changes due to online shopping	Weighted average lease term (WALE)	6.5 years
		Vacancies	6.2%

RESIDUAL RISK AND OPPORTUNITY
High Medium Low

MOVEMENT FY18/FY19
Risk increased Unchanged year on year New key risk

MITIGATING ACTIONS	RESIDUAL RISK	OPPORTUNITY	RISK MOVEMENT FY18/FY19	STRATEGIC MATTERS
• Defensive mixed-use Waterfall development pipeline • Robust returns from our investment in MAS • Focusing on the delivering of strategic and operational property management KPIs • Disposal strategy of Africa investments	Medium	High Through prudent capital allocation, active asset management and development of the Waterfall pipeline, there is an opportunity to deliver on and exceed the DPS growth targets	Unchanged year on year	
• Proactively managing and monitoring procurement spend • Appropriate allocation of resources to achieving targets for each pillar	Medium	Medium Through meeting the requirements of the various scorecard elements, we have delivered tangible benefits to multiple beneficiaries. For more information see social and relationship resources in our sustainability report, page 29	Risk increased	
• Internal policies and procedures, driving compliance with the development rights agreement of the lease hold land • Staying abreast of changes in legislation, ensuring an appropriate and timeous response	Medium	High Through the access to the development rights and the commercialisation thereof, we can unlock stakeholder value. The Waterfall leasehold land rights which provide a development pipeline for the next 21 years, allowing DPS and capital growth	New key risk	
• The availability of committed undrawn facilities • We have strong funding relationships	Medium	Medium There are various opportunities in the pipeline to recycle capital and reducing debt, thereby improving gearing and ICR We have no interest-bearing debt allocated to our development rights and the Rest of Africa retail investments Exiting the Rest of Africa retail investments will generate cash	New key risk	
• Focus on property fundamentals • Focus on meeting tenant requirements and tenant retention • Focus on building green buildings in order to reduce cost of occupancy • Staying abreast of research, new trends and tenant/shopper behaviour in order to proactively respond	Medium	High Waterfall, being a greenfield development has the ability to become a true smart city. Infrastructure, urban design and space planning are all centrally controlled. We have, for example, access to a high-speed fibre ring encircling the entire city, making Waterfall City attractive for potential tenants Similar to water and electricity, large-scale connectivity becomes the enabler to supplying relevant data which means we have the competitive advantage to offer ancillary value-added services over and above the basic rental rate per square meter	New key risk	

Risks and opportunities CONTINUED

MATERIAL OPERATIONAL RISKS

DESCRIPTION	CONSEQUENTIAL EFFECTS	KEY RISK INDICATOR	CURRENT STATUS
Liquidity			
Insufficient cash resources to fulfil business as usual activities	• Delays in meeting operational requirements such as payment of suppliers and employees	Access to capital on a monthly basis, forecast for the next 24 months	A liquidity buffer of R1.4 billion
Emerging markets			
Volatile economic conditions impacting investment values, growth and revenue potential	• Liquidity of our Rest of Africa retail investments • Underperformance of property portfolio • Increasing operational costs • Unfavourable currency movements • Negative fair value adjustments on the investment	Investments into Rest of Africa	No further capital investment
Cost and availability of water supply			
Protracted drought conditions coupled with deteriorating municipal infrastructure increased strain on municipal bulk water supply	• Potential loss of income if tenants cannot trade due to lack of water • Impact on future development roll-out • Interrupted business operations • Increased cost of occupancy for our tenants	Water resilience per OHS requirements	OHS compliance
Delivery of development at Waterfall			
Developments delivered • **late** • **over budget** • **in contravention of applicable laws** **All developments must adhere to generally acceptable quality and certified green sustainability requirements**	• Late delivery of developments may result in suboptimal returns due to penalties being imposed and/or loss of rental income • Reputational damage to us, leading to a loss of credibility and negative publicity from dissatisfied tenants • Potential for constrained cash flow arising from over-budget developments (see liquidity and availability of capital risks above) • Potential inability to recover proceeds from insurance companies due to contravening applicable laws, eg building approvals, in the event of unexpected damage	Project budget per development Portfolio infrastructure budget Legal and regulatory compliance Significant reputational damage	KPIs met, except for the late delivery on Waterfall Point, which has no material impact

RESIDUAL RISK AND OPPORTUNITY
High Medium Low

MOVEMENT FY18/FY19
Risk increased Unchanged year on year New key risk

MITIGATING ACTIONS	RESIDUAL RISK	OPPORTUNITY	RISK MOVEMENT FY18/FY19	STRATEGIC MATTERS
• Cash buffer established • The availability of committed undrawn facilities		Flexibility and security in the day-to-day operations of the company		
• Further investment curtailed • Existing shareholders actively supporting the asset management function • Management is open for opportunities to recycle assets		Strategically, all shareholders invested in the Rest of Africa retail investments are aligned in terms of wanting to exit these markets This investment is currently generating a low-cash yield, therefore recycling into debt will be earnings accretive. If debt is settled with the proceeds, our gearing will decrease and our ICR will improve		
• Water resilience is maintained by back-up tanks or water-shipping arrangements • Review and manage service level agreements with contractors to bring additional water, and the setup of water tanks		Water supply is continuously monitored for quality and availability. Our water-resilience plans ensure a reliable supply of potable water for operational continuity. This in turn ensures we maintain an outstanding customer and tenant experience, creating a competitive advantage. The South African portfolio currently has two days of water resilience, ie a property can operate normally for two days without municipal water supply		
• Regular meetings between development and asset management teams • Passing on financial loss to contractor through legal agreements		We are uniquely positioned as a REIT with a substantial development pipeline. This allows us to respond to new market trends and changes in tenant preferences and requirements such as flexible workspaces and smart city designs. Our sustainability strategy for Waterfall City is to obtain green certification for all new buildings and to develop an integrated transport plan for efficient access, parking and mobility		

Risks and opportunities CONTINUED

MATERIAL OPERATIONAL RISKS continue

DESCRIPTION	CONSEQUENTIAL EFFECTS	KEY RISK INDICATOR	CURRENT STATUS
Legal and regulatory compliance			
Non-compliance with legal and regulatory requirements	• Reputational damage • Reportable irregularities • Penalties, sanctions or fines • Business disruption	Imposition of fines or penalties resulting in business disruptions Significant reputational damage	No contravention detected Legal and regulatory compliant
Cost and availability of electricity			
Inability of electricity providers to provide a dependable electricity supply at the required quality and reasonable cost. This includes available bulk supply for future developments	• Increased infrastructure cost passed on to tenants due to back up electricity generation solutions • Failure to secure approval for new developments • Increased cost of occupancy for existing and new tenants	Electricity supply per OHS requirements	OHS requirements met
Cyber security			
Consequential impacts of being in a highly connected environment from a cyber threat perspective	• Prolific distribution of productivity destructive programs such as viruses • Leakage and/or theft of data by third parties	Business disruption	Zero days disruption
Land invasion			
Land invasion	• Delayed developments due to inability to remove illegal land occupiers • Potential decrease in land valuations • Potential loss of income • Additional operating cost to manage potential land invasion	Delays on Developments at Waterfall	Zero projects delayed
Stakeholder activism			
Increased community activism and pressure on business to provide more support to local suppliers and service providers	• Delay in developments • Reputational damage • Threats and intimidation of employees	Delays on Developments at Waterfall Tenants might not be able to trade and/or have access to their properties	Zero projects delayed

RESIDUAL RISK AND OPPORTUNITY

High Medium Low

MOVEMENT FY18/FY19

Risk increased Unchanged year on year New key risk

MITIGATING ACTIONS	RESIDUAL RISK	OPPORTUNITY	RISK MOVEMENT FY18/FY19	STRATEGIC MATTERS
• Internal legal team comprising four staff members • Quarterly reporting through CAF, ARC and TSE committee • Implementation of technological tool (Sentinel Law Explorer) to continually monitor changes to existing legislation		The Sentinel Tool is assisting in keeping us abreast of regulatory requirements and enhance our ability to respond to changes		
• Backup generators installed • Robust maintenance plan for generators • Installing a PV system at Garden Route Mall		Investments have been made to ensure minimal downtime, regardless of reliability at source Being able to trade without service interruptions through precisely scheduled diesel deliveries gives our portfolio a competitive edge		
• Proactively initiating and implementing cyber security measurements		High connectedness allows our employees greater freedom of movement and flexibility in their day-to-day tasks.		
• Boundary demarcation • Legally enforced property rights • Regular proactive patrols • Operational control over our assets		The emergence of this risk has increased the working relationships with stakeholders such as the police and municipalities, giving us insight into their operations and allowing us to understand and more proactively plan for future challenges		
• Actively engaging with parties and local communities • Co-ordinated actions with authorities, joint venture partners and parties proposing marches to engage and prevent these events • Procurement policy encourages spend on SMME enterprises • The roll-out of skills development programmes around Waterfall through the Attacq Foundation		Enrol local SMMEs on the procurement portal in order to push notifications of potential work Ensure that contractors are made aware of the local community involvement from the onset of the project Provide contractors with a database of trainees to be included on projects		

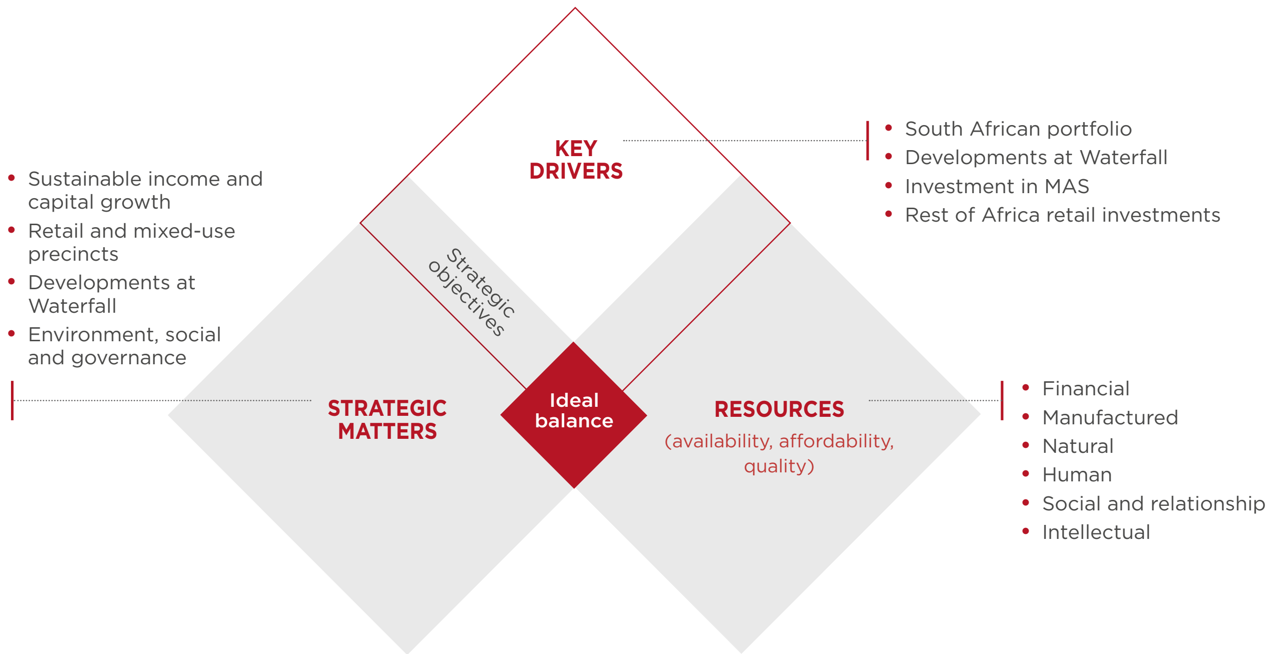
Our strategy

Our strategy is implemented through our key drivers, after considering risks and opportunities, stakeholders' main requirements and our operating environment. Our performance is measured by KPIs.

Our remuneration policy, which includes our short-term incentive (STI) scheme and the performance conditions of our long-term incentive (LTI) scheme, supports our strategy. We design and calibrate the KPI targets of our STI and LTI schemes to ensure alignment with short-term and long-term value creation respectively, in line with our strategy. These targets have not been reviewed or reported on by our auditor.

Strategic matters

Achieving the discrete objectives under each strategic matter supports one or more of our key drivers. These are in turn all influenced by the availability, quality and affordability of our capitals. Our aim is to balance our use of the capitals, that is, to optimally allocate capital and where and when required, recycle capital, to achieve our objectives en route to our ultimate goal of sustainable income and capital growth.



Our strategic objectives span one to five years, setting out Attacq's key short to medium-term goals.

	Objectives	Measured by
1	**To deliver a consistently great experience. To ensure all our stakeholders enjoy the necessary service and care, whatever their context or relationship with our organisation**	• Year-on-year trading density growth • Low vacancy rate at reporting date • Low arrears as at reporting date • New business development
2	**To realise the deliverables of Developments of Waterfall and turn the dream and vision of the precinct into a reality**	• Development roll out (m^2 pa) • Successful sale of residential units
3	**To embed our focus on sustainability in all areas of our company. To ensure we operate in a way that respects our heritage, leaves a lasting legacy and enables generations to come**	• Reduce our carbon footprint • Remain included in the FTSE/JSE Responsible Investment Index • Encourage transformation through B-BBEE levels and EE scores

SUSTAINABLE INCOME AND CAPITAL GROWTH

Resource

To be a premier property company, we need to deliver sustainable income and capital growth. We continue to identify non-core properties in our South African portfolio as well as non-core investments across the group for disposal. We will redeploy this capital by repaying interest-bearing debt and funding our Developments at Waterfall.

Our focus as a REIT is on dividend per share (DPS) and dividend growth as benchmarking KPIs for the industry.

Strategic KPIs	2018 result	2019 target	2019 result	Success indicator	Short-term target	Medium to long-term target
FINANCIAL						
DPS (cents)	75.0	79.5 to 81.0	81.5	✓	88.0 to 89.7	110.0% growth in DPS relative to identified peer group over a three-year period
Dividend growth (%)	–	7.5 to 9.5	10.1	✓	8.0 to 10.0	

We focus on improving our interest cover ratio as this ratio is an indicator of the affordability of our debt. Lowering gearing levels is important in order to improve the interest cover ratio. We have set a goal of reducing gearing levels to below 35.0%.

Strategic KPIs	2018 result	2019 target	2019 result	Success indicator	Short-term target	Medium to long-term target
FINANCIAL						
Interest cover ratio (times)	1.78	>1.5	1.85	✓	>1.85	Medium term >2.0; long term >2.5
Gearing (maximum of (%)	33.5	35.0	37.7	x	35.0	35.0

** Achieved as per our most recent certification based on FY19 results.*

Our strategy CONTINUED

RETAIL AND MIXED-USE PRECINCTS

Resource

First key driver: South African portfolio
We are focused on owning and managing dominating retail and mixed-use precincts in South Africa.

Our success is measured by trading density growth as evidence of our quality assets and property management skills.

Strategic KPI	2018 result	2019 target	2019 result	Success indicator	Short-term target	Medium to long-term target
NON-FINANCIAL						
Trading density growth (%)	5.1	3.0	6.8	✓	CPI linked	CPI linked

Third key driver: Investment in MAS
We play an investment management role in this group. MAS achieved its guidance of 15.0% dividend growth for FY19 and provided guidance of 30.0% growth over the next three years ending FY22.

Fourth key driver: Rest of Africa retail investment
No further expansion will be made in this portfolio, except for operational requirements. We will continue to focus on optimising net income and asset value until we are able to exit this investment in an orderly manner.

DEVELOPMENTS AT WATERFALL

Resource

Second key driver: Developments at Waterfall
Our unique value proposition is the development opportunity in Waterfall, comprising Waterfall City – an integrated city that works, and Waterfall Logistics Hub – Gauteng's logistics hub of choice. We are focused on densifying Waterfall City through quality commercial and residential developments and building a green, smart city.

By setting ourselves development targets (roll-out and surplus), we ensure that we keep the development momentum already created in Waterfall while creating value for our shareholders.

Strategic KPIs	2018 result	2019 target	2019 result	Success indicator	Short-term target	Medium- to long-term target
FINANCIAL						
Development surplus (R'm) – annual average over a rolling three-year period	211.0	100.0	69.7	x	To be approved by Remco in Nov 2019	To be approved by Remco in Nov 2019
NON-FINANCIAL						
Waterfall bulk roll out (m^2) – annual average over a rolling three-year period	111 732	50 000	67 385	✓	To be approved by Remco in Nov 2019	To be approved by Remco in Nov 2019

ENVIRONMENT, SOCIAL AND GOVERNANCE

Resource

How we manage our natural resources influences the cost of occupancy for our tenants and our impact on the environment.

Our emphasis is on transformation and localisation as well as making corporate social investments through the Attacq Foundation.

We believe that achieving the highest standards of corporate governance is key to the sustainability of our business, attaining our vision and strategy, as well as creating and sustaining value for all stakeholders in the short, medium and long term.

We measure our commitment to transformation through our B-BBEE levels.

Strategic KPI	2018 result	2019 target	2019 result	Success indicator	Short-term target	Medium to long-term target
NON-FINANCIAL						
Transformation (based on adjusted property charter for REITs)	Level 2 (previous property charter)	Level 4	Level 3	✓	Level 3	Level 2

Performance overview

Waterfall Corporate Campus, Waterfall City

Chief financial officer's review

(including financial resources)

The 2019 financial year was our first full year operating as a REIT, post receiving regulatory approval in May 2018 for the REIT conversion. In a challenging operating environment, we are pleased to have exceeded our DPS guidance, being one of our key financial performance metrics.

Our full-year dividend per share of 81.5 cents (2018: 74.0 cents) increased by 10.1%, exceeding guidance.

Raj Nana, chief financial officer

While our DPS outperformed our guidance, the prevailing market conditions and outlook did weigh on our property valuations, in particular, the valuation of our Waterfall development rights as well as our Rest of Africa retail investments. Just prior to year end, a disposal of one of the underlying properties in Ghana materialised with a further disposal in Zambia closing post-year end. We, and our co-shareholders, will be exiting the balance of this investment in an orderly manner.

Our net asset value per share (NAVPS) declined as a result of, inter alia, negative fair value adjustments on our investment property as well as impairments on our Rest of Africa retail investments combined with the maiden full-year dividend paid in October 2018 for the previous financial year. The lower asset values contributed to a higher gearing ratio of 37.7%, above our target of 35.0%. Our ICR, however, improved to 1.85 times which has reduced the gap to our medium-term target of a minimum of 2.0 times.

We have previously communicated that becoming a mature REIT is a journey that began with the formal conversion but will require changes to our financial position over time, which was previously structured to drive NAV growth. The current market conditions have made recycling capital by disposing of non-core assets to reduce debt challenging, however, during the year, R450.0 million of cash was generated from exiting investments, including our remaining 20.0% interest in the Attacq Equites joint venture and AttAfrica's interest in Achimota Retail Centre in Ghana. Recycling of capital will remain a key focus for management during the next financial year.

We have restated the group's prior-year annual financial statements. The restatement refers to the deconsolidation of the two legal entities that own the Newtown precinct. These two entities are now equity accounted and the correction has been applied retrospectively. We have also restated prior-year financial statements in respect of the reclassification of intra-group loan assets from current assets to non-current assets as well as discounting interest-free intra-group loans to their present value using the effective interest rate method. Please refer to our AFS for more information.

Key board and committee decisions

NOTED	CONSIDERED	APPROVED	RESOLVED
• Capitalisation rates used by external valuers have remained largely unchanged, however, other key valuation assumptions are more conservative	• Cash buffer • Low ICR • Our gearing levels have increased, while our financial performance (income statement) has improved • One-year forecast • Property fundamentals, including tenant defaults • Identifying assets for recycling • Rotation of Deloitte as auditors after ten-year tenure at the end of FY20 • The impact of the macro and microeconomic outlook • Property and land valuations • Potential impact of formal versus informal trading	• Debt covenants, no ICR covenant at group level • Interim and final dividend per share • Interim results for the six months ended 31 December 2018 • FY20 guidance • FY21 target to improve ICR to exceed two times • Annual financial statements for the year ended 30 June 2019 • 2019 integrated report • Restated FY18 results • Additional impairments to Rest of Africa retail investments	• Attacq is solvent and liquid after taking the declaration of dividends into account • Develop less speculative buildings • Distributable earnings are adjusted for non-recurring events eg the sale proceeds of assets in AttAfrica are excluded from adjusted distributable earnings and DPS

Chief financial officer's review CONTINUED

(including financial resources)

Distributable earnings per share (DEPS)

Our distributable earnings increased by 17.1% to R664.1 million (2018: R567.2 million), resulting in DEPS of 94.4 cents (restated 2018: 80.7 cents). Included in distributable earnings is interest income of R89.5 million (2018: R46.7 million) received in cash from from AttAfrica shareholder loans. The interest income was serviced from the proceeds of the disposal of Achimota Retail Centre and thus we have adjusted our distributable earnings for this non-recurring income, resulting in growth of 10.3% (on an adjusted DEPS basis).

In line with the adjusted DEPS of 81.7 cents (restated 2018: 74.1 cents), the board declared a final dividend for the year ended 30 June 2019 of 41.0 cents per share (2018: 74.0 cents), taking the full-year dividend to 81.5 cents (2018: 74.0 cents) or year-on-year growth of 10.1%. This exceeded the growth guidance provided to the market in September 2018 of between 7.5% and 9.5%.

Our four key drivers have contributed to our distributable earnings and DEPS as follows:

R'000	2019	Restated# 2018	% change
South African portfolio	**415 429**	380 041	9.3
Developments at Waterfall*	**(26 589)**	(10 149)	nmf
Investment in MAS	**189 057**	137 462	37.5
Rest of Africa retail investments	**86 209**	59 823	44.1
Distributable earnings	**664 106**	567 177	17.1

Cents per share	2019	2018	% change
South African portfolio	**59.0**	54.1	9.1
Developments at Waterfall*	**(3.8)**	(1.4)	nmf
Investment in MAS	**26.9**	19.5	37.9
Rest of Africa retail investments	**12.3**	8.5	44.7
Distributable earnings	**94.4**	80.7	17.0
Less: Interest received in cash from AttAfrica	**(12.7)**	(6.6)	nmf
Adjusted distributable earnings	**81.7**	74.1	10.3
Distribution per share	**81.5**	74.0	10.1
Interim	**40.5**	–	nmf
Final	**41.0**	74.0	nmf

** Includes developments under construction, development rights and infrastructure and services.*
 # Comparative figures have been restated, please refer to AFS.

Increase mainly due to newly completed buildings contributing to rental income for the first time

Holding costs on development rights comprising rates and taxes and POA levies

Increase in the underlying euro-based dividends and gains from rand weakness net of euro interest paid

Interest received in cash from AttAfrica and Ikeja

Interest received from AttAfrica will be used to settle debt

The distributable earnings generated by our South African portfolio includes net operating income from our properties less finance costs paid on our rand-denominated debt. The growth was assisted by newly completed properties contributing to rental income for the first time in FY19 as well as properties completed in FY18 which are now contributing for a full year. This key driver contributed 72.2% (restated 2018: 73.0%) of the adjusted DEPS.

Reducing our DEPS are costs associated with the Developments at Waterfall which include holding costs that are not capitalised on development rights and developments under construction such as rates and taxes and property owners' association levies. There is no interest-bearing debt against the development rights and thus no related finance costs.

The distributable earnings generated by our investment in MAS includes euro-underpinned dividends received in cash during the year net of euro interest paid, as well as the impact of foreign currency hedging net of tax. The total increase in distributable earnings from the prior year was 37.5% from this key driver and it contributed 32.9% (restated 2018: 26.3%) of the adjusted DEPS.

Rest of Africa retail investments reflects the net cash interest received on shareholder loans into AttAfrica and Gruppo Ikeja, two associate investment companies. This segment contributed (0.5%) (restated 2018: 2.6%) of the adjusted DEPS.

Financial performance

Our statement of comprehensive income is summarised below:

	2019 R'000	Restated* 2018 R'000
Gross revenue	**2 283 244**	1 982 374
Rental income	**2 057 548**	1 864 042
Straight-line lease income adjustment	**197 124**	88 467
Sale of inventory	**28 572**	29 865
Total property expenses	**(780 690)**	(678 766)
Property expenses	**(749 143)**	(653 848)
Cost of sales	**(31 547)**	(24 918)
Net profit from property operations	**1 502 554**	1 303 608
Other income	**89 532**	44 970
Operating expenses	**(155 485)**	(170 254)
Impairment losses	**(505 148)**	(25 872)
Other expenses	**(170 138)**	(126 790)
Operating profit	**761 315**	1 025 662
Amortisation of intangible assets	**(19 964)**	(24 037)
Fair value adjustments	**(801 735)**	420 886
Investment properties	**(655 110)**	380 198
Other financial assets and liabilities	**(135 761)**	40 688
Other investments	**(864)**	—
Gain on available-for-sale financial assets	**—**	35 750
Net income from associates and joint ventures	**124 770**	78 092
Investment income	**230 549**	233 323
Finance costs	**(855 465)**	(813 868)
(Loss) profit before taxation	**(560 530)**	955 808
Income tax (expense) credit	**(42 058)**	1 747 472
(Loss) profit for the year	**(602 588)**	2 703 280
Other comprehensive income net of taxation	**(33 710)**	(4 648)
Total comprehensive (loss) income for the year	**(636 298)**	2 698 632

** Comparative figures have been restated, please refer to AFS.*

Rental income

Rental income increased by 10.4% to R2.1 billion (restated 2018: R1.9 billion) due to the additional rental income from the 12 buildings and one expansion completed over the last two years as well as rental escalations on the in-force portfolio. Like-for-like rental growth of 5.0% was driven by growth in the retail portfolio of 5.3%.

Net profit from property operations

Net profit from property operations, excluding IFRS adjustment for straight-line leasing, increased by 15.3% to R1.5 billion (2018: R1.3 billion). On a like-for-like basis, net operating income increased by 4.3%.

The group participated in the Edcon recapitalisation programme which was effective from 1 April 2019. Over 24 months, we will subscribe for equity and convertible notes in Edcon at a total subscription price of R30.1 million. For the period ended 30 June 2019, this totalled R4.1 million. This amount is included in rental income, but distributable earnings and the investment value have been reduced by this amount.

Property expenses

Property expenses increased by 9.3% on a like-for-like basis. The increase of 14.6% in total property expenses to R749.1 million (restated 2018: R653.8 million) was largely due to newly completed buildings coming on stream and an increase in municipal rates, impacted by upward valuation adjustments to the Johannesburg general valuation roll. Overall municipal charges increased by 16.8% to R467.1 million (restated 2018: R399.9 million), not all of which are recoverable from tenants. This reduced in the municipal charge recovery ratio from 92.9% to 91.2%.

Property cost-to-income ratio

The property cost-to-income ratio calculated below is based on best-practice recommendations issued by the SA REIT Association. The Waterfall portfolio's ratios include the land lease rental obligation.

Property cost-to-income ratio

	2019 %	Restated* 2018 %
Waterfall portfolio		
Net cost-to-income ratio	**20.9**	21.9
Gross cost-to-income ratio	**35.8**	35.9
Non-Waterfall portfolio		
Net cost-to-income ratio	**18.3**	15.7
Gross cost-to-income ratio	**37.1**	34.2
Total South African portfolio		
Net cost-to-income ratio	**19.8**	18.9
Gross cost-to-income ratio	**36.4**	35.1

** Restated due to the deconsolidation of Nieuwtown and Majestic.*

Operating expenses

The reduction in operating expenses by 8.7% to R155.5 million is largely due to non-recurring expenses incurred in FY18 to convert to a REIT including professional and legal fees.

Impairment losses

During the year, the shareholder loans provided to AttAfrica and Ikeja were impaired by R467.5 million (2018: R51.1 million) as a result of lower valuations of properties in-country. Assumptions were adjusted in line with current macroeconomic conditions to value the development rights owned by Attacq Sanlam JV

(Waterfall Junction), which resulted in an impairment of our shareholder loans provided to the joint venture of R30.0 million (2018: Rnil).

The group recognised an intangible asset in 2016 on the acquisition of wi-fi rights for Waterfall City. Prior to us purchasing the wi-fi rights, a commercial agreement to monetise the wi-fi rights was entered into with a third party. In respect of Newtown precinct, the shareholder loans provided to the two companies that own the precinct were impaired by R54.7 million (2018: R56.9 million) due to lower property valuations.

Other income

Included in other income are foreign exchange gains of R54.4 million (2018: R5.2 million); the profit on disposal of the 20.0% share held in the Equites joint venture of R14.6 million (2018: Rnil); and profits on sales of investment properties of R11.1 million (restated 2018: R16.7 million).

Net income from associates and joint ventures

The increase in net income from associates and joint ventures largely relates to the equity-accounted investment in MAS. In the prior year, MAS recognised a negative fair-value adjustment on its listed REIT portfolio, reducing our equity-accounted income from this associate. This combined with the increase in net income in FY19 contributed to total income from associates increasing to R124.8 million (2018: R78.1 million).

Investment income

The investment income of R230.5 million (2018: R233.3 million) includes interest accrued on loans to associates of R148.0 million (2018: R161.0 million); interest accrued on cash balances of R41.0 million (2018: R34.5 million) and interest accrued on a loan to PwC Waterfall Property Partners, our 25.0% co-owner of the PwC Tower building of R36.3 million (2018: R20.8 million).

Finance costs

Finance cost increased by 5.1% from the prior year, largely due to increased funding on developments that were completed as well as finance costs relating to interest-rate swap agreements. Interest expense on long-term funding from banks and institutions amounted to R781.3 million (restated 2018: R756.5 million); while finance costs on interest-rate swaps were R74.0 million (restated 2018: R56.7 million). Finance costs are net of capitalised borrowing costs of R43.1 million (restated 2018: R44.7 million).

Fair value adjustments

All inputs into investment property valuations are assessed on a six-monthly basis and certain inputs were revised negatively in light of prevailing macroeconomic conditions. This resulted in a negative fair value adjustment of R176.1 million (restated 2018: positive R457.0 million), before straight-line leasing, on the completed property portfolio. The properties which mainly contributed to the negative fair value adjustment are 2 Eglin, Brooklyn Bridge Office Park, Eikestad Mall, Mall of Africa and Torre Industries. The fair value adjustments for the retail properties were negatively impacted by the capital expenditure on reconfigurations and refurbishments.

Similarly, the valuation of development rights was also fair valued downward, taking into account the current low business confidence levels and outlook. In particular, the development roll-out period, which is a primary driver of the valuation, was extended. The fair value impact on development rights was R384.1 million (2018: R48.9 million).

A contributor to the increased value of developments under construction is a positive fair value adjustment of R92.2 million (2018: R60.6 million).

Financial position

Balance sheet per key driver

R'000	2019	Restated# 2018	% change
South African portfolio	**20 455 643**	20 950 535	(2.4)
Developments at Waterfall*	**2 329 199**	2 258 698	3.1
Investment in MAS	**3 192 978**	3 145 828	1.5
Rest of Africa retail investments	**820 068**	1 160 715	(29.4)
Head office – South Africa	**252 441**	334 276	(24.5)
Head office – Global	**72**	3 002	(97.6)
Total assets	**27 050 401**	27 853 054	(2.9)
Total liabilities	**(11 462 669)**	(10 810 924)	6.0
Total equity	**15 587 732**	17 042 130	(8.5)

* *Includes developments under construction, development rights and infrastructure and services.*
\# *Comparative figures have been restated. Please refer to AFS.*

Cash decreased due to dividends paid

Progress on development under construction, net of the negative fair value adjustment rights

Impairments to AttAfrica and Ikeja

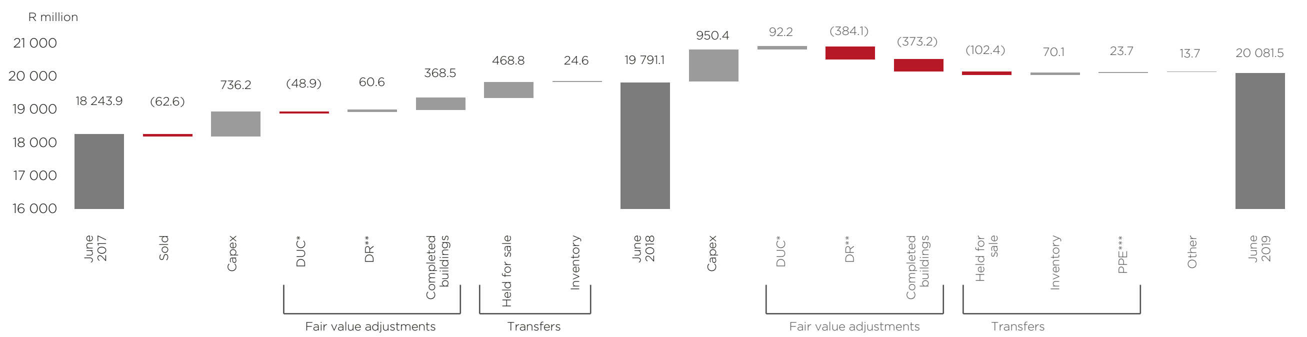
Impairments of intangible asset

Remaining proceeds received from disposal of Nova Eventis

Increase in interest-bearing debt in respect of developments and unfavourable mark-to-market of interest rate swops

Gross assets decreased by 2.9% to R27.1 billion (restated 2018: R27.9 billion).

Investment properties movement



* *DUC: Developments under construction.*
** *DR: Development rights.*
*** *PPE: Property, plant and equipment.*

Investment properties movement, including assets held for sale (R million)

Investment properties

Investment properties	2019 R'000	Restated# 2018 R'000
Completed buildings	**19 066 255**	18 755 548
Developments under construction	**791 276**	346 441
Development rights	**495 972**	879 324
Infrastructure and services	**762 187**	646 855
Land	**5 000**	5 000
Per valuation	**21 120 690**	20 633 168
Straight-line lease debtor	**(1 039 147)**	(842 023)
Subtotal investment properties	**20 081 543**	19 791 145
Investment properties held for sale	**96 018**	115 149
Total investment properties	**20 177 561**	19 906 294

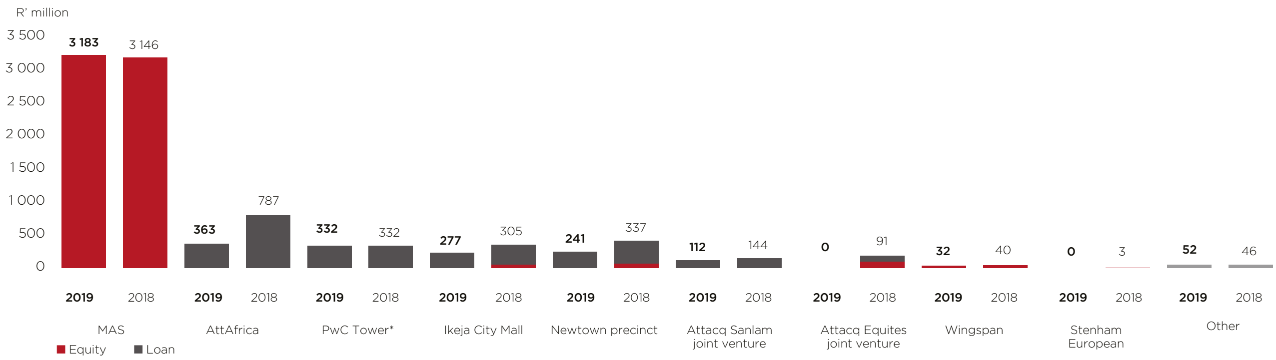
\# *Comparative figures have been restated. Please refer to AFS.*

The carrying amount of the Developments at Waterfall is reconciled from investment property as detailed below:

Developments at Waterfall	2019 R'000	Restated# 2018 R'000
Developments under construction	**791 276**	346 441
Development rights	**495 972**	879 324
Infrastructure and services	**762 187**	646 855
	2 049 435	1 872 620
Investment properties held for sale	**19 018**	115 149
Inventory	**51 137**	42 484
Other assets	**97 989**	84 642
Waterfall Junction	**111 620**	143 803
Developments at Waterfall	**2 329 199**	2 258 698

\# *Comparative figures have been restated. Please refer to AFS.*

Investments



** Loan advanced to 25.0% co-owners of the PwC Tower.*

Valuations

While capitalisation rates (cap rates) for the June 2019 completed building valuations were largely unchanged, other valuation inputs including long-term vacancy rates, rental reversions and market rental growth rates were revised in response to current market conditions. Please refer to manufacturing resources for more information, page 54.

Developments at Waterfall

Developments under construction increased by capital expenditure during the year as well the positive fair value adjustments, less transfers of completed developments to the completed portfolio.

Similarly, infrastructure and services increased by additional capital expenditure during the year, less transfers to developments under construction.

Investments

Investments in and loans to associates and joint ventures and other financial assets, as disclosed below, decreased by 12.2% to R4.6 billion (restated 2018: R5.2 billion).

Our shareholding in MAS remained at 22.8% of the shares issued. The rand/euro spot rate at year end was weaker than at 30 June 2018. Our equity-accounted value of R3.2 billion was in line with market value of R3.2 billion as at 30 June 2019.

The PwC Tower investment of R331.8 million (2018: R332.2 million) is a loan provided to the 25.0% co-owner of that asset. The loan carries similar terms and conditions to the debt raised and the interest is serviced monthly from the property's rental income.

The group owns 50.0% of the shares in Nieuwtown Property Development Proprietary Limited and Majestic Offices Proprietary Limited, the two companies that collectively own the Newtown precinct. It was concluded that the group jointly controls these companies and, as a result, these were deconsolidated and instead equity accounted, with the prior-year financials being restated accordingly.

As part of our capital recycling activities, our 20.0% shareholding in the Attacq Equites joint venture was disposed of and we reduced exposure in our Rest of Africa retail investments via the disposal of the underlying Achimota Retail Centre held via AttAfrica just prior to year end with a further disposal concluded on Manda Hill post-year end. The disposal proceeds of the joint venture partner interest in the Cummins Southern Africa Regional Office and Zimmer Biomet developments were settled during the year and the remaining proceeds from the Stenham European Shopping Centre Fund Limited disposal were received. In total, R450.0 million (2018: R524.0 million) of capital was recycled.

Assets held for sale

Assets held for sale	**2019 R'000**	2018 R'000
Transactions with joint venture partners		
Nexus Waterfall	**-**	46 668
Cummins Southern Africa Regional Office	**-**	63 372
Zimmer Biomet	**-**	5 109
The Ellipse	**19 018**	–
Investment property		
Torre Industries	**77 000**	-
Investments		
Stenham European Shopping Centre Fund Limited	**-**	2 947
Rainprop Proprietary Limited	**763**	775
Total	**96 781**	118 871

Nexus Waterfall was being developed in a 50/50 joint venture and, in June 2019, we took over the development on a sole basis. The sale agreement for Torre Industries is unconditional and will be settled at transfer. The R19.0 million, for the Ellipse development rights will be settled by our joint venture partner, Portstone, on transfer of the property.

Borrowings

Total interest-bearing borrowings increased by 4.5% to R10.5 billion (restated 2018: R10.1 billion). The increase is due to borrowing facilities for Waterfall Corporate Campus, The Ingress and Deloitte head office developments. Committed, but undrawn, facilities of R1.4 billion (restated 2018: R676.4 million) are available as at 30 June 2019. These available facilities exceed the cost-to-complete on existing developments under construction of R582.4 million (restated 2018: R158.9 million).

The euro-denominated borrowings of R1.4 billion (2018: R1.4 billion) are secured by the combination of a cession of MAS shares and mortgage bonds over investment properties. The group has no borrowings against the Rest of Africa retail investments and any proceeds received by us from a disposal of these investments will be used at the group's discretion.

The interest cover ratio improved to 1.85 times (restated 2018: 1.78 times). Gearing, calculated as total interest-bearing debt less unrestricted cash on hand as a percentage of total assets less total cash on hand, increased to 37.7% (restated 2018: 33.5%). The increase in gearing is due to lower investment property values and impairments on our Rest of Africa retail investment.

Borrowings	2019	Restated* 2018
Total drawn facilities (R'000)	**10 516 731**	10 065 586
Total weighted average loan term (years)	**3.6**	4.2
Rand-denominated interest-bearing borrowings		
Committed facilities available (R'000)	**10 415 826**	9 312 162
Drawn facilities (R'000)	**9 061 281**	8 634 578
Weighted average loan term (years)	**3.9**	4.7
Euro-denominated interest-bearing borrowings		
Committed facilities available (R'000)	**1 498 072**	1 431 123
Drawn facilities (R'000)	**1 455 450**	1 431 008
Weighted average loan term (years)	**1.7**	1.4
Interest cover ratio (times)	**1.85**	1.78
Gearing (%)	**37.7**	33.5

** Restated due to the deconsolidation of Nieuwtown and Majestic.*

To mitigate rand-denominated interest-rate risk, 90.5% (restated 2018: 99.9%) of total committed facilities of R10.4 billion (restated 2018: R9.3 billion), which excludes committed liquidity facilities, were hedged via fixed interest-rate loans or interest-rate swaps. On a group level, 78.7% (restated 2018: 94.2%) is hedged which is more conservative than the minimum hedging policy of 70.0%.

Interest rate hedges	2019	Restated* 2018
Total hedged as a percentage of total committed facilities (%)	**78.7**	94.2
Total weighted average hedged term (years)	**3.4**	3.7
Rand-denominated hedges		
Total hedged as a percentage of total committed facilities (%)	**90.5**	99.9
Weighted average hedged term (years)	**3.4**	4.0
Euro-denominated hedges		
Total hedged as a percentage of total committed facilities (%)	**-**	56.8
Weighted average hedged term (years)	**-**	0.8

** Restated due to the deconsolidation of Nieuwtown and Majestic.*

The weighted average cost of funding improved by 16.0 basis points over the last year to 8.8% (restated 2018: 8.9%). The improvement is largely due to refinancing interest-bearing debt and interest-rate swaps at lower interest rates.

Cost of debt	2019 %	Restated* 2018 %
Total weighted average cost of debt	**8.8**	8.9
Rand-denominated weighted average cost of debt	**9.9**	10.0
Weighted average floating interest rate	**9.0**	8.8
Premium for hedging	**0.9**	1.2
Euro-denominated weighted average cost of debt	**1.9**	2.4
Weighted average floating interest rate	**1.9**	2.3
Premium for hedging	**-**	0.1

** Restated due to the deconsolidation of Nieuwtown and Majestic.*

A total of R259.6 million (restated 2018: R538.1 million) of the group's interest-bearing debt is due for repayment in the next 12 months. Interest-bearing debt of R54.0 million (2018: Rnil) is secured by investment property currently classified as non-current assets held for sale and will be settled on transfer of the Torre Industries property to the purchaser.

In the past year, we successfully refinanced R2.2 billion of the group's interest-bearing debt which includes euro-denominated funding of R1.5 billion.

Chief financial officer's review CONTINUED

(including financial resources)

Due to lower forward interest rates, an increase in other financial liabilities of R135.8 million (2018: decrease in other financial liabilities of R40.7 million) was recorded on the mark-to-market valuation of interest-rate swaps.

The following group financial covenants have been agreed with the funders, and substantial headroom between the covenanted level and actual measurement is evident.

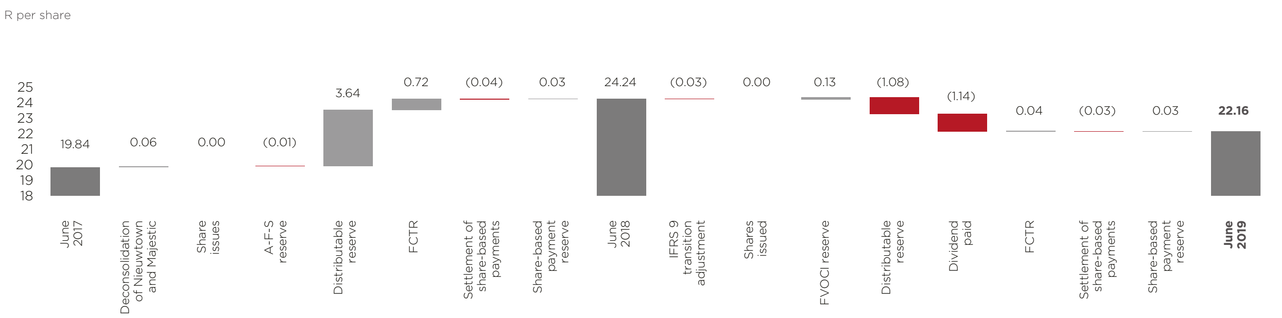
Key group covenants	**Covenant**	**Actual**
Gearing ratio* (%)	60.0	41.2
Minimum net asset value (R'bn)	7.0	15.6

** Calculated as interest bearing debt/(total assets – (goodwill + intangible assets + deferred initial lease expenditure + straight-line lease adjustment + receivables + deferred tax assets))*

Equity movement

The NAVPS as at 30 June 2019 declined by 8.6% to R22.16 (2018: R24.24) as a result of movements in assets and liabilities discussed above. Year on year, the total number of issued shares increased by 340 000 after issuing new shares for our share incentive scheme. The NAVPS movement is reflected below.

Equity movement



Cash flow

Cash flow statement	**2019 R'000**	Restated* 2018 R'000
Cash flow from operating activities	**653 327**	384 589
Cash flow from investing activities	**(819 409)**	(116 030)
Cash flow from financing activities	**(381 558)**	535 006
Total cash movement for the year	**(547 640)**	803 565
Cash at the beginning of the year	**1 221 126**	417 561
Cash and cash equivalents at the end of the year	**673 486**	1 221 126

** Comparative figures have been restated, please refer to AFS.*

Our cash flow generated from operating activities was R653.3 million (restated 2018: R384.6 million). When reversing working capital movements, net cash generated from operating activities of R670.8 million is in line with distributable earnings of R664.1 million. The difference is explained by, inter alia, non-cash items including share-based payments, bad debts written off and the portion of rental received from Edcon but eliminated for the purposes of distributable earnings.

At year end, the group had cash balances of R673.5 million (2018: R1.2 billion) with additional committed but undrawn facilities of R1.4 billion (2018: R676.4 million).

Appreciation

In reflecting on the 2019 financial year, there have been many celebrations and challenges, but the resilience of the Attacq team has stood out. Thank you to everyone who contributed to the year and for the year ahead, Nyamezela, the Xhosa word that means persevere.

I would also like to thank Helena Austen, our previous head of legal, who has left for New Zealand. Helena was instrumental in the early years of Attacq, helping to create the foundation that has enabled us to take the group forward.

Raj Nana
Chief financial officer

23 October 2019

Raj and his direct reports

Back: *Raj Nana, Henry Kuhn, Karin Booysen, Brenda Botha*
Front: *Christy Hobsen and Prelene Nair*

Manufactured resources

Introduction

Manufactured resources are allocated across our four key drivers:
- South African portfolio
- Developments at Waterfall
- Investment in MAS
- Rest of Africa retail investments.

Awards

2018 MSCI awards

MSCI awards for best-performing property fund over three years, based on annualised return, in the office sector (fourth year running) and industrial sector (third year running)

2019 SAPOA awards

2019 SAPOA awards for best industrial development for Cummins Southern Africa Regional Office

2019 Generation NEXT award

Voted 'coolest' mall in South Africa through the Sunday Times GenNxt survey for the second year running

Strategic matters

Refer to page 23 for more details on our value-creation process.

Governance oversight

Investment committee, audit and risk committee, combined assurance forum, exco, development exco and SA portfolio exco

Key board and committee decisions

Noted	Considered	Approved	Resolved
• The performance of the four key drivers • Video flythrough of Waterfall City visualising its future look and feel • Progress on sale of Ellipse residential units and progress of each of the other developments at Waterfall	• Assets earmarked for recycling • The collective impact of the Group Five business rescue • The actual performance of the assets over a 12-month period • The state of the construction industry and its impact on Waterfall developments • Increased competition in the office sector • Impact of new technologies	• Operational budgets for the SA portfolio for FY19 • Participating in the Edcon recapitalisation programme • Sale of 20.0% interest in the Attacq Equites joint venture • Sale of interest via AttAfrica in Achimota Retail Centre, Ghana and post year end, Manda Hill Mall, Zambia	• To exit Rest of Africa retail investments • We will not follow future capital raises

Progress report

Performance highlights and lowlights

HIGHLIGHTS

- Trading density growth in retail portfolio of 6.8%, with Mall of Africa having increased by 13.1%
- South African portfolio has a weighted average lease expiry of 6.5 years
- Completed seven buildings in Waterfall with a further nine buildings under construction
- MAS exceeded dividend guidance with DEPS increasing by 41.9% from EUR6.35 cps to EUR9.01 cps
- Reduction in Rest of Africa exposure with the disposal of interest in Achimota Retail Centre and post year end, Manda Hill Mall

LOWLIGHTS

- Negative fair-value adjustments on Waterfall development rights
- Impairments of shareholder loan accounts and equity provided to AttAfrica and Gruppo
- Limited disposal of assets as potential buyers are constrained to execute on sale transaction due to equity and funding constraints

Strategic and operational risks and opportunities

	Risk	Opportunity
South African portfolio	• Consumers remain under pressure • Oversupply of office space • Increased cost of occupancy due to above-inflation growth in input costs, particularly utilities	• Alternative use in our malls to provide a more holistic shopping experience for consumers • Co-working opportunities introduced • Introducing a sustainability strategy to potentially reduce cost increases • Trading density growth for the portfolio
Developments at Waterfall	• Increased roll-out period • Increased holding costs	• Develop a sustainable city
Investment in MAS	• Foreign exchange risk • Development risk • MAS not meeting its dividend growth target	• Weaker rand will increase value of investments as well as future dividends • Hedging future dividends • Revised MAS strategy to invest into Central Eastern Europe
Rest of Africa retail investments	• Exit remaining assets at carrying values	• Recycling capital to reduce debt and fund the Waterfall pipeline

Progress in 2019

In our last report, we disclosed focus areas for 2019.

Focus areas	Achieved	More information
South African portfolio		
• Optimising net operating income	Yes	Page 57
• Proactively manage trading densities and rent-to-turnover ratios	Yes	Page 63
Developments at Waterfall		
• Developing and ongoing management of Waterfall City and Waterfall Logistics Hub	Yes	Page 73
• Developing residential units in Waterfall City	Project launched in November 2018	Page 79
Investment in MAS		
• Targeted 15.0% growth in dividend	Yes	Page 80
• Unlocking value from acquisition and development pipeline	Yes	Page 80
Rest of Africa retail investments		
• Optimising net income and asset value	One property was disposed of during the year and a second after year end. However, investments were further impaired	Page 83

Manufactured resources CONTINUED

Overview

Our quality operational South African portfolio comprises retail, office and mixed-use, light industrial and hotel properties. The quality of this portfolio makes it defensive in a subdued economy.

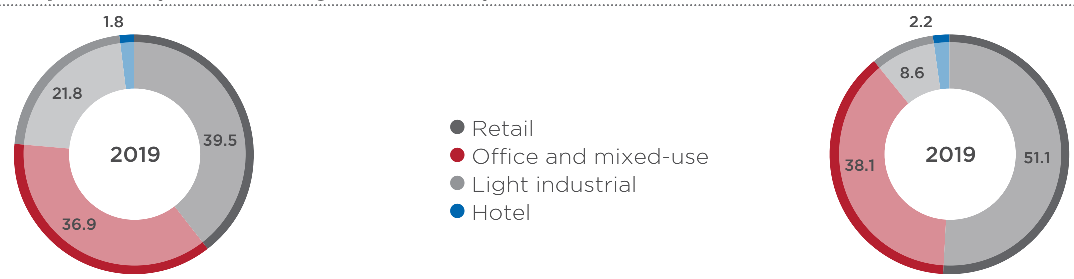
For the year ended 30 June 2019, distributable earnings per share generated by the South African portfolio increased by 9.1% to 59.0cps (2018: 54.1cps). The value of the South African portfolio is R20.5 billion (2018: R20.9 billion), comprising 75.6% (2018: 75.2%) total gross assets.

Geographical profile by PGLA and gross monthly rental

PGLA (%)

Gross Rental (%)

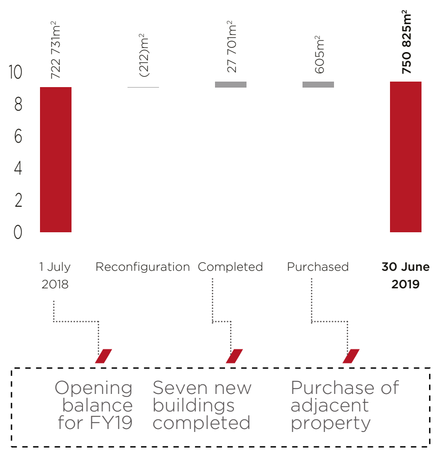
Sectoral profile by PGLA and gross monthly rental



PGLA (%)

Gross Rental (%)

Effective PGLA evolution



During the year we purchased an adjacent property to the Eikestad Mall as part of our vision for the precinct. This property is rented by JET with a total effective PGLA of 605m².

First key driver: **South African portfolio**

Our property management vision

Our FRESH (fun, relevant, easy, social and helpful) concept is a focus point for our asset and property management teams. The aim is to create a compelling, enjoyable experience that surprises and delights our customers (shoppers and tenants) and makes them smile.

F	R	E	S	H
FUN Holds people's attention in an entertaining way	**RELEVANT** Provides clear and customised information	**ENGAGING** Identifies with individual needs and wants	**SOCIAL** Connects people with each other	**HELPFUL** Is efficient, easy and adapts over time

Leasing and vacancy management

To ensure sustainable income from our tenants:

- Leasing and vacancy management is aimed at attracting new tenants and long-term tenant retention
- The tenant-vetting process was enhanced over the past year to ensure early detection of tenants under financial pressure
- We frequently meet with our tenants' management teams, especially where a potential tenant failure is identified
- We work with our tenants to assist with their businesses, eg designing specific campaigns for retailers and categories that need assistance
- Total occupancy cost and rightsizing tenant space are focus points as cost-saving initiatives
- We use shopper data in our retail portfolio to understand their behaviour and design opportunities for retailers to run joint campaigns, incentives or specials
- Incubating small new South African retailers and giving successful retailer groups opportunities to introduce new brands within our mall
- We always consider alternate uses for our PGLA that support the tenant and shopper experience.

New tenants

In a challenging leasing market, our ability to attract new tenants and retain our existing tenants correlates directly to our tenant mixes and the desirability of our spaces.

- **Mall of Africa** introduced the well-loved South African brands Exclusive Books and Yuppiechef in June 2019. Customer demand for an Exclusive Books outlet had been strong since the mall opened in 2016, while the Yuppiechef store marked this successful online retailer's expansion into Gauteng. Tommy Hilfiger also opened its doors in June, adding to the mall's global fashion offering. Post-year end, Mall of Africa welcomed Pick n Pay, PEP and Dealz to meet the needs of its diverse shopper base
- At **Eikestad Mall**, H&M opened in November 2018, replacing the Edgars store and reducing our exposure to Edcon. Following good initial sales and customer demand, this store was expanded in May 2019 to include an H&M Kids section. In addition, Sportsman's Warehouse opened in December 2018, addressing an underrepresented category in a sports-focused community. The Woolworths expansion will be completed in October 2019 in response to huge demand for more product lines
- At **MooiRivier Mall**, the Dis-Chem store expansion was completed by June 2019 to create more floor space and enhance trading densities
- **Garden Route Mall** was almost 100% occupied during the year and we replaced CNA with an expansion of Cotton On
- At **Waterfall Corner** we had good trading density growth of 9.9% for the year due to the office space being full let and residential densification in the precinct
- The fully let **Lynnwood Bridge precinct, including Glenfair Boulevard** continues to outperform MSCI benchmarks. Both Safari & Outdoor and King's Meats have taken extra space for product expansion. City Lodge has renewed their lease for a further 10 years. South Africa's very first Gary Rom for men will soon open at Lynnwood Bridge – retail. Management is in discussion with various tenants regarding future expansions and refurbishments at Glenfair Boulevard.

Manufactured resources CONTINUED

Vacancies

Overall portfolio vacancies, measured in terms of PGLA, decreased by 9 244m² to 46 418m² from 30 June 2018, largely due to vacancies filled at Waterfall. We have finalised a lease with Dis-Chem for a warehouse and leases were concluded in Gateway West with Sage and Spaces.

The overall vacancy rate reduced to 6.2% from 7.7%. Vacancies not yet filled largely refer to 2 Eglin (20 732m²), Brooklyn Bridge Office Park (3 537m²), Gateway West (2 947m²) and two speculative developments, namely the midi warehouse (5 262m²) and Waterfall Corporate Campus – building 2 (3 230m²). Subsequent to year end, 6 594m² of vacant space was let.

Sector vacancies	2019 %	2019 PGLA m²	Restated* 2018 %	Restated* 2018 PGLA m²
Retail	**2.9**	**8 562**	1.7	4 946
Office and mixed-use	**11.8**	**32 594**	16.7	42 198
Light industrial	**3.2**	**5 262**	5.3	8 518
Hotel	**–**	**–**	–	–
Portfolio vacancy	**6.2**	**46 418**	7.7	55 662
Less: filled post-year end	**0.9**	**6 594**	3.0	21 791
Less: 2 Eglin	**2.8**	**20 732**	2.9	20 732
Adjusted portfolio vacancy	**2.5**	**19 092**	1.8	13 139
Waterfall	**1.4**	**10 610**	0.6	4 573
Other	**1.1**	**8 482**	1.2	8 566

** Restated due to the deconsolidation of Nieuwtown and Majestic.*

Leases totalling 24 498m² (3.3% of total PGLA) expired during the year, of which 18 420m² has been leased at a 0.7% increase in rental rates (weighted on the average rental rate per square metre) and a weighted average lease escalation rate of 5.0%.

Lease renewals	PGLA m²	Success rate %	Expiring rental rate increase %	Escalation rate* %
Retail	14 944	79.0	1.6	4.5
Office and mixed-use	3 476	89.4	2.8	7.6
Portfolio	**18 420**	**80.6**	**0.7**	**5.0**

** New H&M lease signed at Eikestad Mall, negatively impacting the escalation rate for new leases*

Our Waterfall tenants

ENGINEERING, CONSTRUCTION SERVICIES AND ENERGY

MOTOR, AUTO AND TRANSPORTATION

FINANCIAL SERVICES

OTHER INDUSTRIES AT WATERFALL

FOOD AND BEVERAGES

HEALT, MEDICAL PHARMACEUTICAL

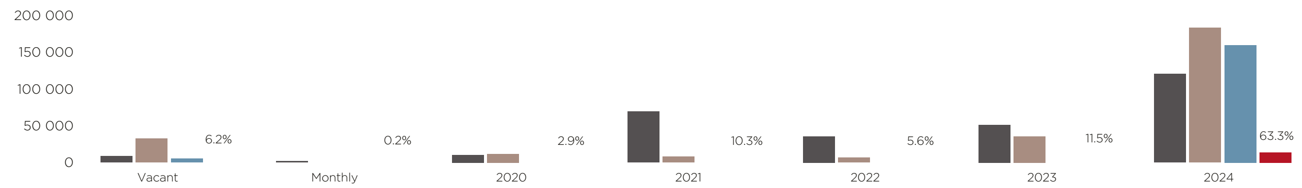
TECHNOLOGY AND TELECOMMUNICATION

HOTEL, LEISURE AND FITNESS

RETAIL

First key driver: **South African portfolio**

Lease expiry profile by PGLA (m^2)



	Vacant	Monthly	2020	2021	2022	2023	2024
RETAIL	8 532	1 593	10 419	69 028	35 550	50 956	120 027
OFFICE AND MIXED-USE	32 594	-	11 648	8 120	6 5278	35 497	182 368
LIGHT INDUSTRIAL	5 262	-	-	-	-	-	158 983
HOTEL	-	-	-	-	-	-	13 690

Lease expiry profile by monthly gross revenue (R'000)

	Vacant	Monthly	FY20	FY21	FY22	FY23	FY24
Retail	–	549	3 053	21 975	9 986	11 276	20 989
Office and mixed-use	–	–	2 754	1 723	1 253	6 294	38 831
Light industrial	–	–	–	–	–	–	11 430
Hotel	–	–	–	–	–	–	2 986
Total	–	**549**	**5 807**	**23 698**	**11 239**	**17 571**	**74 236**
%		0.4	4.4	17.8	8.4	13.2	55.8

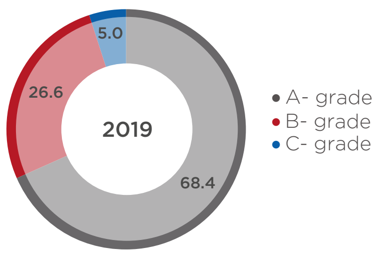
Tenant profile

We have graded our tenant profile as stipulated by the JSE Listings Requirements, between A-, B- or C-grade tenants. The good credit quality of tenants in our portfolio is reflected in the high percentage of A-grade tenants. Most of our tenants, 68.4% (restated 2018: 68.7%) by PGLA, are categorised as A or large international and national tenants, large listed entities, and government or major franchises.

Smaller international and national tenants, listed tenants, franchisees, medium to large professional firms categorised as B make up 26.6% (restated 2018: 26.6%) of our tenancy.

The balance of our tenant base comprises 312 (restated 2018: 283) smaller tenants and sole proprietors categorised as C.

Tenant profile (%)



Manufactured resources CONTINUED

Managing tenant debt

We manage arrears proactively. To mitigate our exposure, processes for tenant credit assessment and financial vetting are conducted upfront and throughout the lease tenure.

Breakdown of trade receivables	2019 R'000	Restated** 2018 R'000	% change
Current	**5 643**	5 940	(5.0)
30 and 60 days	**6 310**	2 577	144.9
>90 days	**10 800**	5 669	90.5
Total arrears	**22 753**	14 186	60.4
Less: Provision for doubtful debt	**(12 881)**	(4 843)	166.0
Trade receivables	**9 872**	9 343	5.7
Net arrears (trade receivables past due but not impaired)	**4 229**	3 403	24.3
Total rental income	**2 057 548**	1 864 042	10.4
Total arrears* (% of total rental income)	**1.0**	0.7	–
Trade receivables* (% of total rental income)	**0.4**	0.4	–

* *Excluding VAT.*
** *Restated due to the deconsolidation of Nieuwtown and Majestic.*

Valuations

Capitalisation rates (cap rates) for the June 2019 valuations of completed building was largely unchanged. Independent valuers assess valuation inputs (ie long-term vacancy rates, rental reversions and market rental growth rates) every six months and certain inputs are more conservative in light of prevailing macroeconomic conditions, resulting in a negative fair-value adjustment of R176.1 million (2018: positive R457.0 million). This negative fair-value adjustment excludes the IFRS adjustment for straight-line leasing.

The main contributors to the negative fair-value adjustment are 2 Eglin, Brooklyn Bridge Office Park, Eikestad Mall, Mall of Africa and Torre Industries. Fair-value adjustments for the retail centres were affected by capital expenditure on reconfigurations and refurbishments. During the year, Torre Industries underwent a corporate restructure and decided to reduce its rented space. A net purchase consideration of R77.0 million was secured with a third party, and a settlement agreement was reached with Torre Industries for early termination of its lease.

All income-producing properties were valued on the discounted cash flow (DCF) methodology, except for 2 Eglin which was valued on the income capitalisation methodology due to the high-vacancy level.

The information below is weighted on property values for all properties valued using the DCF methodology:

Sector	% of total portfolio	Discount rates %	Exit cap rates %	Cap rates %	Average value per PGLA R/m²
Retail	52.3	12.38	7.10	6.84	32 592
Office and mixed-use	37.3	13.13	8.05	7.63	27 403
Light industrial	8.6	13.51	8.32	7.51	9 714
Hotel	1.8	13.74	8.40	7.91	25 338
Total portfolio	**100.0**	**12.78**	**7.58**	**7.21**	**26 185**

All property valuations at 30 June 2019, except for the Torre Industries building, are based on external valuations performed by Mills Fitchet Cape Proprietary Limited and Sterling Valuation Specialists CC.

First key driver: **South African portfolio**

Summarised highlights

	2019	Restated* 2018
Number of properties	**44**	37
Total investment property (R'000)	**18 032 109**	17 918 525
Total rental income (R'000)	**2 057 548**	1 864 042
PGLA (m^2)	**750 825**	722 731
Value per PGLA (R/m^2)	**24 016**	24 793
Weighted average gross monthly rental (R/m^2)	**189**	182
Historical average annualised property (6MR) yield (%)	**6.4**	6.2
Weighted average rental escalation^ (%)	**7.1**	7.2
Weighted average escalation on new/renewed leases^ (%)	**7.4**	6.9
Weighted average rental reversions	**0.7**	(10.7)
Weighted average lease period^ (years)	**6.5**	7.0
Vacancy^ (%)	**6.2**	7.7
Retention success rate (%)	**80.6**	72.7

^ Based on PGLA.
** Restated due to the deconsolidation of Nieuwtown and Majestic.*

Jackie and her direct reports

***Back:** Jackie van Niekerk, Minisha Patel, Linda Meyburgh, Debbie Theron*
***Front:** Danny Vermeulen, Grant Wing and Michael Clampett*

Manufactured resources CONTINUED

Retail
Our retail and mixed-use precincts by effective value

Mall of Africa, Waterfall

Total PGLA
124 713m²

Our 80.0% share of valuation
R4.4 billion

Valuation
R5.4 billion

Value per m²
R43 682

Anchor tenants
Checkers Hyper, Game, Woolworths

Voted 'coolest' mall of the year, Sunday Times GEN NEXT 2018 and 2019

A 4 755kWp photovoltaic system has been in operation since 2018

Lynnwood Bridge precinct, including Glenfair Boulevard, Pretoria

Total PGLA
81 992m²

Our share of valuation
R2.8 billion

Valuation
R2.8 billion

Value per m²
R34 726

Anchor tenants
Adams & Adams, Aurecon, City Lodge, Dis-Chem, Planet Fitness, Safari and Outdoor warehouse, Shoprite Checkers, Woolworths

A 752kWp photovoltaic system has been operating since 2017

Garden Route Mall, George

Total PGLA
53 816m²

Our share of valuation
R1.5 billion

Valuation
R1.5 billion

Value per m²
R22 787

Anchor tenants
Dis-Chem, Game, Pick n Pay, Woolworths

A 990kWp photovoltaic system installation underway

MooiRivier Mall, Potchefstroom

Total PGLA
49 696m²

Our share of valuation
R1.2 billion

Valuation
R1.2 billion

Value per m²
R24 861

Anchor tenants
Checkers, Game, Woolworths, Dis-Chem

A 1 004kWp photovoltaic system has been operating since 2017

Eikestad precinct, Stellenbosch

Total PGLA
38 227m²

Our 80.0% share of valuation
R930.9 million

Valuation
R1.2 billion

Value per m²
R24 351

Anchor tenants
Checkers, Game, Food Lover's Market, Woolworths

Brooklyn Mall and Brooklyn Bridge Office Park, Pretoria

Total PGLA
98 637m²

Our 25.0% share of Brooklyn Mall valuation and 100.0% of Brooklyn Bridge Office Park valuation
R1.2 billion

Valuation
R3.3 billion

Value per m²
R33 111

Anchor tenants
Checkers, Dis-Chem, Game, Woolworths, SARS

A 960kWp photovoltaic system is in operation

First key driver: **South African portfolio**

Retail	**2019**	Restated** 2018
Number of properties	**9**	9
Total investment property (R'000)	**9 918 911**	9 924 231
Value as % of total South African portfolio	**51.8**	52.5
Total rental income (R'000)	**1 114 314**	1 058 450
Non-PGLA income (R'000)	**16.1**	17.6
PGLA (m^2)	**304 337**	303 526
Value per PGLA (R/m^2)	**32 592**	32 648
Weighted average gross monthly rental (R/m^2)	**236**	222
Historical average annualised property yield (%)	**6.4**	6.2
Weighted average rental escalation^* (%)	**7.0**	7.2
Weighted average escalation on new and renewed leases^* (%)	**6.8**	7.2
Weighted average rental reversions	**1.6**	(10.7)
Weighted average lease period^ (years)	**4.1**	4.5
Vacancy based on PGLA (%)	**2.9**	1.2
Retention success rate (%)	**81.2**	95.6
Arrears (%)	**0.6**	0.5

* *Rental escalations excluding rates.*
^ *Based on PGLA.*
** *Restated due to the deconsolidation of Nieuwtown and Majestic.*

Our retail precincts are located in well-established desirable nodes, ensuring we attract and retain tenants and shoppers. Activities in the period to strengthen and expand retail and mixed-use precincts included:

- Lynnwood Bridge retail was upgraded and refurbished, enhancing the shopper and tenant environment
- Acquiring a 756m^2 PGLA premises next to the Eikestad Mall.

Trading densities and rent to turnover

The weighted average trading density for our retail portfolio increased to R3 114/m^2 (2018: R2 915/m^2), averaging annual growth of 6.8%. The weighted average rent to turnover is 7.6% (2018: 7.6%) for the year under review. The average rent includes basic rental, operating cost and municipal rates collection.

Centre	**Trading density***			**Rent to turnover#**		
	2019 R/m²	**2018 R/m²**	**Growth %**	**2019 %**	**2018 %**	**Change %**
Super-regional	**3 202**	2 832	13.1	**9.1**	9.6	(5.2)
Mall of Africa	**3 202**	2 832	13.1	**9.1**	9.6	(5.2)
Regional	**2 733**	2 631	3.9	**7.3**	7.1	2.8
Brooklyn Mall	**3 033**	2 900	4.6	**10.7**	10.1	5.9
Eikestad precinct	**2 659**	2 490	6.8	**7.0**	7.0	–
Garden Route Mall	**2 765**	2 649	4.4	**7.0**	6.7	4.5
MooiRivier Mall	**2 632**	2 598	1.3	**6.6**	6.4	3.1
Convenience	**4 963**	4 939	0.5	**5.5**	5.2	5.8
Glenfair Boulevard	**4 980**	4 942	0.8	**5.2**	5.0	4.0
Lynnwood Bridge	**4 940**	4 935	0.1	**5.9**	5.5	7.3
Waterfall Corner	**3 668**	3 338	9.9	**5.1**	5.3	(3.8)
Portfolio	**3 114**	2 915	6.8			

* *Reported tenant turnover divided by PGLA based on a 12-month average.*
# *Gross rental including operating costs and rates divided by reported turnover based on a 12-month average.*

Manufactured resources CONTINUED

Top five tenants

	Attributable gross rental as a % of total gross rent %
The Foschini Group	3.3
Edcon	3.1
Mr Price Group	2.5
Woolworths	2.5
Shoprite Checkers	2.2

	Attributable PGLA as a % of total PGLA %
Woolworths	3.3
Edcon	3.1
Shoprite Checkers	2.5
Massmart	2.5
The Foschini Group	2.2

Retail category	% of area	% of total turnover	% trading density growth
Apparel	25.8	21.3	4.0
Fashion	23.6	20.7	12.1
Food	11.9	13.2	(1.5)
Health and beauty	5.4	11.7	3.3
Food services	8.4	9.6	13.0
Homeware, furniture and interior	4.9	4.7	7.6
Sportswear and outdoor	6.8	4.3	9.5
Entertainment	3.4	4.4	8.9
Speciality	2.4	4.6	12.4
Electronics	1.1	2.1	(0.1)
Books, cards and stationery	1.8	1.5	(4.5)
Accessories, jewellery and watches	0.5	0.7	1.1
Eyewear and optometrists	3.5	0.6	5.9
Luggage	0.3	0.4	(2.2)
Services	0.2	0.2	9.8
Total	**100.0**	**100.0**	**6.8**

Lynwood Bridge, Pretoria

First key driver: **South African portfolio**

Edcon restructure

By participating in Edcon's restructure programme, which began on 1 April 2019, we will subscribe for equity and convertible notes in Edcon at a total subscription price of R30.1 million over a 24-month period. For the period ended 30 June 2019, this amounted to R4.1 million, which we have excluded from distributable earnings and asset value.

Centre	Effective share %	Effective PGLA before restructure as at 30 Jun 2018	Effective PGLA after restructure as at 1 Oct 2019	% Edcon exposure per mall PGLA after restructure as at 1 Oct 2019
Super regional				
Mall of Africa	80.0	13 855	**9 350**	**9.4**
Regional				
Brooklyn Mall	25.0	1 893	**1 587**	**8.5**
Eikestad precinct	80.0	1 793	**605**	**1.6**
Garden Route Mall	100.0	4 796	**4 299**	**8.0**
MooiRivier Mall	100.0	4 955	**4 955**	**10.0**
Convenience				
Glenfair Boulevard	100.0	223	**223**	**1.4**
Total		**27 515**	**21 019**	**2.8***

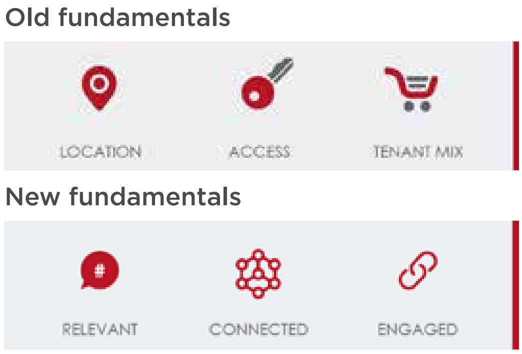
Future impact on distributable earnings	%	FY20 12 months# R'million	FY21 9 months* R'million
Total contractual rent	100.0	36.0	27.5
Net cash to be received	59.1	21.3	16.3
Equity subscription	40.9	14.7	11.2

** Percentage of total effective PGLA as at 30 June 2019.*
 # Contractual rent excludes CNA which does not form part of the Edcon recapitalisation.

We are monitoring growth in the online retail market globally as illustrated below. This market has been slow to develop in South Africa, but we have to embrace and understand technology to assist our tenants in ensuring we create the ultimate consumer experience at our malls.

The future of the mall:

- As consumers switch from offline to online, malls need to find alternative tenants to complement traditional retail tenants
- Malls are being recycled into mixed-use spaces that incorporate living, shopping, working and entertainment facilities under one roof
- Anchor tenants of the future will not only be sellers of goods
- Health and wellness, education services and co-working solutions are already leasing large tracts of mall space
- Our focus remains on the fundamentals in our portfolio:



As offices in Waterfall City densify, this increases shoppers at the Mall of Africa, creating an improved shopper ecosystem. We have seen the benefit since PwC occupied space in Waterfall City, with numbers increasing at the mall.

Manufactured resources CONTINUED

Office and mixed-use

Our top Waterfall office and mixed-use buildings by value

PwC Tower

Total PGLA
48 615m^2

Valuation
R1.9 billion

Our 75.0% share of valuation
R1.4 billion

Value per m^2
R38 829

Silver United States Green Building Council's (USGBC) Leadership in Energy and Environmental Design (LEED) certification

Cell C Campus

Total PGLA
43 890m^2

Valuation
R1.0 billion

Our 100.0% share of valuation
R1.0 billion

Value per m^2
R23 422

Lynnwood Bridge Offices including Aurecon

Total PGLA
76 336m^2

Valuation
R1.8 billion

Our 100.0% share of valuation
R1.8 billion

Value per m^2
R22 968

Lynnwood Bridge Office, 3-star Green Building Council of South Africa (GBCSA) (Existing Building performance)
Lynnwood Bridge - Bloukrans and Kaaimans, 5-star GBCSA (by design)
Aurecon: 4-star GBCSA (by design)

Office and mixed-use	2019	Restated 2018*
Number of properties	**22**	20
Total investment property (R'000)	**7 239 506**	7 214 718
Value as % of our total South African portfolio	**37.8**	38.3
Total rental income (R'000)	**739 065**	650 477
PGLA (m^2)	**264 188**	258 974
Value per PGLA (R/m^2)	**27 380**	27 859
Weighted average gross monthly rental (R/m^2)	**208**	196
Historical average annualised property yield (%)	**6.7**	6.5
Weighted average rental escalation^# (%)	**7.7**	7.8
Weighted average escalation on new/renewed leases^# (%)	**7.9**	7.8
Weighted average rental reversions^	**2.8**	(17.2)
Weighted average lease period^ (years)	**6.8**	7.8
Vacancy based on PGLA (%)	**11.8**	16.7
Retention success rate (%)	**89.4**	61.9
Arrears (%)	**0.3**	0.2

 # Rental escalations excluding rates.
^ Based on PGLA.
** Restated due to the deconsolidating of Nieuwtown and Majestic.*

First key driver: **South African portfolio**

Top five tenants

	Attributable gross rental as a % of total gross rent %
PwC	5.6
Cell C	5.3
Aurecon	5.1
Transnet	3.5
Adams & Adams	2.9

	Attributable PGLA as a % of total PGLA %
PwC	5.6
Cell C	5.3
Aurecon	5.1
Transnet	3.5
Adams & Adams	2.9

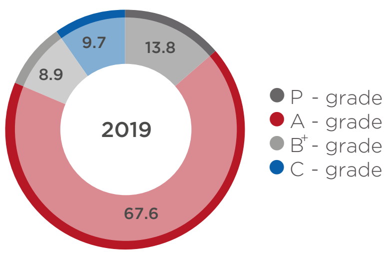
Given the oversupply of office space in key nodes such as Sandton, tenants are spoilt for choice and well-informed about current vacancies and rental price trends. With office space widely available, landlords are offering incentives such as reduced rentals and subsidised tenant installations to fill premises. Negotiations with new tenants have become protracted and more challenging. We compete by demonstrating the value of relocating to Waterfall and, most importantly, focus on cost of occupancy for our tenants. To retain existing tenants, our focus is on building long-term relationships and constantly staying abreast of their changing property and business needs.

Our focus is on the tenant experience, stronger sales teams and fostering our tenant relationships (see sustainability, page 38) as our unique value propositions.

Current office and mixed-use trends include growing demand for flexibility in the workspace. Tenants are increasingly looking at precincts that are close to amenities and transport.

The quality of our office buildings is evident in the diagram below:

Office grading by PGLA (%)



Manufactured resources CONTINUED

Light industrial

Our top Waterfall industrial buildings by value

Amrod

Total PGLA
37 937m²

Our 100.0% share of valuation
R426.4 million

Valuation
R426.4 million

Value per m²
R11 239

Massbuild Distribution Centre

Total PGLA
50 033m²

Our 100.0% share of valuation
R412.4 million

Valuation
R412.4 million

Value per m²
R8 243

BMW Group SA Regional Distribution Centre

Total PGLA
31 987m²

Our 100.0% share of valuation
R282.9 million

Valuation
R282.9 million

Value per m²
R8 843

Light industrial	**2019**	2018
Number of properties	**11**	6
Total investment property (R'000)	**1 637 924**	1 286 827
Value as % of our total South African portfolio	**8.6**	7.4
Total rental income (R'000)	**156 860**	107 598
PGLA (m²)	**168 609**	146 093
Value per PGLA (R/m²)	**9 714**	8 808
Weighted average gross monthly rental (R/m²)	**72**	70
Historical average annualised property yield (%)	**7.3**	5.4
Weighted average rental escalation^# (%)	**5.3**	4.9
Weighted average escalation on new/renewed leases^# (%)	**8.4**	0.8
Weighted average lease period^ (years)	**10.0**	11.4
Vacancy^ (%)	**3.2**	5.3
Retention success rate (%)	**n/a**	n/a
Net arrears (R'000)	**–**	–

 # Rental escalations excluding rates.
^ Based on PGLA.

First key driver: **South African portfolio**

Top five tenants

	Attributable gross rental as a % of total gross rent %
Massmart	2.4
Amrod	2.1
BMW	2.1
Cummins	0.7
Torre Industries	0.6

	Attributable PGLA as a % of total PGLA %
Massmart	2.4
Amrod	2.1
BMW	2.1
Cummins	0.7
Torre Industries	0.6

Waterfall Logistics Hub is ideally positioned in Gauteng for modern and efficient warehousing. In the last financial year, five new warehouses were completed. Another new lease agreement was signed, with construction starting post-year end. Our logistics portfolio has a long-weighted average lease expiry profile of ten years and is supported by quality tenants.

For more information on our Waterfall Logistics Hub – Gauteng's logistics hub of choice, see Developments at Waterfall, page 74.

Hotel

City Lodge – Lynnwood, Pretoria

Total PGLA
7 946m²

Our 100% share of valuation
R224.9 million

Valuation
R224.9 million

Value per m²
R28 303

City Lodge – Waterfall City, Waterfall

Total PGLA
5 744m²

Our 100% share of valuation
R122.0 million

Valuation
R122.0 million

Value per m²
R21 236

We have two hotels in our portfolio, both leased to City Lodge. The City Lodge in Waterfall City provides an essential service to our local and international corporate stakeholders and remains in high demand. As Waterfall City has started to grow and densify, there is a need for more hotel offerings. We are currently developing a 'new concept' four-star Courtyard Hotel for City Lodge in a mixed-use precinct, adjacent to the Mall of Africa and the new residential development, Ellipse.

Hotel	**2019**	Restated* 2018
Number of properties	**2**	2
Total investment property (R'000)	**346 873**	327 828
Value as % of our total South African portfolio	**1.8**	1.7
Total rental income (R'000)	**38 213**	34 880
PGLA (m²)	**13 690**	13 690
Value per PGLA (R/m²)	**25 338**	21 911
Weighted average gross monthly rental (R/m²)	**218**	204
Historical average annualised property yield (%)	**7.4**	7.3
Weighted average rental escalation^# (%)	**7.0**	7.0
Weighted average escalation on renewed leases^# (%)	**7.0**	–
Weighted average lease period^ (years)	**8.7**	3.9
Vacancy^ (%)	**–**	–
Retention success rate (%)	**100.0**	n/a
Net arrears (R'000)	**–**	–

 # Rental escalations excluding rates.
^ Based on PGLA.
** Restated due to the deconsolidating of Nieuwtown and Majestic.*

Manufactured resources CONTINUED

Our South African portfolio

Multi/single tenanted	Property	Location	Province
Office and mixed-use			
Multi	2 Eglin	Sunninghill	Gauteng
Multi	Allandale building	Waterfall	Gauteng
Multi	Brooklyn Bridge Office Park	Pretoria	Gauteng
Single	Cell C Campus	Waterfall	Gauteng
Multi	Gateway West	Waterfall	Gauteng
Single	Transnet	Waterfall	Gauteng
Multi	Lynnwood Bridge	Pretoria	Gauteng
Single	Lynnwood Bridge – Aurecon	Pretoria	Gauteng
Multi	Maxwell Office Park*	Waterfall	Gauteng
Single	Novartis	Waterfall	Gauteng
Single	PwC Tower**	Waterfall	Gauteng
Multi	Waterfall Corporate Campus*	Waterfall	Gauteng
Retail			
Multi	Brooklyn Mall#	Pretoria	Gauteng
Multi	Eikestad Mall^	Stellenbosch	Western Cape
Multi	Garden Route Mall	George	Western Cape
Multi	Glenfair Boulevard	Pretoria	Gauteng
Multi	Lynnwood Bridge – retail	Pretoria	Gauteng
Multi	Mall of Africa^	Waterfall	Gauteng
Multi	MooiRivier Mall	Potchefstroom	North-west
Multi	Waterfall Corner	Waterfall	Gauteng
Multi	Waterfall Lifestyle	Waterfall	Gauteng
Light industrial			
Single	Amrod	Waterfall	Gauteng
Single	BMW Group South African regional distribution centre	Waterfall	Gauteng
Single	Cummins Southern Africa Regional Office*	Waterfall	Gauteng
Single	Dimension Data	Waterfall	Gauteng
Single	Dis-Chem warehouse	Waterfall	Gauteng
Single	Massbuild distribution centre	Waterfall	Gauteng
Single	Midi warehouse	Waterfall	Gauteng
Single	Pirtek	Waterfall	Gauteng
Single	Superga warehouse	Waterfall	Gauteng
Single	Torre Industries$	Waterfall	Gauteng
Single	Zimmer Biomet*	Waterfall	Gauteng
Hotel			
Single	City Lodge Hotel Lynnwood	Pretoria	Gauteng
Single	City Lodge Hotel Waterfall City	Waterfall	Gauteng

*# 25.0% share, * 50.0% share, ** 75.0% share, ^ 80.0% share, $ Classified as held for sale*

First key driver: **South African portfolio**

	Valuation R'000	PGLA m²	GMR R	GMR R/m²	Vacancy m²
	7 239 506	**264 188**	**n/a**	**208**	**30 584**
	151 503	25 525	455 335	95	20 732
	422 729	15 359	2 984 637	194	–
	490 000	23 525	4 132 529	207	3 537
	1 028 004	43 890	–	–	–
	344 021	13 803	2 184 505	201	2 947
	630 743	24 354	–	–	–
	957 165	27 613	7 569 306	275	138
	796 093	19 104	–	–	–
	548 096	18 423	3 901 951	212	–
	237 105	7 982	–	–	–
	1 415 730	36 461	–	–	–
	218 317	8 149	981 455	199	3 230
	9 918 911	**304 337**	**68 866 827**	**236**	**10 572**
	694 000	18 778	5 667 671	313	676
	930 880	38 227	6 439 871	188	3 958
	1 495 400	53 816	10 427 221	194	8
	492 026	15 951	3 794 095	247	575
	377 089	11 378	3 016 781	270	222
	4 358 165	99 770	28 042 330	289	2 802
	1 235 500	49 696	8 561 531	180	2 088
	202 985	9 582	1 708 409	183	243
	132 866	7 139	1 208 918	169	–
	1 637 924	**168 609**	**–**	**72**	**5 262**
	426 367	37 937	–	–	–
	282 871	31 987	–	–	–
	117 587	7 649	–	–	–
	97 866	8 291	–	–	–
	85 848	8 518	–	–	–
	412 404	50 033	–	–	–
	39 804	5 262	–	–	5 262
	29 868	2 815	–	–	–
	41 983	4 710	–	–	–
	77 000	9 357	–	–	–
	26 326	2 050	–	–	–
	346 873	**13 690**	**–**	**218**	**–**
	224 893	7 946	–	–	–
	121 980	5 744	–	–	–

Manufactured resources CONTINUED

Waterfall City masterplan

Nearly a decade ago, we purchased the development rights in Waterfall City (west of the N1 motorway) and the Waterfall Logistic Hub (east of the N1 motorway). The approved bulk associated with the development rights is spread and managed across 12 individual land parcels with the remaining developable bulk, at 30 June 2019, as follows:

WATERFALL CITY – AN INTEGRATED CITY THAT WORKS	
Retail	52 692m²
Residential	68 080m²
Office	593 101m²
Industrial	13 321m²
Hotel	50 640m²
Total	**777 834m²**

WATERFALL LOGISTICS HUB – GAUTENG'S LOGISTICS HUB OF CHOICE	
Industrial	170 952m²
Total	**170 952m²**

Second key driver: **Developments at Waterfall**

Overview

Despite a tough economic environment, we continued to receive corporate enquiries for Waterfall for opportunities that converted into new developments and signed leases with prominent tenants that include ContinuitySA, Pirtek, Superga and Zimmer Biomet. This highlights Waterfall's emerging prominence as a suitable location for businesses wanting to avoid traffic congestion and poor public transport services, as well as businesses that want to consolidate existing offices in Pretoria and Johannesburg into a location equidistant for employees. Waterfall has 948 786m^2 (2018: 957 008m^2) of developable bulk remaining.

The construction sector continues to be impacted by the slow growth in the economy and the capacity and capability of the industry continues to decline. In response we have improved our tenant vetting process and implemented an online procurement portal.

Six reasons to live, work, play in Waterfall

Six reasons why Waterfall, where living works, is becoming Gauteng's business destination of choice:

LOCALITY AND ACCESSIBILITY
Excellent accessibility and visibility, all roads lead to Waterfall

INFRASTRUCTURE
Sophisticated design ensures an efficient and convenient quality of life

AMENITIES
Integrated facilities that support a work-life balance

SAFETY
Committed to protecting our community, facilities and infrastructure

VITALITY
Designed as a pedestrian and bicycle-friendly city

SUSTAINABILITY
A green philosophy is embedded in the urban design

Waterfall

Where living works

Waterfall spans 2 200ha and is the latest growth node of Gauteng, the economic hub of the African continent. Poised to be the new city of Gauteng, the largest urban concept development, Waterfall offers the ultimate live-work-play environment. Waterfall's location is unparalleled, not only is it situated on the business corridor between Johannesburg and Pretoria, but it is supported by two Gautrain bus routes, private schools and a private hospital in addition to featuring world-class lifestyle and leisure amenities on its doorstep.

Key

- Mixed-use (retail, office, hotel and residential)
- Residential
- Retail
- Offices
- Warehousing/distribution
- Commercial
- Education
- Future roads

Waterfall City

An integrated city that works

The heart of the precinct is Waterfall City, with current remaining development bulk of 777 834m^2 (2018: 778 023m^2) zoned for retail, office, industrial, hotels and residential developments. Waterfall City is built around the super-regional Mall of Africa and its adjoining 1.3ha Waterfall Park.

The concept behind Waterfall City is to create a mixed-use development where people can live, work, play in a sustainable, safe and functional environment. The precinct was planned as a greenfield development, allowing for the best urban design principles to determine sufficient and efficient infrastructure, services and open public spaces in addition to facilities that make modern city liveable and functional. Due to all developments being new, the focus is on green efficient design and smart technology.

In November 2018, we launched Ellipse Waterfall, which is the city's first high-rise residential development and that complements both the commercial and retail offerings in Waterfall. We believe that the residential component, will further densify the city and contribute to the live, work, play environment.

Manufactured resources CONTINUED

Waterfall Logistics Hub

Gauteng's logistics hub of choice

The Logistics Hub, situated east of the N1 highway is ideally positioned in Gauteng for light industrial tenants wanting to capitalise on its central location and accessibility. The Waterfall Logistics Hub with 170 952m^2 (2018: 178 985m^2) of remaining development bulk, hosts only light industrial tenants, making it an attractive option to consolidate warehousing with sizeable office space.

During the past year, we developed three generic midi warehouses in the Waterfall Distribution Campus resulting in leases being concluded with Pirtek and Superga. The third building of 5 262m^2 is our only vacant speculative industrial building. With the recent completion of the Zimmer Biomet facility and with the current construction of a warehouse for a blue-chip tenant, LP8 north will be built out with only the expansion option's for BMW and Zimmer Biomet remaining.

Waterfall Junction

A joint venture between Sanlam Life Insurance Limited (Sanlam) (76.43%) and Attacq (23.57%), has given us access to a further 686 054m^2 of industrial developable bulk in Waterfall. We have been appointed as the development, property and asset manager for the joint venture and have the right to increase our shareholding to 50.0%. The development of Waterfall Junction has been activated with the design and commencement of a bulk water pipeline, as well as internal roads and other infrastructure. This infrastructure project provides the opportunity to commence with construction of light industrial buildings.

Developments at Waterfall

	2019 R'000	2018 R'000
Developments under construction	**929 469**	527 592
Development rights	**500 428**	901 428
Infrastructure and services	**787 682**	685 875
Attacq/Sanlam joint venture (Waterfall Junction)	**111 620**	143 803
Total	**2 329 199**	2 258 698

Financial overview

The impact of this key driver on the group's distributable earnings are the holding costs relating to developments under construction, infrastructure and development rights. Holding costs include rates and taxes, marketing, security, and property owners' association levies. For the year ended 30 June 2019, the impact thereof on DEPS was negative 3.8 cents (2018: 1.4 cents).

The total asset value of Developments at Waterfall, including the value of the Attacq Sanlam joint venture (Waterfall Junction), remained largely unchanged at R2.3 billion (2018: R2.3 billion). While these assets do not contribute positively to distributable earnings, it is a platform for future economic benefits via the development of new properties.

Second key driver: **Developments at Waterfall**

Developments under construction

Developments under construction increased to R929.5 million (2018: R527.6 million) as a result of capital expenditure and fair value adjustments based on the progress of the developments. The value of developments under construction is based on external valuations performed by Mills Fitchet and Sterling, adjusted for costs still to be incurred to final completion.

The following developments were under construction as at 30 June 2019 for a total of 72 353m² of bulk of which our attributable share of the total is 48 338m².

Property name	Land parcel	Completion date	PGLA# m²	% pre-let PGLA	Estimated capital cost R'000	Estimated value on completion R'000	Book value at 30 Jun 2019 R'000
Waterfall City							
Deloitte head office*	10	Q3 FY20	21 250	100.0	738 247	812 075	**458 550**
The Ingress – PSG Wealth	10	Q1 FY20	4 371	100.0	119 529	129 612	**101 189**
The Ingress – Building 2	10	Q2 FY20	4 360	0.0	118 597	106 241	**57 084**
Waterfall Corporate Campus – ContinuitySA*	10B	Q2 FY20	2 765	100.0	62 856	81 031	**29 468**
Nexus Waterfall Courtyard Hotel	10	Q2 FY21	6 236	100.0	176 535	200 091	**37 634**
Waterfall Point^ – building 1, inventory	15	Q2 FY20	2 339	79.8 pre-sold	60 580	68 904	**45 650**
Waterfall Point – building 2, investment property	15	Q2 FY20	2 339	100.0	60 580	59 777	**53 114**
Waterfall Point^ – building 3, inventory	15	Q2 FY20	2 339	90.0 pre-sold	60 580	65 489	**5 487**
Waterfall Point – building 4, investment property	15	Q2 FY20	2 339	100.0	60 580	61 133	**54 274**
Total			**48 338**	**89.5**	**1 458 084**	**1 584 353**	**842 450**

*Value provided above reflect Attacq's undivided share in the building: *50.0%.*
 # Estimated PGLA for Attacq's attributable share of development. Subject to change upon final re-measurement post completion.
^ The estimated value on completion of pre-sold and inventory is indicative of sales proceeds and not of an external valuation.

Deloitte head office – land parcel 10

The Deloitte head office development is a 50/50 joint venture between ourselves and Atterbury. The total cost of the project is R1.5 billion. The development is targeting a silver USGBC, LEED (as built and commissioning) certification and is due for completion in March 2020.

The Ingress – land parcel 10

The Ingress is a five-building office park prominently located at the entrance to Waterfall City. Phase 1 consists of offices for PSG Wealth, which took occupation on 1 August 2019, as well as a speculative building. The remaining three buildings (approximately 11 700m^2) will be developed in a phased approach subject to market demand. The total development cost is estimated at R570.0 million. The development is targeting a four-star GBCSA (by design and as built) certification.

Waterfall Corporate Campus Office Park – land parcel 10B

Waterfall Corporate Campus is a 50/50 joint venture with Zenprop. The development will comprise seven office buildings with a centrally located communal facility that includes a conference facility and restaurant. The estimated total PGLA for this development is 35 000m^2, with an approximate total development cost of R880.0 million. The first three buildings (16 300m^2) are completed and construction is making good progress on the next building which will be occupied by ContinuitySA. The remaining buildings will be developed in a phased approach subject to market demand. The development is targeting a four-star GBCSA (by design and as built) certification.

Nexus Waterfall – land parcel 10

Nexus Waterfall comprises three office buildings and a 'new concept' four-star Courtyard Hotel, which is leased and will be operated by the City Lodge Hotel Group. The total PGLA is estimated at 32 000m^2 at an estimated total development cost of R925.0 million. Construction of the 10-storey, 168-key hotel has commenced at an approximate development cost of R1.3 million per key. Construction of the remaining precinct will be in a phased approach subject to market demand. This development was previously to be developed as a 50/50 joint venture, whereas we are now the sole developer. Each building is targeting a minimum four-star GBCSA (by design and as built) certification.

Waterfall Point – land parcel 15

Waterfall Point is an A-grade office park with four buildings of approximately 2 350m^2 each. The office park is a sectional title scheme which caters for both investment by us and businesses that wish to invest in their own premises. We currently hold buildings as investment property which are 100.0% pre-let. Two of the buildings have been classified as inventory, with 84.9% of PGLA pre-sold. Recognition of the revenue and cost of sales on the pre-sold inventory is on a percentage completion basis.

Development rights

We currently hold 948 786m^2 (2018: 975 008m^2) of development rights, zoned for retail, office, industrial, hotel and residential. Development rights are the notarially secured leasehold rights held by Attacq Waterfall Investment Company Proprietary Limited (AWIC), a 100.0% subsidiary of Attacq. We secured the majority of retail, commercial and industrial development rights in Waterfall and have recently begun construction of the first residential scheme in the Waterfall precinct.

The external valuation, performed by Sterling, in respect of the valuation of the Waterfall development rights is carried out using a residual land valuation model on a freehold, fully serviced basis.

The independent valuation is then adjusted downward to take into account, inter alia, the costs required to complete the servicing of the development rights as well as the obligations pursuant to the leasehold nature of the development rights.

During the June 2019 financial year the development rights valuation was reduced by R384.1 million (2018: R48.9 million). The valuation assumptions, reviewed on a semi-annual basis, were revised in light of low business confidence, the prevailing macroeconomic conditions and a more conservative roll out period was assigned to the remaining developable bulk.

Second key driver: **Developments at Waterfall**

Progress in developing Waterfall's available bulk is shown below:

The Waterfall bulk is spread over 12 land parcels (LP):

LP number	Description	Main development rights	Approved bulk m²	Completed		Bulk sold m²	Under construction m²	Remaining bulk m²
				Held m²	Sold m²			
Waterfall City								
LP10	Waterfall City	Office	882 760	195 912	56 715	29 407	40 825	559 901
LP10A	Corporate City	Office	150 000	–	–	–	–	150 000
LP10B	Corporate Campus	Office	35 000	8 454	–		2 765	6 282
LP12	Capital City	Office	48 330	–	–	17 500	–	48 330
LP15	Lifestyle Estate Woodmead	Retail	64 944	40 826	–	–	24 118	–
LP20	North Office Park	Office	4 194	–	4 194	–	–	–
LP21	Landmark Park	Industrial	56 999	43 678	–	–	–	13 321
Subtotal			1 242 227	288 870	60 909	46 907	67 708	777 834
Waterfall Logistics Hub								
LP3	Convenience Corner Waterfall	Retail	15 000	–	–	15 000	–	–
LP8	Distribution campus	Industrial	184 456	128 254	20 921	2 433	8 033	24 905
LP9	Logistics precinct	Industrial	196 455	7 695	52 701	7 695	–	128 365
LP22	Commercial district	Office	83 544	37 685	28 177	–	–	17 682
LP24	Factory depot	Industrial	154 250	–	–	154 250	–	–
Subtotal			633 795	173 634	101 799	179 378	8 033	170 952
Total remaining bulk allocated to Attacq			1 876 022	462 504	162 708	226 285	75 741	948 786
Attacq Sanlam joint venture	Waterfall Junction	Industrial						686 054
Total remaining bulk								1 634 840

Infrastructure and services

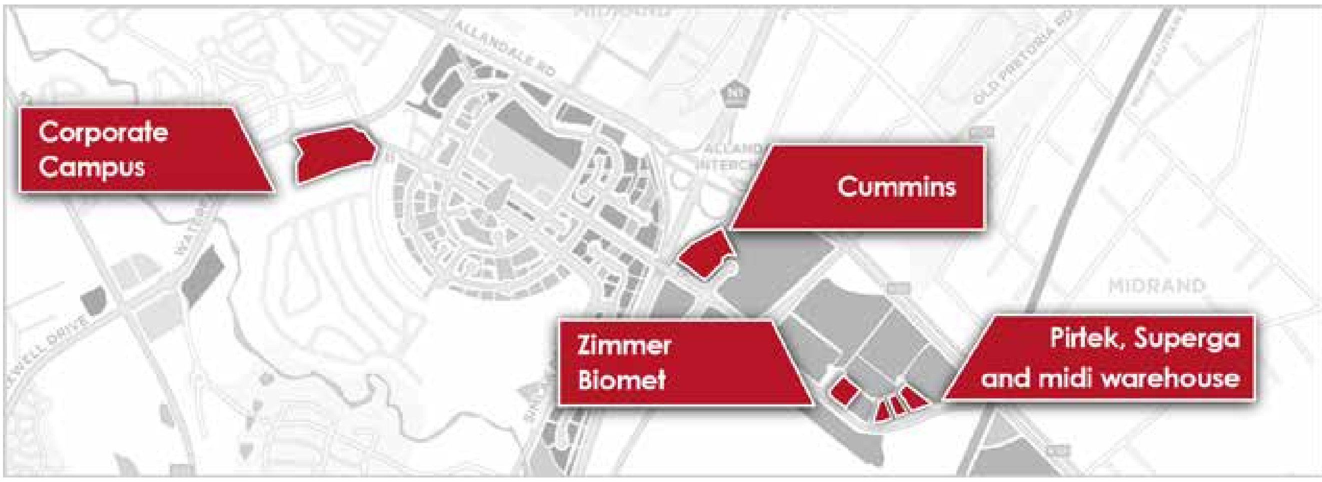
The net increase, excluding non-current assets held for sale, of R115.3 million (2018: net decrease of R64.0 million) in the value of infrastructure and services, held at cost, compared to the prior year is, inter alia, as a result of infrastructure and pre-development spend of R127.1 million, offset against the reallocation to developments under construction of R11.8 million.

During the year, we continued to invest in bulk infrastructure to unlock the full potential of our land parcels; for example, the installation of an electrical substation to increase the electrical supply to the industrial developments as well as a number of other infrastructure-related projects.

A holistic approach is followed in the planning and development of infrastructure, taking into account the entire Waterfall precinct. These include large projects with the potential to make a substantial impact on the growth and development potential of Waterfall.

Manufactured resources CONTINUED

Completed buildings



During the year, seven buildings were completed in Waterfall, bringing the total South African portfolio PGLA to 750 825m² (2018: 722 731m²). Our attributable share of the total newly completed 42 615m² PGLA is 27 701m².

Completed properties	Lease commencement date	Effective PGLA m²	Total PGLA m²	Occupancy %	Effective share valuation* R'000
Waterfall City					
Waterfall Corporate Campus – Accenture+	1 December 2018	1 985	3 970	100.0	67 126
Waterfall Corporate Campus – Building 2+	1 August 2019	3 230	6 460	52.4	69 093
Waterfall Logistics Hub					
Cummins Southern Africa Regional Office+	1 March 2019	7 649	15 298	100.0	117 587
Speculative midi warehouse	–	5 262	5 262	0.0	39 804
Pirtek	1 May 2019	2 815	2 815	100.0	29 868
Superga	1 June 2019	4 710	4 710	100.0	41 983
Zimmer Biomet+	1 August 2019	2 050	4 100	100.0	26 326
Total		**27 701**	**42 615**	**75.5**	**391 787**

+ Attacq has a 50.0% ownership.
** Net of costs to be incurred until final completion.*

Second key driver: **Developments at Waterfall**

Developments pipeline

Office and light industrial	Sector	Land parcel	Anticipated construction commence-ment date	Anticipated practical completion date	Effective PGLA m²*	Total PGLA m²*	Pre-let % based on total PGLA
Waterfall City							
Waterfall Corporate Campus – building 4⁺	Office and mixed-use	10B	Tenant demand driven	–	2 263	4 526	–
Waterfall Logistics Hub							
Blue-chip tenant	Light industrial	8	July 2019	Q4 FY20	4 757	4 757	100.0
Total					**7 020**	**9 283**	**67.8%**

** Estimated PGLA of development subject to change upon final re-measurement post-completion and Attacq has a 50.0% ownership.*
⁺ Attacq has a 50.0% ownership.

Ellipse Waterfall – land parcel 10

Ellipse Waterfall is a 50/50 joint venture with Tricolt. This development is poised to redefine the live, work, play ethos in Gauteng, and this is the first high-rise residential development in Waterfall City. Ellipse Waterfall comprises four deluxe high-rise towers, named after celebrated astronomers: Newton, Kepler, Cassini and Galileo. The development has sold over 80.0% of the 272 apartments in the Newton and Kepler towers of phase 1, which equates to a total value of over R565.0 million in sales to date. A waiting list for the final two towers is steadily growing in anticipation of the phase 2 launch in Q2 FY20.

Featuring innovative design, Ellipse Waterfall has been carefully curated with the user experience in mind. It is the combination of luxury, aesthetics and functionality. Each tower's height differs, Newton has ten storeys, Kepler has 11 storeys, Galileo has 12 storeys and Cassini has 16 storeys. The result is views from every apartment – whether you are looking out onto the Magaliesberg or across to the Sandton skyline.

Located on a prime city gateway site, every aspect of this R1.25 billion development resonates quality – from the amenities and state-of-the-art security systems to the outstanding architecture and finishes.

Outlook

We are mindful of the oversupply of office and industrial space from other developers in several nodes but encouraged by the level of interest in Waterfall area. Accordingly, our development strategy remains prudent and based on market demand, such as smaller warehouses with larger office components.

In FY20, we will maintain a level of stock for tenants requiring space on short notice. We will also focus on finding suitable tenants for our speculative warehouse, develop the first phase of infrastructure at Waterfall Junction and complete the first phase of our popular Ellipse residential development before moving on to the remaining phases.

With seven developments under construction, over 70 000m² due for completion in FY20 and a further 6 200m² plus 272 units in the Ellipse phase 1 in FY21, Waterfall is a hive of activity. In tandem, our sustainability and smart-city strategy underpin the significant infrastructural investment that is entrenching Waterfall as a prominent business and now residential location in Gauteng.

Manufactured resources CONTINUED

Overview

MAS provides us with a growing stream of euro-denominated dividends, underpinned by a growing portfolio of income-generating properties and a strong acquisition and development pipeline. Melt Hamman joined the MAS board of directors on 12 December 2018.

The investment in MAS contributed R189.1 million (2018: R137.5 million) to the group's distributable earnings, including cash dividends received of R185.6 million (2018: R151.1 million).

Our shareholding in MAS was unchanged at 22.8% (2018: 22.8%). The market value of our investment based on the MAS share price as at 28 June 2019 of R20.90 (2018: R21.00) equates to R3.2 billion (2018: R3.1 billion), which is in line with our equity-accounted investment at 30 June 2019 of R3.2 billion (2018: R3.1 billion).

Where MAS invests and develops

[1] *MAS' share of the income-generating portfolio's passing rent.*

MAS is a commercial property investor, developer and operator listed on the main board of the JSE. It is also listed and admitted on the Euro-MTF market of the Luxembourg Stock Exchange.

MAS' strategy is to generate sustainable and growing distributable earnings per share by acquiring and developing retail, office, industrial, logistics, hotel and residential assets in Central and Eastern Europe (CEE). To facilitate its strategy, MAS has partnered with Prime Kapital Limited, a management team with exceptional development, investment and financing experience in these markets.

Third key driver: **Investment in MAS**

The impressive performance and growth of the CEE portfolio to date, led the MAS board to consider that the continued expansion into CEE, combined with an orderly and disciplined divestment of the Western European assets, phased in to maximise realisable value, is the most appropriate strategy for the MAS group. The increased geographical focus in the higher growth CEE markets, with a predominant focus on retail, provides the MAS group with the best opportunity to continue to meet its long-term objectives of sustainable growth in distributable earnings per share. Currently 41.8% of MAS' investment property portfolio is in CEE.

MAS achieved a 59.6% increase in net rental income to EUR51.6 million and a 41.9% increase in DEPS from EUR6.35 cps to EUR9.01 cps, driven by acquisitions of investment property, its Prime Kapital investment joint venture and its real estate equity securities portfolio. Investment property, including assets held for sale, increased by 52.4% to EUR964.7 million from EUR632.8 million.

MAS' management focus on the recycling of capital out of mature assets into higher-yielding properties resulted in the disposal of its low-yielding hotel assets at New Waverley, Edinburgh, for EUR43.3 million at yields of 4.1%. During the year, the following income-producing properties were acquired, adding a total of 178 240m^2 GLA to the property portfolio.

Property	Location	GLA m^2	Acquisition valuation EUR'million
Flensburg Galerie Shopping Centre	Flensburg, Germany	25 540	62.6
Militari Shopping Centre	Bucharest, Romania	56 200	95.0
Atrium Mall Shopping Centre	Arad, Romania	28 600	40.5
Romania retail portfolio	Nine properties, Romania	67 900	109.1
Total		**178 240**	**307.2**

The Prime Kapital development joint venture pipeline comprises ten projects with an estimated total development cost of EUR783.0 million and GLA of 615 000m^2. Seven of these assets have either commenced with construction or are at design and permitting stage and two are expected to be completed by December 2019. During the year, MAS announced an extension of the development joint venture by an additional two years to 2025.

Plans are underway to extend and refurbish the retail assets of the investment joint venture between MAS and Prime Kapital, namely Nova Park (Poland), Burgas Mall and Stara Zagora Mall (both Bulgaria) and Militari Shopping Centre. Approximately 57 000m^2 of GLA can be added to improve the fashion and leisure offerings of the centres and strengthen their regionally dominant positions.

We have the following hedges in place for expected future MAS dividends:

MAS dividend period	Anticipated timing of receipt	Amount hedged EUR'million	Fixed rate (R)	Amount hedged R'million
Final FY19	October 2019	5.1	18.10	92.3
Interim FY20	March 2020	2.7	17.29	46.0

For further information in respect of MAS' results, refer to the MAS website at www.masrei.com.

Outlook on MAS

MAS has set itself a three-year target of growing dividends per share by 30.0% for the period ending 30 June 2022 from the current distribution level of EUR8.75 cps.

MAS has a well-funded balance sheet, a strong development and acquisition pipeline, and access to an experienced development partner with an exemplary track record in CEE.

Manufactured resources CONTINUED

Our development team

Back: *David Oosthuizen, Lourens du Toit, Martin du Plessis, Giles Pendleton, Nico Barnard, Enzo Oosthuizen*
Front: *Miron Naidoo, Mpumi April and Thomas Fuller*

Fourth key driver: **Rest of Africa retail investments**

Overview

During the year, our Rest of Africa retail investments generated distributable earnings of R86.2 million (2018: R59.8 million). As at 30 June 2019, the value of our Rest of Africa retail investments was R820.1 million (2018: R1.2 billion) representing 3.0% (2018: 4.2%) of its total gross assets (including cash balances held in AIH International Limited (AIHI), a wholly owned subsidiary of Attacq). Following the Manda Hill Shopping Centre disposal post-year end, this reduced to below 2.0% net of cash held by AIHI (discussed below).

R'000	June 2019	%	June 2018	%
Attacq offshore cash on hand	**180 624**	**22.0**	68 238	5.9
Ikeja City Mall (equity and shareholder loan)	**276 899**	**33.8**	305 173	26.3
AttAfrica (shareholder loan)	**362 545**	**44.2**	787 304	67.8
Total Rest of Africa retail investment	**820 068**	**100.0**	1 160 715	100.0

Our Rest of Africa retail investment comprises:

- Cash held by AIHI of R180.6 million (2018: R68.2 million)
- A 25.0% shareholding in Gruppo Investment Nigeria Limited (Gruppo), the owner of Ikeja City Mall, Nigeria.
- A 31.8% shareholding in AttAfrica, which is invested in three retail properties in Ghana and Manda Hill Shopping Centre, Zambia

Our strategy, which is aligned with its co-shareholders, is to seek an orderly disposal of these assets and recycle proceeds into interest-bearing debt. Progress has been made in implementing this strategy with the exit of Achimota Retail Centre (Accra, Ghana) during the year and Manda Hill Shopping Centre (Lusaka, Zambia) subsequent to year end. Both disposals were based on the 31 December 2018 carrying values for these properties.

Our investment in AttAfrica, through its shareholder loan, amounted to R362.5 million (2018: R787.3 million). An impairment of R418.5 million (2018: R25.9 million) was recognised against the loan in the current year due to the increase in the negative net asset value position of AttAfrica offset by a 3.0% weakening of the rand against the US dollar. During the year, R89.5 million of cash interest was received from AttAfrica.

The group's equity-accounted investment into and loan to Gruppo totalled R276.9 million (2018: R305.2 million). The decrease in the investment value is as a result of an impairment of R49.0 million (2018: R25.2 million) offset by a 3.0% weakening of the rand against the US dollar. During the year R14.4 million of cash interest was received from Gruppo.

At 30 June 2019, the retail properties in which we have an interest, is as follows:

Asset	Total PGLA m²	Our effective interest %
Ghana		
Accra Mall, Accra	21 311	15.0
Kumasi City Mall, Accra	15 534	31.0
Nigeria		
Ikeja City Mall, Lagos	22 223	25.0
Zambia		
Manda Hill Mall, Lusaka	42 002	15.9

Sustainability overview

Detailed in our sustainability report, found at **www.attacq.co.za**

Our approach

Underpinning all our environment, social and governance initiatives is the sincere commitment to be a responsible corporate citizen, to do the right thing in the interests of the broader South African society and our natural environment. This commitment is embodied in our corporate values (integrity, accountability, creativity, collaboration and sustainability), with our progress and challenges reviewed by the transformation, social and ethics (TSE) committee of the board as well as our executive committee (exco).

In this section, we summarise salient features of the review period for each resource, and our progress towards targets. In line with our sustainability vision (to be truly efficient, resilient and smart) and strategy, our goal is a net positive impact across the resources that creates optimal value for all our stakeholders. Please refer to our first standalone sustainability report on our website for details.

Natural resources

Key board and committee decisions

NOTED	CONSIDERED	APPROVED	RESOLVED
• We are included in the FTSE/JSE Responsible Investment Top 30 Index with an average rating of 4.1 out of a possible 5.0 • The role of head of sustainability is incorporated as part of the development team to instil sustainability as part of the team's DNA • We have defined our sustainability strategy • Management have action plans in place to address the current water challenges	• Approvals for PV system installations and generators	• Implementing a ±R12 million PV system on the roof of Garden Route Mall, our seventh PY system in our South African portfolio • Spending ±R28 million on generators, focusing on alternative supply of electricity and reducing our carbon footprint	

Performance highlights and lowlights

HIGHLIGHTS	LOWLIGHTS
• Reviewed and strengthened our climate-change statement and corresponding strategies for the portfolio • Threefold capacity increase in our installed photovoltaic (PV) systems over the past three years to 6 852kWp.	

Taking a broader view, key elements in our approach to natural resources as well as progress in mitigating the attendant risks and opportunities are summarised below.

Element	Risk	Opportunity	Progress
Waste	Increase in waste	Increased recycling and improved separation into waste streams on both a building and precinct level, resulting in a reduction in waste to landfill	Recycling increased to over 55.0% of waste generated
Water	Security of supply	Reduce our water intensity and costs through lower consumption strategies, increased recycling and water efficiencies	All our properties can operate for two days in a water outage Our water intensity (litres per square metre) has dropped steadily over the past three years, meeting or exceeding the sector benchmark (MCSI) average
Energy	Supply constraints (outages and load shedding)	Reduce consumption and cost through energy efficiency and alternative energy options where feasible	Our energy efficiency is measured by intensity: we currently outperform the MCSI average for the retail, office and industrial components of our portfolio Mall of Africa can operate for two days during a power outage Installation of generators have been approved at Eikestad Mall, MooiRivier Mall and Garden Route Mall Our PV systems are now generating 9 857MWh of electricity annually
Transport	Constrained access to Waterfall	Work with road, rail and rapid rail authorities to increase infrastructure supporting the node Optimise internal facilities for parking, pedestrian traffic and alternative transport options	Long-term project, involving multiple external parties
Technology	Obsolescence of existing technology	Use leading technology to enable a truly smart city	Long-term project aimed at an integrated, multifaceted information system, supporting decisions in real time

Our green certification strategy

We are targeting a minimum of four-star GBCSA (by design and as built) certification on every new development in Waterfall City (excluding Waterfall Logistics Hub and LP21).

We will accommodate tenants' specific requests if they prefer the USGBC's LEED (design and construction) certification. When using the USGBC LEED certification, we target a minimum of silver (design and construction). Where applicable or requested by tenants, GBCSA or LEED certification can be undertaken for interior and operational certifications.

We are in the process of certifying our existing buildings by using the GBCSA Existing Building Performance rating tool. We are focusing on our completed buildings in Waterfall City and we are targeting the highest possible rating.

At present, 20.8% of our South African portfolio is green certified.

Sustainability overview CONTINUED

Human resources

Key board and committee decisions

NOTED	CONSIDERED	APPROVED	RESOLVED
• Employee turnover • Low percentage vesting of LTI performance conditions • Study assistance to employees	• Succession planning for executives and other key roles	• The code of ethics for staff was approved • Malus and claw back provision included as part of senior management's remuneration • Board diversity policy – board gender and race targets set at 30.0% • Salary increases, bonuses and new LTI shares	• To close the salary gap between CEO and the lowest earning staff members

Performance highlights and lowlights

HIGHLIGHTS	LOWLIGHTS
• Launch of our first annual wellness awareness programme • Contributing to school fees for the children of qualifying employees • Voluntary employee turnover of 9.1%.	• Recruiting and retaining skills in designated groups in real estate sector remains a challenge • Capacity constraints until suitable candidates are recruited.

Our employees are our most valuable assets. While that is true for most companies, in the increasingly competitive real estate sector, the high calibre of our people is a key differentiator.

Key elements in our approach to human resources as well as progress in mitigating the attendant risks and opportunities are summarised below.

ELEMENT	RISK	OPPORTUNITY	PROGRESS
• Promoting transformation in South Africa	• Consequences of legislative non-compliance	• Being acknowledged as a preferred employer and supplier	• 60.0% of our workforce is African, Coloured or Indian. At management level, this is 25.7%
• Attract, motivate and retain high-calibre individuals	• Competitors poaching well-trained and experienced staff members	• Personal development ensures a robust succession pipeline	• Workforce increased 10.3% to 150 employees • We spent over R900 000 on internal training and provide bursaries for external courses • Attractive benefits include annual wellness programme, and subsidising school fees for children of qualifying employees
• Limit employee turnover	• Losing institutional knowledge can affect value creation	• Institutional knowledge is a competitive advantage	• Voluntary employee turnover of 9.1%

Social and relationship resources

Key board and committee decisions

NOTED	CONSIDERED	APPROVED
• The focus of Attacq Foundation changed to early childhood education • In total 681 direct beneficiaries reached by investing R6.4 million and 402 employee hours	• Funds required to be transferred to the Attacq Foundation • Increased focus on skills development in support of transformation • Community activism actions	• Updated stakeholder engagement policy in terms of King IV

Performance highlights and lowlights

HIGHLIGHTS

- In total 681 direct beneficiaries reached by investing R6.4 million and 402 employee hours (2018: 2 337 beneficiaries, R6.8 million and 309 employee hours respectively)
- To date, 415 jobs created through the Attacq Property Point initiative.

LOWLIGHTS

- B-BBEE level 3 after converting to a REIT and being measured against new property sector codes. See sustainability report on page 41.

Our vision is to be a socially responsible citizen that contributes positively to uplifting the communities in which we operate. For more information refer to our sustainability report on page 32.

Key elements in our approach to social and relationship resources as well as progress in mitigating the attendant risks and opportunities are summarised below.

Element	Risk	Opportunities	Progress
Tenant general satisfaction score	Loss of tenants	Building long-term relationships	7.5/10.0. The next general survey is currently in progress
B-BBEE level	Non-compliance National transformation	Being a preferred partner	B-BBEE level 3 on converting to REIT
Enterprise and supplier development	Non-compliance National transformation	Broadening the economic mainstream	Achieving our enterprise and supplier targets year on year
Socioeconomic development	Non-compliance Sustainable communities	Enhancing quality of life expands the national economically active population	402 hours volunteered by our employees 681 direct beneficiaries R6.4 million investment by us

In addition, over 150 unemployed youth are benefiting from learnerships through the Attacq Foundation, while small businesses benefit from initiatives under the Attacq Property Point programme.

Sustainability overview CONTINUED

Intellectual resources

Key board and committee decisions

NOTED	CONSIDERED	APPROVED
• Property management teams have implemented the application, MyBuildings • Mall of Africa was voted the 'coolest' mall for the second year running by Sunday Times' GEN NEXT survey • 2018 MSCI awards for the top-performing portfolio in the office and industrial sectors • Received the SAPOA award for best industrial development for Cummins South Africa regional office	• Infrastructure required for the backbone to support technology advancement • Resilience against hackers	• Sustainability as an additional company value • Refreshing the Attacq brand and Attacq brand story

Performance highlights and lowlights

HIGHLIGHTS	LOWLIGHTS
• Received the South African Property Owners Association (SAPOA) award for best industrial development for Cummins South Africa regional office, the fifth consecutive year of winning a prestigious SAPOA award for a Waterfall development • Mall of Africa voted 'coolest' mall in South Africa in Sunday Times' GEN NEXT survey for the second consecutive year • Included in the FTSE/JSE Responsible Investment Index for the third consecutive year and in the Top 30 Index for the first time this year • 2018 MSCI awards for the top-performing portfolio in the office (fourth consecutive year) and industrial (third consecutive year) sector based on three-year annualised total return.	• Internal business process not agile enough for the changing environments in which we operate.

In a competitive market, intellectual capital is a decided advantage. Accordingly, we are cultivating a culture of thoughtful employees – people who are able to understand the local and global operating context and to develop innovative solutions for our precincts. We also need to understand and manage the potential impact of disruptive technology on our business model.

Summarised consolidated financial statements

Mall of Africa, Waterfall

Summarised consolidated statement
of profit or loss and other comprehensive income

for the year ended 30 June 2019

	Audited 30 June 2019 R'000	Restated Audited 30 June 2018 R'000
Gross revenue	**2 283 244**	1 982 374
Rental income	**2 057 548**	1 864 042
Straight-line lease income adjustment	**197 124**	88 467
Sale of inventory	**28 572**	29 865
Property expenses	**(780 690)**	(678 766)
Property expenses	**(749 143)**	(653 848)
Cost of sales	**(31 547)**	(24 918)
Net profit from property operations	**1 502 554**	1 303 608
Other income	**89 532**	44 970
Operating expenses	**(155 485)**	(170 254)
Impairment losses	**(505 148)**	(25 872)
Other expenses	**(170 138)**	(126 790)
Operating profit	**761 315**	1 025 662
Amortisation of intangible asset	**(19 964)**	(24 037)
Fair value adjustments	**(801 735)**	420 886
Investment properties	**(665 110)**	380 198
Other financial assets and liabilities	**(135 761)**	40 688
Other investments	**(864)**	–
Gain on available-for-sale financial assets	**–**	35 750
Net income from associates and joint ventures	**124 770**	78 092
Investment income	**230 549**	233 323
Finance costs	**(855 465)**	(813 868)
(Loss) profit before taxation	**(560 530)**	955 808
Income tax (expense) credit	**(42 058)**	1 747 472
(Loss) profit for the year	**(602 588)**	2 703 280
Attributable to:		
Owners of the holding company	**(602 588)**	2 703 280
Other comprehensive income		
Items that will be reclassified subsequently to profit and loss		
(Loss) gain on available-for-sale financial assets	**(6 144)**	27 686
Taxation relating to components of other comprehensive income	**(27 566)**	2
Realisation of available-for-sale financial assets	**–**	(32 336)
Other comprehensive loss for the year net of taxation	**(33 710)**	(4 648)
Total comprehensive income for the year	**(636 298)**	2 698 632
Attributable to:		
Owners of the holding company	**(636 298)**	2 698 632
Earnings per share		
Basic (cents)	**(85.7)**	384.5
Diluted (cents)	**(85.7)**	381.5

Reconciliation between
earnings and headline earnings

for the year ended 30 June 2019

	Audited 30 June 2019 R'000	Restated Audited 30 June 2018 R'000
Loss/(profit) for the year	**(602 588)**	2 703 280
Headline earnings adjustments	**1 124 202**	(426 561)
Profit on disposal of subsidiary	**–**	(5 633)
Loss on disposal of associate	**(14 550)**	–
Loss on disposal of other investments	**–**	2 612
Profit on disposal of investment property	**(11 095)**	(14 947)
Impairment of associates and other investments	**550 023**	51 197
Realisation of available-for-sale financial assets	**–**	(35 750)
Impairment of intangible asset	**61 871**	–
Fair value adjustments	**665 974**	(420 886)
Net income from associates and joint ventures	**(46 995)**	(7 959)
Tax effect of adjustments	**(81 026)**	4 805
Headline earnings	**521 614**	2 276 719
Number of shares in issue*	**703 495 224**	703 155 224
Weighted average number of shares in issue*	**703 311 279**	702 989 909
Diluted weighted average number of shares in issue*	**710 613 023**	708 584 902
Headline earnings per share		
Basic (cents)	**74.2**	323.9
Diluted (cents)	**73.4**	321.3

** Adjusted for 46 427 553 treasury shares.*

Summarised consolidated statement
of financial position

for the year ended 30 June 2019

	Audited 30 June 2019 R'000	Restated Audited 30 June 2018 R'000	Restated Audited 1 July 2017 R'000
Assets			
Non-current assets			
Property and equipment	**10 069**	41 221	50 601
Investment properties	**20 081 544**	19 791 145	18 243 926
Per valuation	**21 120 691**	20 633 168	18 970 212
Straight-line lease debtor	**(1 039 147)**	(842 023)	(726 286)
Straight-line lease debtor	**1 039 147**	842 023	726 286
Deferred initial lease expenditure	**6 860**	9 275	7 666
Intangible assets	**184 667**	266 502	290 539
Goodwill	**67 774**	67 774	67 774
Investment in associates and joint ventures	**3 217 711**	3 394 508	3 165 796
Loans to associates and joint ventures	**879 955**	1 315 878	1 310 780
Other financial assets	**386 709**	373 651	304 368
Other investments	**–**	488	11 941
Deferred tax assets	**–**	11	3 329
Total non-current assets	**25 874 436**	26 102 476	24 183 006
Current assets			
Taxation receivable	**4 806**	2 714	951
Trade and other receivables	**203 450**	203 014	161 128
Inventory	**51 137**	42 484	25 278
Loans to associates and joint ventures	**113 649**	146 061	259 787
Other financial assets	**32 656**	16 308	193 590
Cash and cash equivalents	**673 486**	1 221 126	417 561
Total current assets	**1 079 184**	1 631 707	1 058 295
Non-current assets held for sale	**96 781**	118 871	801 483
Total assets	**27 050 401**	27 853 054	26 042 784
EQUITY AND LIABILITIES			
Equity			
Stated capital	**6 463 585**	6 460 108	6 456 633
Distributable reserves	**7 954 665**	9 534 776	6 933 179
Fair value through other comprehensive income reserve	**281 218**	289 370	291 854
Share-based payment reserve	**117 118**	117 390	128 216
Foreign currency translation reserve	**771 146**	744 701	238 254
Acquisition of non-controlling interests reserve	**–**	(104 215)	(104 215)
Total equity attributable to owners of the holding company	**15 587 732**	17 042 130	13 943 921

	Audited 30 June 2019 R'000	Restated Audited 30 June 2018 R'000	Restated Audited 1 July 2017 R'000
Non-current liabilities			
Long-term borrowings	**10 203 134**	9 527 490	6 938 596
Deferred tax liabilities	**238 539**	178 923	1 929 846
Other financial liabilities	**268 112**	126 865	163 085
Cash-settled share-based payments	**537**	559	1 496
Total non-current liabilities	**10 710 322**	9 833 837	9 033 023
Current liabilities			
Other financial liabilities	**29 439**	21 049	2 836
Taxation payable	**1 228**	1 496	7 665
Cash-settled share-based payments	**89**	747	1 684
Trade and other payables	**389 690**	383 503	474 556
Provisions	**18 304**	32 196	2 777
Short-term portion of long-term borrowings	**259 611**	538 096	2 245 789
Total current liabilities	**698 361**	977 087	2 735 307
Liabilities directly associated with non-current assets held for sale	**53 986**	–	330 533
Total liabilities	**11 462 669**	10 810 924	12 098 863
Total equity and liabilities	**27 050 401**	27 853 054	26 042 784
The following information does not form part of the statement of financial position			
Net asset value per share (cents)	**2 216**	2 424	1 984

Summarised consolidated statement
of cash flow

for the year ended 30 June 2019

	Audited 30 June 2019 R'000	Restated Audited 30 June 2018 R'000
Cash flow generated from operating activities	**653 327**	384 589
Cash generated from operations	**1 170 806**	911 595
Investment income	**186 552**	117 835
Dividend income	**191 045**	170 504
Finance costs	**(868 330)**	(785 502)
Settlement of cash-settled share-based payments	**(14 389)**	–
Taxation paid	**(12 357)**	(29 843)
Cash flow utilised in investing activities	**(819 409)**	(116 030)
Property and equipment acquired	**(3 591)**	(2 528)
Property and equipment disposed	**–**	284
Investment properties acquired	**(907 330)**	(736 198)
Investment properties disposed	**–**	62 584
Associates and joint ventures acquired	**–**	(2 667)
Associates and joint ventures disposed	**96 179**	253 977
Other investments disposed	**–**	11 969
Other financial assets (raised) repaid	**(27 072)**	98 074
Additions to deferred initial lease expenditure	**(3 536)**	(3 804)
Cash flow relating to non-current assets held for sale	**25 941**	202 279
Cash flow (utilised in) generated from financing activities	**(381 558)**	535 006
Capital raised	**3 477**	3 475
Dividends paid	**(805 250)**	–
Settlement of share-based payment	**–**	(13 678)
Long-term borrowings raised	**1 599 898**	3 358 695
Long-term borrowings repaid	**(1 194 443)**	(2 874 182)
Loans to associates and joint ventures repaid	**884**	114 434
Loss of control of subsidiary	**–**	–
Other financial liabilities raised (repaid)	**13 876**	(53 738)
Total cash movement for the year	**(547 640)**	803 565
Cash at the beginning of the year	**1 221 126**	417 561
Total cash at the end of the year	**673 486**	1 221 126

Melt Hamman and Henry Kuhn running the Waterfall Freedom Fun Run

sage Foundation | Waterfall Freedom Fun Run – July 2019 | ATTACQ FOUNDATION

Summarised consolidated statement
of changes in equity

for the year ended 30 June 2019

	Stated capital R'000	Distributable reserves R'000	FVOCI reserve R'000	Share-based payment reserve R'000
Audited balance as reported at 1 July 2017	6 456 633	6 945 483	282 329	128 216
Restatement	–	(12 304)	9 525	–
Balance at 1 July 2017 – restated	6 456 633	6 933 179	291 854	128 216
Total comprehensive income	–	2 703 280	(4 648)	–
Profit for the period	–	2 703 280	–	–
Other comprehensive profit	–	–	(4 648)	–
Foreign currency translation reserve	–	–	–	–
Issue of shares	3 475	–	–	–
Present value of loans to associate	–	(48 954)	–	–
Derecognition of reserves due to sale of subsidiary	–	(59 698)	2 164	–
Transfer between reserves	–	6 969	–	(15 077)
Settlement of share-based payment transaction	–	–	–	(14 961)
Recognition of share-based payment reserve	–	–	–	19 212
Unaudited balance at 30 June 2018 – restated	6 460 108	9 534 776	289 370	117 390
IFRS 9 restatements		80 518	(98 280)	
Balance at 30 June 2018 – restated	6 460 108	9 615 294	191 090	117 390
Total comprehensive income	**–**	**(602 588)**	**(33 710)**	**–**
Profit for the period	**–**	**(602 588)**	**–**	**–**
Other comprehensive loss	**–**	**–**	**(33 710)**	**–**
Foreign currency translation reserve	**–**	**–**	**–**	**–**
Issue of shares	**3 477**	**–**	**–**	**–**
Settlement of share-based payment transaction	**–**	**–**	**–**	**(14 867)**
Dividends	**–**	**(805 250)**	**–**	**–**
Transfer of reserve on disposal of investments	**–**	**(123 838)**	**123 838**	**–**
Transfer of reserve from acquisition of non-controlling interest reserve	**–**	**(104 215)**	**–**	**–**
Transfer of share-based payment reserve on vesting	**–**	**7 444**	**–**	**(7 444)**
Present value of loans to associate	**–**	**(32 182)**	**–**	**–**
Recognition of share-based payment reserve	**–**	**–**	**–**	**22 039**
Balance at 30 June 2019	**6 463 585**	**7 954 665**	**281 218**	**117 118**

Foreign currency translation reserve R'000	Acquisition of non-controlling interests reserve R'000	Equity attributable to owners of the holding company R'000	Non-controlling interests R'000	Total equity R'000
238 254	(104 215)	13 946 700	(43 087)	13 903 613
–	–	(2 779)	43 087	40 308
238 254	(104 215)	13 943 921	–	13 943 921
–	–	2 698 632	–	2 698 632
–	–	2 703 280	–	2 703 280
–	–	(4 648)	–	(4 648)
506 447	–	506 447	–	506 447
–	–	3 475	–	3 475
–	–	(48 954)	–	(48 954)
–	–	(57 534)	–	(57 534)
–	–	(8 108)	–	(8 108)
–	–	(14 961)	–	(14 961)
–	–	19 212	–	19 212
744 701	(104 215)	17 042 130	–	17 042 130
		(17 762)		(17 762)
744 701	(104 215)	17 024 368	–	17 024 368
–	**–**	**(636 298)**	**–**	**(636 298)**
–	**–**	**(602 588)**	**–**	**(602 588)**
–	**–**	**(33 710)**	**–**	**(33 710)**
26 445	**–**	**26 445**	**–**	**26 445**
–	**–**	**3 477**	**–**	**3 477**
–	**–**	**(14 867)**	**–**	**(14 867)**
–	**–**	**(805 250)**	**–**	**(805 250)**
–	**–**	**–**	**–**	**–**
–	**104 215**	**–**	**–**	**–**
–	**–**	**–**	**–**	**–**
–	**–**	**(32 182)**	**–**	**(32 182)**
–	**–**	**22 039**	**–**	**22 039**
771 146	**–**	**15 587 732**	**–**	**15 587 732**

Summarised audited segmental analysis

30 June 2019

	Retail R'000	Office and mixed use R'000	Light industrial R'000	Hotel R'000
STATEMENT OF FINANCIAL POSITION				
Investment property	9 686 888	6 568 929	1 436 998	334 294
Waterfall developments	–	–	–	–
Developments under construction	–	–	–	–
Waterfall development rights	–	–	–	–
Infrastructure and services	–	–	–	–
Straight-line lease debtor	232 022	670 618	123 927	12 580
Intangible assets and goodwill	–	–	–	–
Investments in associates and joint ventures	32 004	1 022	–	–
Other financial assets	24 320	343 035	9 289	–
Loans to associates and joint ventures	–	–	–	–
Trade and other receivables	57 128	37 177	7 700	1 001
Cash and cash equivalents	90 760	344 698	5 762	21
Inventory	–	–	–	–
Non-current assets held for sale	–	–	77 000	–
Other assets	–	2 173	–	–
Total assets	10 123 122	7 967 652	1 660 676	347 896
Long-term borrowings	–	–	–	–
Other financial liabilities	–	–	–	–
Deferred tax liabilities	–	–	–	–
Trade and other payables	143 902	121 765	12 435	1 712
Non-current liabilities associated with assets held for sale	–	–	–	–
Other liabilities	–	–	–	–
Total liabilities	143 902	121 765	12 435	1 712
STATEMENT OF COMPREHENSIVE INCOME				
Rental income	1 114 314	739 065	156 860	38 213
Straight-line lease income adjustment	(3 645)	179 189	24 351	(2 771)
Sale of inventory	–	39 093	(10 521)	–
Property expenses	(448 831)	(244 625)	(47 273)	(11 762)
Cost of sales	–	(39 943)	8 396	–
Net profit from property operations	661 838	672 779	131 813	23 680
Other income	–	406	28 571	–
Operating expenses	(32 869)	(33 632)	(7 530)	(764)
Impairment losses	–	–	–	–
Other expenses	(930)	–	(86)	–
Operating profit (loss)	628 039	639 553	152 768	22 916
Amortisation of intangible assets	–	–	–	–
Fair value adjustments	(86 608)	(267 082)	(41 323)	21 816
Net income from associates	(8 117)	69	(759)	–
Investment income	6 529	38 104	199	17
Finance costs	–	–	–	–
Profit (loss) before tax	539 843	410 644	110 885	44 749
Taxation	–	–	–	–
Profit (loss) for the year	539 843	410 644	110 885	44 749
Profit (loss) for the year attributable to owners	539 843	410 644	110 885	44 749

Waterfall developments R'000	Head office SA R'000	Total SA R'000	MAS R'000	Rest of Africa R'000	Head office Global R'000	Total R'000
–	5 000	18 032 109	–	–	–	18 032 109
2 049 435	–	2 049 435	–	–	–	2 049 435
791 276	–	791 276	–	–	–	791 276
495 972	–	495 972	–	–	–	495 972
762 187	–	762 187	–	–	–	762 187
–	–	1 039 147	–	–	–	1 039 147
–	252 441	252 441	–	–	–	252 441
–	1 191	34 217	3 183 494	–	–	3 217 711
–	33 237	409 881	9 484	–	–	419 365
111 620	242 540	354 160	–	639 444	–	993 604
97 018	3 354	203 378	–	–	72	203 450
971	50 650	492 862	–	–	180 624	673 486
51 137	–	51 137	–	–	–	51 137
19 018	763	96 781	–	–	–	96 781
–	19 562	21 735	–	–	–	21 735
2 329 199	608 738	23 037 283	3 192 978	639 444	180 696	27 050 401
–	9 007 294	9 007 294	–	–	1 455 451	10 462 745
–	297 551	297 551	–	–	–	297 551
–	100 019	100 019	138 520	–	–	238 539
62 752	30 906	373 472	–	16 218	–	389 690
–	53 986	53 986	–	–	–	53 986
10 925	7 978	18 903	–	–	1 255	20 158
73 677	9 497 734	9 851 225	138 520	16 218	1 456 706	11 462 669
–	9 096	2 057 548	–	–	–	2 057 548
–	–	197 124	–	–	–	197 124
–	–	28 572	–	–	–	28 572
–	3 348	(749 143)	–	–	–	(749 143)
–	–	(31 547)	–	–	–	(31 547)
–	12 444	1 502 554	–	–	–	1 502 554
–	3 898	32 875	21 164	33 313	2 180	89 532
–	(80 690)	(155 485)	–	–	–	(155 485)
(29 975)	(55 865)	(85 840)	–	(419 308)	–	(505 148)
(26 589)	(66 823)	(94 428)	–	(75 710)	–	(170 138)
(56 564)	(187 036)	1 199 676	21 164	(461 705)	2 180	761 315
–	(19 964)	(19 964)	–	–	–	(19 964)
(291 913)	(137 979)	(803 089)	–	–	1 354	(801 735)
(1 758)	(67 380)	(77 945)	204 037	(1 322)	–	124 770
–	66 760	111 609	–	118 940	–	230 549
–	(820 681)	(820 681)	(1 003)	–	(33 781)	(855 465)
(350 235)	(1 166 280)	(410 394)	224 198	(344 087)	(30 247)	(560 530)
–	(26 111)	(26 111)	(14 287)	–	(1 660)	(42 058)
(350 235)	(1 192 391)	(436 505)	209 911	(344 087)	(31 907)	(602 588)
(350 235)	(1 192 391)	(436 505)	209 911	(344 087)	(31 907)	(602 588)

Summarised audited segmental analysis

30 June 2018

	Retail R'000	Office and mixed use Retail R'000	Light industrial R'000	Hotel R'000
STATEMENT OF FINANCIAL POSITION				
Investment property	9 639 616	6 674 605	1 286 827	312 477
Waterfall developments	–	–	–	–
Developments under construction	–	–	–	–
Waterfall development rights	–	–	–	–
Infrastructure and services	–	–	–	–
Straight-line lease debtor	235 667	491 428	99 577	15 351
Intangible assets and goodwill	–	–	–	–
Investments in associates and joint ventures	40 121	954	91 619	–
Other financial assets	13 288	22 920	–	–
Loans to associates and joint ventures	–	–	143 247	–
Trade and other receivables	63 069	106 650	23 286	2 367
Cash and cash equivalents	89 325	67 398	5 862	151
Inventory	–	42 484	–	–
Non-current assets held for sale	–	–	–	–
Other assets	–	3 000	–	–
Total assets	10 081 086	7 409 439	1 650 418	330 346
Long-term borrowings	–	–	–	–
Other financial liabilities	–	–	12 807	–
Deferred tax liabilities	–	–	–	–
Trade and other payables	135 957	186 261	33 113	2 630
Other liabilities	–	–	–	–
Total liabilities	135 957	186 261	45 920	2 630
STATEMENT OF COMPREHENSIVE INCOME				
Rental income	1 058 450	650 477	107 598	34 880
Straight-line lease income adjustment	28 604	17 561	43 278	(976)
Sale of inventory	–	19 344	10 521	–
Property expenses	(422 464)	(202 340)	(32 000)	(10 248)
Cost of sales	–	(16 522)	(8 396)	–
Net profit from property operations	664 590	468 520	121 001	23 656
Other income	31	16 708	–	–
Operating expenses	(31 927)	(30 848)	(5 972)	(562)
Impairment losses	–	–	–	–
Other expenses	(13 395)	–	–	–
Operating profit (loss)	619 299	454 380	115 029	23 094
Amortisation of intangible assets	–	–	–	–
Fair value adjustments	263 650	99 784	(10 842)	15 939
Gain on available for sale financial assets IS	–	–	–	–
Net income from associates	(4 164)	36	1 748	–
Investment income	7 779	3 119	13	6
Finance costs	–	–	–	–
Profit (loss) before tax	886 564	557 319	105 948	39 039
Taxation	–	–	–	–
Profit (loss) for the year	886 564	557 319	105 948	39 039
Profit (loss) for the year attributable to owners	886 564	557 319	105 948	39 039

Waterfall developments R'000	Head office SA R'000	Total SA R'000	MAS R'000	Rest of Africa R'000	Head office Global R'000	Total R'000
–	5 000	17 918 525	–	–	–	17 918 525
1 872 620	–	1 872 620	–	–	–	1 872 620
346 441	–	346 441	–	–	–	346 441
879 324	–	879 324	–	–	–	879 324
646 855	–	646 855	–	–	–	646 855
–	–	842 023	–	–	–	842 023
–	334 276	334 276	–	–	–	334 276
–	68 038	200 732	3 145 828	47 948	–	3 394 508
–	353 751	389 959	–	–	–	389 959
–	274 163	417 410	–	1 044 529	–	1 461 939
–	7 587	202 959	–	–	55	203 014
–	990 152	1 152 888	–	–	68 238	1 221 126
–	–	42 484	–	–	–	42 484
115 149	775	115 924	–	–	2 947	118 871
–	50 709	53 709	–	–	–	53 709
1 987 769	2 084 451	23 543 509	3 145 828	1 092 477	71 240	27 853 054
–	8 634 578	8 634 578	–	–	1 431 008	10 065 586
–	133 393	146 200	–	–	1 714	147 914
–	48 840	48 840	130 083	–	–	178 923
–	25 531	383 492	–	–	11	383 503
25 476	8 026	33 502	–	–	1 496	34 998
25 476	8 850 368	9 246 612	130 083	–	1 434 229	10 810 924
–	12 637	1 864 042	–	–	–	1 864 042
–	–	88 467	–	–	–	88 467
–	–	29 865	–	–	–	29 865
–	13 204	(653 848)	–	–	–	(653 848)
–	–	(24 918)	–	–	–	(24 918)
–	25 841	1 303 608	–	–	–	1 303 608
–	23 017	39 756	–	5 214	–	44 970
–	(95 767)	(165 076)	–	–	(5 178)	(170 254)
–	–	–	–	(25 872)	–	(25 872)
(49 649)	(1 773)	(64 817)	–	(57 618)	(4 355)	(126 790)
(49 649)	(48 682)	1 113 471	–	(78 276)	(9 533)	1 025 662
–	(24 037)	(24 037)	–	–	–	(24 037)
11 667	40 887	421 085	–	–	(199)	420 886
–	35 750	35 750	–	–	–	35 750
–	(284)	(2 664)	68 774	908	11 074	78 092
–	98 005	108 922	–	120 619	3 782	233 323
–	(779 960)	(779 960)	–	–	(33 908)	(813 868)
(37 982)	(678 321)	872 567	68 774	43 251	(28 784)	955 808
–	1 842 193	1 842 193	(93 297)	–	(1 424)	1 747 472
(37 982)	1 163 872	2 714 760	(24 523)	43 251	(30 208)	2 703 280
(37 982)	1 163 872	2 714 760	(24 523)	43 251	(30 208)	2 703 280

Reconciliation of profit

for the year to distributable earnings

	Audited 30 June 2019 R'000	Restated Audited 30 June 2018 R'000
(Loss) profit for the year attributable to Attacq's shareholders	**(602 588)**	2 703 280
Profit on disposal of subsidiary	**–**	(5 633)
Loss on disposal of other investments	**–**	2 612
Profit on disposal of investment property	**(11 095)**	(14 947)
Profit on disposal of investment in associate	**(14 547)**	–
Impairment of associates, other investments and loans	**550 967**	51 197
Impairment of wi-fi rights, intangible asset	**61 871**	–
Realisation of available-for-sale financial assets	**–**	(35 750)
Fair value adjustments	**801 735**	(420 886)
Net income from associates and joint ventures	**(124 770)**	(78 092)
Straight-line lease income adjustments	**(197 124)**	(88 467)
Adjustment for net non-cash interest from associates	**(114 193)**	(128 279)
Net cash interest received from associates	**89 514**	42 425
Depreciation and amortisation	**37 026**	39 764
Unrealised foreign currency translation effect	**(31 667)**	50 698
Dividends received from associates	**191 045**	166 723
Edcon restructure	**(4 129)**	–
Write-off of other receivable	**–**	47 972
Movement in provision	**–**	3 943
Deferred taxation	**32 061**	(1 769 383)
Distributable earnings for the year	**664 106**	567 177
Number of shares in issue*	**703 495 224**	703 155 224
Weighted average number of shares in issue*	**703 311 279**	702 989 909
Distributable earnings per share (cents)		
Basic	**94,4**	80,7
Dividends (R'000)	**573 308**	520 335
Interim	**284 875**	–
Final	**288 433**	520 335
Dividend per share (cents)	**81.5**	74.0
Interim	**40.5**	–
Final	**41.0**	74.0

** Adjusted for 46 427 553 treasury shares.*

Glossary

AFS	Annual financial statements
AGM	Annual general meeting
Attacq	Attacq Limited and its subsidiaries
AttAfrica	AttAfrica Limited
Atterbury	Atterbury Property Holdings Proprietary Limited and its subsidiaries
Barrow Properties	Barrow Properties Proprietary Limited
B-BBEE	Broad-based black economic empowerment
CAF	Combined Assurance Forum
CAGR	Compound annual growth rate
CEE	Central and Eastern Europe
CEO	Chief executive officer
CFO	Chief financial officer
City Lodge	City Lodge Hotels Limited
Companies Act	Companies Act, 71 of 2008
Company	Attacq Limited and its subsidiaries
COO	Chief operational officer
Cps	Cents per share
CSI	Corporate social investment
CSP	Conditional share plan
DEPS	Distributable earnings per share
Development rights	Leasehold and development rights to develop and register long-term lease agreements against the title deeds of Waterfall land parcels
Dev exco	Development executive committee
DPS	Distribution per share
Edcon	Edcon Limited
EE	Employment equity
Equites	Equites Property Fund Limited
Exco	Executive committee or executive management
FTSE4Good	FTSE/JSE Responsible Investment Index
FY18, FY19 etc	The financial year ended 30 June
GBCSA	Green Building Council of South Africa
Group	Attacq Limited and its subsidiaries
GMR	Gross monthly rental
GTP	Guaranteed total package
HDI	Historically disadvantaged individual
Gruppo	Gruppo Investment Nigeria Limited
IFRS	International Financial Reporting Standards
ICR	Interest cover ratio
ICT	Information and communications technology
JSE	JSE Securities Exchange
JSE Listings Requirements	The Listings Requirements, as issued by the JSE from time to time
King IV	King Code on Corporate Governance 2016
KPI	Key performance indicator
LEED	Leadership in Energy and Environmental Design

Glossary CONTINUED

LIBFIN	Liberty Group Limited, acting through its Libfin division
LP	Land parcel
LTI	Long-term incentive
LTV	Loan-to-value
MAS	MAS Real Estate Inc.
MMI	MMI Group Limited
NAV	Net asset value – equity attributable to owners of holding company
NAVPS	NAV per share
NED	Non-executive director
OMSFIN	Old Mutual Specialised Finance Property Limited
PGLA	Primary gross lettable area. The primary revenue-generating rentable area dedicated to the use of the tenant, comprising usable and common area for offices and excluding common area for retail buildings
PV	Photovoltaic
PwC	PricewaterhouseCoopers
REIT	Real estate investment trust
Remco	Remuneration and nominations committee
Sanlam	Sanlam Life Insurance Limited
SAPOA	South African Property Owners Association
SAPY	FTSE/JSE South African property yield
Stenham	Stenham European Shopping Centre Fund Limited
STI	Short-term incentive
TSE	Transformation, social and ethics
WALE	Weighted average lease expiry
Zenprop	Zenprop Property Holdings Proprietary Limited

Corporate information

Attacq Limited
Incorporated in the Republic of South Africa
Registration number: 1997/000543/06
JSE share code: ATT ISIN: ZAE000177218
Approved as a REIT by the JSE
Attacq or company or group

Registered office
ATT House, 2nd floor
Maxwell Office Park
37 Magwa Crescent
Waterfall City 2090

Postal address
PostNet Suite 016
Private Bag X81
Halfway House 1685

Independent non-executive directors
P Tredoux (chairperson)
HR El Haimer (lead independent)
MM du Toit
IN Mkhari
BT Nagle
S Shaw-Taylor
JHP van der Merwe

Executive directors
M Hamman (CEO)
R Nana (CFO)
JR van Niekerk (COO)

Interim company secretary
Peter de Villiers (CIO)

Transfer secretaries
Computershare Investor Services Proprietary Limited

Sponsor
Java Capital

Independent auditor
Deloitte & Touche

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