

ATTACQ INTEGRATED REPORT

for the year ended 30 June 2022



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NAVIGATING OUR REPORT

STRATEGIC PILLARS



Waterfall City, Rest of South Africa and Other investments



Capital structure



Our employees



ESG



Business diversification (innovation)



Technology

MATERIAL MATTERS



Employee development and wellness, creating the desired company culture



Transformation and our communities



Operational and financial sustainability



Relevant innovation and technology



Environmental focus



External operating environment

CAPITALS



Financial



Manufactured



Environmental



Human



Social



Intellectual

OUR REPORTING SUITE FOR FY22



Integrated report



Annual financial statements



Notice of AGM



Additional information to be found on the Attacq website – www.attacq.co.za.



Further information to be found elsewhere in this reporting suite.

For clarification of all abbreviations used in this report, refer to the **glossary** on [page 130](#).

CAPITALS



PERFORMANCE OVERVIEW

Stakeholder value

DIPS

▲ 34.2% increase



2021: 35.9% decline

DPS

▲ 50.0 cps



2021: 0.0cps
Attacq re-affirmed the appropriateness of its REIT status and resumed paying dividends this year.

NAVPS

▲ R17.49



2021: R15.75

Waterfall City, Rest of Africa and Other investments

TRADING DENSITY GROWTH

▲ 12.6%



2021: 0.4% decline

OCCUPANCY

▼ 92.1%



2021: 95.2%

COMPLETED DEVELOPMENTS*

47 623m²



2021: 33 332m²

Vantage data centre



Completed phase one

MALL OF AFRICA IS VOTED

'Coolest' mall in South Africa



by the Sunday Times Gen Next survey for the fifth year running September 2022

* Total m² of GLA, not effective m² of GLA

Capital structure

GEARING

▲ 37.2%



2021: 43.3%
Gearing peaked at 46.6% in Dec 2020 which resulted in the group implementing a debt reduction plan, the outcome of which is a healthier capital structure.

ICR

▲ 1.58 times



2021: 1.41 times

ESG performance

NET ZERO CARBON LEVEL 1, GBCSA

Nexus Waterfall, building 1



A 7 252 m2 GLA collaboration hub development.
Attacq's first such development resulting in the building producing enough renewable energy to power the base-building systems.

POWER PURCHASE AGREEMENT CONCLUDED

15MWp



Attacq will benefit from reduced cost of energy and lower carbon emissions in line with our environmental plan.

B-BBEE RATING

▲ Level 1



2021: Level 3
Attacq proudly achieved this significant milestone for the first time in its history.

ABOUT THIS REPORT

This integrated report presents a holistic view of Attacq Limited and its subsidiaries for FY22 and sets out our approach to the preservation and creation of value in the short, medium and long term.

Theme of our report

The theme for FY22 is linked to Attacq's purpose and vision (see [📄 page 6](#)) and is detailed below:

Coming out of the COVID-19 pandemic, we have an improved company culture and capital structure. Through business diversification, we are focusing on new opportunities, mainly through innovation and the implementation of our environmental plan, in support of sustainable growth within our portfolio while continuing to develop our company culture.

The purpose and vision, together with the FY22 theme (stated above), is the golden thread that flows through this report, with every element linked to our purpose and vision.

Report objective and scope

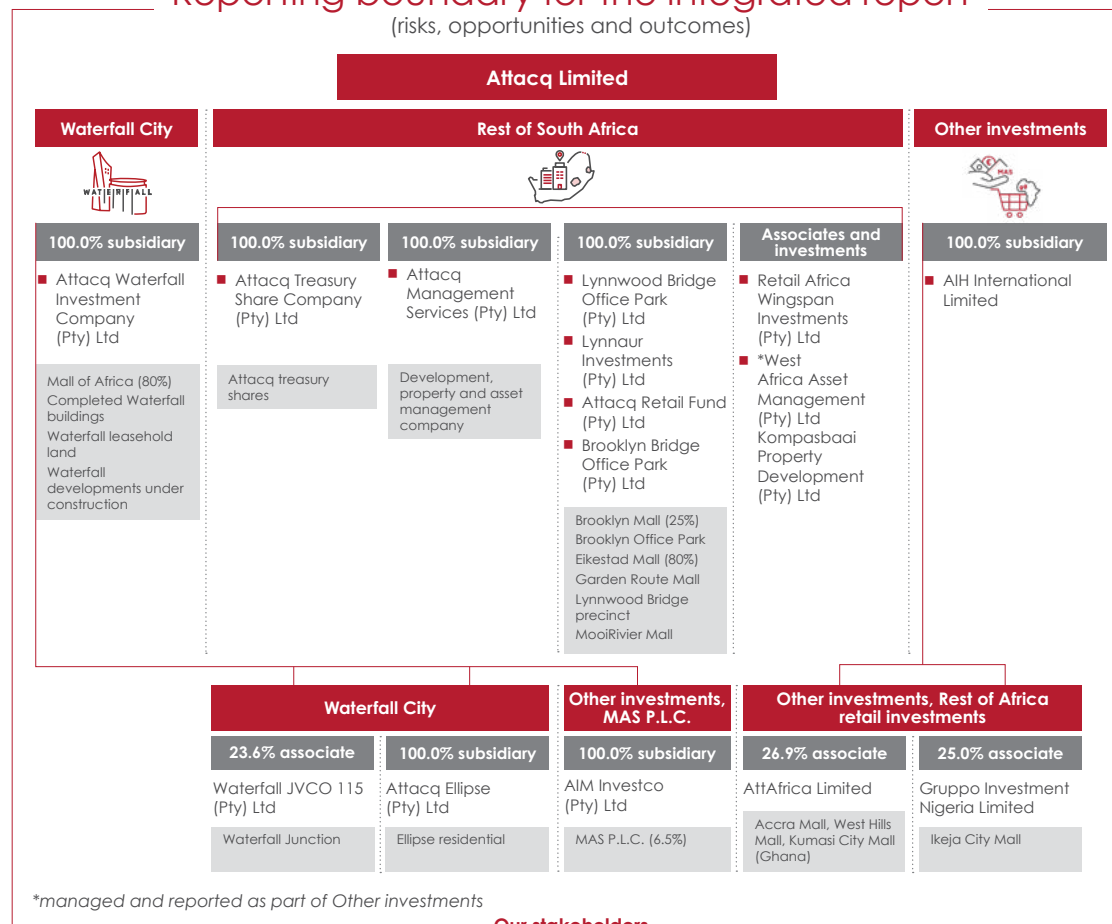
The integrated report includes information on our performance, governance and financial, growth and development prospects. The content of this report is built on the interconnection of various internal and external factors and their impact on our ability to create sustainable value. While the primary audience of this report is our providers of financial capital, we strive to provide information that is relevant to a wider stakeholder audience in the interest of transparency. Events after the reporting period and up to the date of approval of the integrated report have been considered. Unless indicated otherwise, information in this report refers to that of the group.

The report is aligned with relevant reporting standards, frameworks, guidelines, regulations and best practices, including:

- Companies Act
- IFRS
- IR Framework of the IFRS Foundation
- JSE Listings Requirements
- King IV
- SA REIT BPR, 2nd edition

Reporting boundary for the integrated report

(risks, opportunities and outcomes)



Our stakeholders

The primary focus of this report is on the group's South African operations, MAS is considered a medium-term investment and we remain committed to our strategy to exit our Rest of Africa retail investments.

Materiality

This report focuses on those issues, opportunities and challenges that may materially impact Attacq and its ability to be a sustainable business that consistently delivers value to stakeholders. Our material matters, as described on  **pages 20 and 21**, influence our strategy and inform the content of this report.

Management confirms that to their knowledge, all reliable information has been disclosed and that there are no legal prohibitions to disclosing material information.

Assurance

Our combined assurance model (see  **page 110**) involves assurances provided by management, our internal auditor (BDO, replacing PwC after a ten-year period), external auditor (EY), other external assurance providers and oversight by our board of directors.

For the scope of services performed by our external auditor, refer to our AFS online at <https://www.attacq.co.za/investor-hub/>. Specific non-financial elements – such as environmental capital data, adherence to water-use licence conditions and OHS – are externally assured and/or audited to ensure legal compliance or adherence to our governance standards.

The board, assisted by the ARC and TSE, is satisfied with the effectiveness of the group's internal controls and assurance for the year in review.

Approval of the FY22 integrated report

The board, supported by the ARC and TSE, acknowledges its responsibility to ensure the integrity of the 2022 integrated report.

Members of the ARC and TSE committees are of the opinion that this integrated report addresses all material matters and offers a balanced view of Attacq's strategy and how this relates to its ability to preserve and create value in the short, medium and long term. The report adequately addresses the use of, effects on, and availability of our capitals as well as how these impact the group's strategy and business model. The board believes this report has been prepared in accordance with the IR Framework and authorised it for release on 26 October 2022.

Forward-looking statements

This integrated report contains forward-looking statements that, unless indicated otherwise, reflect the group's expectations as at 25 October 2022. 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 legislation and regulations.

Feedback

We value feedback as we strive to continuously improve our reporting. Please send your comments or suggestions to:

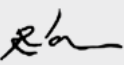
Brenda Botha
Head of investor relations

Email: brenda@attacq.co.za
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Executive directors



Jackie van Niekerk
CEO



Raj Nana
CFO

NEDs



Pierre Tredoux
Independent chairperson



Hellen El Haimer
Lead independent



Thabo Leeuw
Independent



Ipeleng Mkhari
Independent



Stewart Shaw-Taylor
Independent



Allen Swiegers
Independent



Johan van der Merwe
Independent



THIS IS ATTACQ

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WHO WE ARE

Attacq is an innovative REIT, based in South Africa and listed on the JSE, with a clear purpose and vision.

As trends in online shopping and work-from-home continue to evolve, so does the way Attacq interacts with real estate. We achieved this through the management of our precincts throughout South Africa and the development of Waterfall City into a smart, safe and sustainable city – where we put people first, embrace business disruption and find value-creating opportunities.

Our spaces, collectively called hubs

Our **shopping malls** are more than just retail spaces – they are retail-experience as they offer space for our community to meet, provide our shopper the opportunity to interact with people and goods while enjoy a memorable shopping experience.

Our **office spaces** are designed to be collaboration hubs in response to the evolution of the office environment, providing opportunities for physical interaction and collaboration.

Our **logistics and distribution centres** are safe, secure urban logistics hubs, fully integrating office and warehouse requirements into a single location, resulting in a hybrid asset class.

Retail-experience hubs



Collaboration hubs



Logistics hubs



Our purpose

To create smart, safe and sustainable community spaces providing remarkable experiences in our managed hubs.

Our vision

To create sustainable value for all stakeholders through our value-based strategy, ensuring a positive impact in our communities and the environment we operate in.

Our values



Integrity

We do what we say.



Collaboration

We have each other's back.



Accountability

Stuff gets done.



Creativity

Everyone's ideas matter.



Sustainability

We focus on our future.



Oleum Court in Mall of Africa, Waterfall City

► INVESTMENT CASE

Smart, safe and sustainable spaces, dominant in their precincts, underpin a quality real estate portfolio.

Our company culture

is driven by our purpose and values. We focus on employee wellness including the opportunity for self-development.

A diversified portfolio and client base across different asset classes and geographies in South Africa, providing a resilient foundation and enabling value creation.

Invest, engage and collaborate with the communities around our assets

to create sustainable community spaces with remarkable experiences that create destinations of choice.

Waterfall City

represents an exceptional development opportunity in South Africa providing Attacq with a diversified development pipeline, offering clients a work, play, live lifestyle within a smart, safe, and sustainable environment.

Support and uplift the communities

in which we operate via the Attacq Foundation by investing in training and education and contributing to economic development.

Agility, control and alignment of interests, is assured through our internalised asset, property and development management.

Business diversification (innovation)

achieved through creating and investing in innovative opportunities as part of our 'environmental' plan to generate growth, create value, and stay ahead of the curve of our everchanging environment.

WATERFALL CITY, REST OF SOUTH AFRICA AND OTHER INVESTMENTS AT A GLANCE

Attacq's focused approach is on:

Waterfall City



1

Waterfall City, comprising our completed real estate portfolio, developments under construction and leasehold land.

Rest of South Africa



2

Rest of South Africa, comprising the remainder of our South African completed real estate portfolio.

Other investments



3

Other investments, comprising a 6.5% interest in MAS and the Rest of Africa retail investments.

Going forward, business diversification and innovation will be the fourth focus area

Business diversification

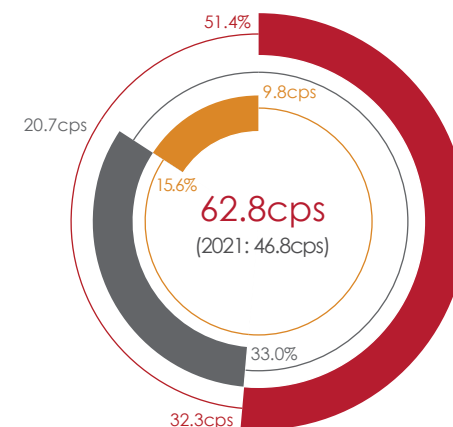


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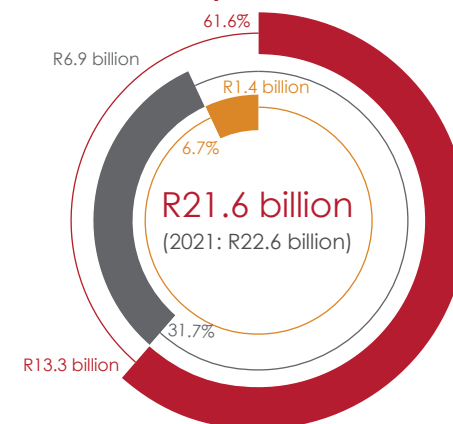
Business diversification achieved through innovatively investing in opportunities complementary to our real estate portfolio.



DIPS



Value of portfolio



SMART, SAFE AND SUSTAINABLE HUBS

Attacq is well-positioned to deliver on its purpose to create smart, safe and sustainable community spaces providing remarkable experiences in our managed hubs.



EFFECTIVE GLA
468 149m²

EFFECTIVE VALUATION
R11.0 billion

Waterfall City is demonstrating Attacq's approach to creating a smart, safe and sustainable city

Certification of Waterfall City CBD with a Green Star sustainable precinct rating from GBCSA in progress in terms of sustainable governance, liveability, economic and environmental attributes already in place and planned

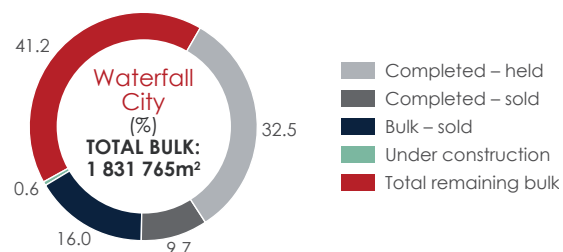
Mall of Africa super-regional mall in the heart of Waterfall City

Nexus Waterfall – Building 1 is GBCSA Net Zero Level 1 certified – our first building to receive this rating



Voted 'coolest' mall in South Africa by the Sunday Times Gen Next survey for the fifth year running (September 2022)

Waterfall City, Johannesburg



Business resilience

100% of Mall of Africa's m² of GLA is backed up with generators (67% supplied by its owners and 33% supplied by clients)

Up to two days' emergency water supply



PV systems

5 466MWp of installed capacity, reducing our grid energy consumption

ANCHOR BUILDINGS



COTTON:ON



Refer to [pages 67](#) and [54](#), for more information on the sustainability and resilience of our portfolio



TOTAL GLA
74 377m²

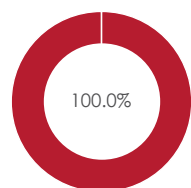
VALUATION
R2.0 billion

Lynnwood Bridge precinct, City of Tswane

A unique mixed-use precinct, home to the Atterbury Theatre

Lynnwood Bridge precinct offers a range of experiences for its shoppers, from dining and theatre to access to specialised hunting products.

Our interest



Business resilience

86.0% of GLA backed up with generators at Lynnwood Bridge, retail, supplied by Attacq

Up to two days' emergency water supply



PV systems

852kWp
producing 10.8% of total energy usage



TOTAL GLA
53 973m²

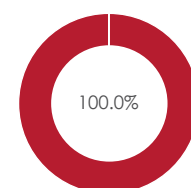
VALUATION
R1.3 billion

Garden Route Mall, George – Regional retail-experience hub

Dominant regional mall in the southern Cape, situated in George, offering a wide range of retail offerings

Garden Route Mall boasts with the only iStore and Ster-kinekor in the region, attracting shopper from a wide catchment area.

Our interest



Business resilience

100% of GLA backed up with generators (58% supplied by Attacq and 42% supplied by clients)

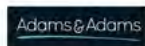
Up to two days' emergency water supply



PV systems

990kWp
producing 12.7% of total energy usage

ANCHOR CLIENTS





TOTAL GLA
50 383m²

VALUATION
R1.2 billion

MooiRivier Mall, Potchefstroom – Regional retail-experience hub

The retail gateway to the North West, offering a safe and convenient lifestyle shopping experience

Our interest



Business resilience

100% of GLA backed up with generators (66% supplied by Attacq and 34% supplied by clients)
Up to two days' emergency water supply



PV systems
1 004kWp
producing 11.7% of total energy usage

ANCHOR CLIENTS



Checkers

game



WOOLWORTHS



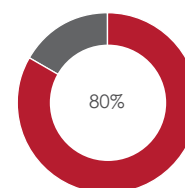
EFFECTIVE GLA
38 323m²

EFFECTIVE VALUATION
R828.7 million

Eikestad Mall, Stellenbosch – Regional retail-experience hub

A shopping destination, in the heart of Stellenbosch, for locals, students and tourists as it caters for a variety of shopping needs

Our interest



Business resilience

100% of GLA backed up with generators (58% supplied by Attacq and 42% supplied by clients)
Up to two days' emergency water supply



PV systems
Construction commenced in August 2022
630kWp
estimated to produce 8.7% of total energy usage

ANCHOR CLIENTS

Checkers

FOOD LOVER'S MARKET

game



WOOLWORTHS

Sportsmans Warehouse
winning starts here

H&M



OUR JOURNEY

Attacq Limited

formed as an investment holding company in the Atterbury stable

Listed on the JSE

and internalised the property and asset management functions



Mall of Africa

opened as the largest retail development constructed in a single phase in Africa (Attacq has an 80% interest)



Converted to a REIT

on 29 May 2018

Completion of PwC Tower

(Attacq has a 75.0% interest)



Sold Deloitte head office

to improve capital structure

YEARS

2005

2008

2013

2014

2016

2017

2018

2020

2021

2022



Acquired 75.0% of the **Waterfall City** development rights

Acquired minority interest (25.0%) in **Attacq Waterfall Investment Company (Pty) Ltd**, holding company of all our assets in **Waterfall City** including 100% of the future development rights

Internalised development management function

Commenced our first residential development in **Waterfall City, The Ellipse**

Sale of **MAS** shareholding from 20.7% to 6.5% to improve capital structure

Completed **Deloitte head office** (Attacq had a 50.0% interest)

Nexus Waterfall, building 1 - First Net Zero Carbon Level 1 building (GBCSA)

Signed our first **Power Purchase Agreement**

Completed **Vantage data centre** phase 1

Achieved **B-BBEE Level 1**

CHAIRPERSON'S REVIEW

Dear Stakeholders

The challenges we faced in the last couple of years have brought about a clear focus for the Attacq team on the way forward. We have a strong company culture and a much-improved capital structure enabling us to focus on future growth. We have affirmed our belief that ownership in Attacq is a long-term investment and Attacq will therefore remain a REIT.

Attacq's quality property portfolio showed resilience during the challenging times and the ability to bounce back as life slowly returned to normality. The board and management team's continuous focus on our core business drivers has enabled us to deliver a good set of results and position Attacq for future growth.

In addition, we are delighted to announce that Attacq has achieved a Level 1 B-BBEE rating – a first Level 1 for Attacq since the start of its B-BBEE journey. We remain committed to transformation initiatives that are impactful for both our employees and our communities alike.



Pierre Tredoux,
Chairperson

“Our specific focus remains on the development of Waterfall City into a smart, safe and sustainable city, where we put people first, embrace business disruption and find value creating opportunities.”

Performance in 2022

I am pleased to report that we have seen a significant improvement in our results for FY22:

- DIPS increased by 34.2% to 62.8 cents
- Dividends resumed with 50.0 cps declared by the board for the financial year
- Gearing decreased from 43.3% to 37.2%
- Our weighted average trading density measured over 12-months has improved by 12.6%
- Occupancy levels are above 92.0% and collection rates remain high at 97.8%

Attacq has a strong development pipeline with a compelling value proposition and a strong capital structure to fund its strategy.

Our CEO and CFO expand on these results from [page 15](#) and [43](#).

We are, however, acutely aware that our shares are trading at a significant discount to the underlying assets and we are confident that the methodical development of our assets will ensure that the evident value will become reflected in the share price. We remain committed to delivering a fair return in exchange for the risk taken by our valued shareholders. Our focus remains to enhance our capital structure by possibly allocating capital to repurchasing Attacq's shares, debt reductions and accretive developments within Waterfall City.

A clearly focused strategy

During the past year, we have confirmed Attacq's strategy, which underlines our purpose: To create smart, safe and sustainable community spaces providing remarkable experiences in our managed hubs.

- Our core focus remains on the development of Waterfall City into a smart, safe, and sustainable city through business and development partnerships

- The precinct-focused approach to our South African portfolio ensures quality income streams and the timely disposal of non-core assets
- Capital allocation is focused on value creation and optimising a sustainable capital structure
- Business diversification is focused on value creation by integrating ESG, innovation and technology

Our MAS investment is considered a medium-term hold while we remain committed to our strategy to exit our Rest of Africa retail investments.

See [page 6](#) for a more information about Attacq's purpose.

The macroeconomic environment

Internationally, geopolitical tension has resulted in extreme commodity price swings that will have a profound impact on the global economy over the short to medium term. Price increases in oil and gas as well as food has affected worldwide inflation statistics, especially in the developed world. The additional upward pressure on inflation will reduce household purchasing power across the globe.

In South Africa, real gross domestic product growth is estimated at 2.2% in 2022, with output and employment expected to remain well below pre-pandemic levels until 2023.

The economy is plagued by instability, poor municipal service delivery and an electricity crisis, manifested by increased load shedding and plant breakdowns.

High fuel and food inflation have dampened consumer confidence and spending.

Record unemployment continues to limit economic recovery and spark social unrest.

Our unique advantage

Attacq is well-positioned to leverage its innovative and entrepreneurial spirit to avoid most of these challenges.

Our advantage is unique in that we control the development of Waterfall City and therefore control delivery:

- We continue to ensure world-class service delivery in Waterfall City
- We are working towards ensuring an undisrupted supply of electricity and securing water supplies
- We deliver comprehensive safety and security throughout Waterfall City
- We are securing the provision of data services to ensure that our clients have the resources required to operate

We continue to build strong long-term relationships with our clients – who are so much more than tenants – at all levels, especially the C-suite level.

See [📄 page 90](#) for a more information about Attacq's CX journey.

Real estate space management

Our smart, safe, and sustainable community spaces can compete successfully for consumer attention and spend. The successful launch of our SHôPING app allows us to offer an even more compelling value proposition. Our proactive and innovative mindset has led to the use of data analytics to understand shopper behaviour better and thereby help our clients be more successful.

The move to renewable energy is a way of meeting environmental targets and offsetting carbon emissions in line with the global ESG trend. This will go a long way to achieving our carbon emissions targets. Self-generation also lowers pressure on the national grid, thereby reducing the risk of loadshedding.

Our focus on ESG

The group's ESG focus, especially the environmental focus, has gained tremendous traction in the past year. Our integrated ESG plan aims to reduce our environmental footprint, increase our community impact, and continue to increase our social engagement throughout our business value chain. We act in the interests of the broader South African society and our natural environment and focus on effective measures to address ESG risks, underpinned by the imperative to create and preserve value for stakeholders, including financial value.

Refer to the ESG section of this report, which starts on [📄 page 99](#), for more information.

Sustainable value creation

Our strategy of strengthening the balance sheet and focusing on the development of a high-quality, diversified portfolio at Waterfall City enables us to deliver sustainable value to our stakeholders.

Sustainability considerations are embedded in our approach to creating value. They support the development of higher quality and more efficient buildings that attract higher quality clients and reduce negative impacts on our environment.

Our strong ESG credentials and green building ratings are the results of our commitment to sustainability, which in turn enables us to reduce our costs of funding as it also contributes to reducing our risk profile.

Positive people

Our board and management have formed a strong working relationship based on trust and the ability to challenge to ensure optimal solutions focused on executing our strategy.

Management has reduced debt significantly, which will stand the group in good stead. I am confident that the team is on the right path as it pursues opportunities to strengthen our returns and optimise the future development of Waterfall City. I am heartened by their contagious energy and focus.

Our leadership strength has deepened because of our succession planning, and we have identified technology and sustainability skills as key areas of focus, to ensure that we deepen our skills and respond to our ever-changing environment.

Our board reflects a combination of talent and experience; agility and measured decisions; innovation and commitment to leadership fundamentals. This diversity has enabled us to deal with important questions and make decisions with confidence and boldness. Board succession planning is currently in progress and we will use this opportunity to enhance our race and gender diversity at board level.

Outlook

We look forward to the economy's full recovery from the pandemic.

We have positioned Attacq to implement our strategy, fulfill our commitments to our stakeholders and work towards achieving our purpose.

Our entrepreneurial flare and core strengths of capital allocation, balance sheet optimisation, development, and operating expertise will drive future growth. We look forward to the coming year, with a healthy development pipeline, quality portfolio, engaged and energised management, and people, and stronger relationships with our stakeholders.

Thank you

I want to thank my fellow board members for their dedicated focus and contributions. I have confidence in their ability to deliver positive, entrepreneurial outcomes.

I wish to extend my gratitude to the management team, led with energy and enthusiasm by Jackie van Niekerk, and all staff members for their commitment during the past year as we proactively faced significant pandemic-related challenges. Thank you for a job very well done.

Last but not least, thank you to all our stakeholders – shareholders, clients, suppliers, and our community – for your ongoing support and faith in Attacq.



Pierre Tredoux
Chairperson

17 October 2022

CEO'S REVIEW

We came out of the COVID-19 pandemic with an improved company culture and capital structure. We are focusing on new opportunities, mainly through the implementation of our environmental plan, in support of sustainable growth within our portfolio and delivery of the company's purpose and vision.



Jackie van Niekerk,
CEO

FY22 will be remembered as a year of learning to adapt to uncertainty. Looking back over the year at what Attacq has achieved, I am proud and honoured to be part of this team, which has executed our disposal strategy to ensure a healthy and optimal capital structure – particularly during the pandemic and its effects on the business.

The past year

It was a year of retrospection during which Attacq clarified its strategy. We realise that it is important to ensure that our KPIs are clearly focused on reaching the desired capital structure and earnings profile.

I am confident in our ability to achieve success based on the strong team of employees we have assembled. Our successes are a testament to the strong culture, which we call Resilience+.

Delivering our strategy

Precinct-focused South African portfolio, offering sustainable community spaces in established nodes

A key ingredient of success has been formulating and executing our 'hub' strategy, whereby smart, safe and sustainable spaces are transformed into retail-experience, collaboration and logistics hubs.

From a retail perspective, we saw significant turnover growth in key categories such as apparel and food, and there was a dynamic shift in consumption trends as shoppers increasingly returned to our regional and super-regional retail-experience hubs.

Further highlights include finalising the amended lease agreement with Cell C on their collaboration hub space (24 955m²), and re-letting the warehouse component of the Cell C campus (14 014m²) at market related rentals for a period of three years.

Waterfall City has become a destination of choice for global, blue-chip clients that wish to enter the South African market. Both our collaboration and logistics hubs saw robust

growth, in line with the return of businesses to onsite office workspaces. We benefitted greatly from this trend with several global blue-chip companies including Amazon Web Services, Cisco, Pfizer and Ericsson joining the Waterfall City precinct during the period.

Attacq's resilient portfolio is diversified by geography, sector and asset class, and, with its exposure to defensive, high-quality retail and residential, and complemented by premium-grade office developments, is well-positioned to grow further as consumers and businesses seek quality and convenience in their work, home and play destinations.

Develop Waterfall City into a smart, safe, sustainable city through partnerships



**WATERFALL
CITY**

The rebranding of Waterfall City (see [page 64](#)) and the Waterfall City urban design review is currently underway as we apply the learnings of the past and best practice modern 'City Living' trends, while building a resilient, safe and secure city.

We continue to build our community through our residential developments. Attacq's decision to discontinue The Mix residential development has strengthen our commitment to the flagship Ellipse Waterfall development. To date, Ellipse Waterfall has achieved more than R1 billion in sales since its launch in July 2021 and its first residents have already moved into the residential mixed-use hub.

Waterfall City is an exceptional development opportunity, providing a diversified development pipeline for the creation of stakeholder value while offering clients a work, play and live lifestyle within a safe, secure and sustainable environment. By building the right infrastructure with suitable partners, Attacq will gain a distinct competitive advantage.

We are deepening our relationships and understanding of our clients and shoppers as

well as the office of the future. To achieve this, we are focusing on finalising our modern data platform to be a smart company with the data to support agile decision-making.

Manage and optimise a sustainable capital structure

Attacq continued to deliver on its key financial and operational priorities throughout the year and exceeded its FY22 distributable income guidance. This strong performance is in conjunction with the successful

implementation of our debt reduction plan and an improved capital structure.

Importantly, the group is committed to retaining its REIT status with a dividend payout ratio of between 75% and 85.0% of distributable income.

We have access to adequate facilities and available cash balances to complete our developments under construction and future development pipeline.

In terms of structuring our balance sheet, we still consider the interest in MAS as a medium-term hold and will continue to exit the Rest of Africa retail investments as a priority.

Drive business diversification through integrating ESG, business innovation and technology

We will drive business diversification by investing in opportunities complementary to our real estate portfolio which provide real benefits to our communities and ultimately enhance business value. We have a clear environmental plan (see [page 69](#)) to guide us in this quest.

During the year, we concluded a 15MWp power purchase agreement and initiated the installation of an additional 7MWp rooftop PV system planned over the next three years. Retrofit projects within the South African portfolio are currently underway which will assist both Attacq and our clients in their emission reduction strategies and reduce cost of occupation.

In terms of our environmental plan, we are aiming to reduce grid energy consumption by 24.1% over the next three years. To put our energy strategy in perspective: Our generation of green energy equates to the average

annual consumption of 50 000m² of office space or the equivalent of planting 60 000 trees.

We continue to make big strides in transformation, with 52.6% of our employees being female and 68.0% ACI.

Our care for our community was demonstrated in the year including, among others, by contributing to the three classrooms constructed at Phuthumani Primary School in Thembisa and the R2.0 million in bursaries provided to students attending tertiary education institutions.

As a result of our various employee diversification and social initiatives, we are delighted to announce that our B-BBEE scorecard improved from Level 3 to Level 1. Refer to the Human capital and Social capital sections of this report, which start on [page 79](#) and [88](#) respectively, for more information.



Nexus Waterfall – building 1, Waterfall City

Prospects and dividend

During FY22, Attacq successfully reduced its balance sheet gearing to an acceptable level, completed a number of developments and grew its distributable income. Distributable income growth for the year exceeded guidance and the board resolved to resume the payment of dividends. With due regard for future capital expenditure requirements, the board determined a payout ratio of 80% of distributable income. This translates to a dividend of 50.0 cents per share.

Looking ahead, the South African economy faces a number of headwinds including poor business confidence, high unemployment, poor municipal service delivery, an energy crisis with an increase in loadshedding and rising inflation and interest rates which are likely to restrict economic growth. This is bound to affect the real estate market.

Attacq has a quality portfolio and is proving to be resilient in challenging conditions. Notwithstanding these headwinds, the portfolio is expected to continue to generate income growth. Given the improved capital structure, prudent interest rate hedging, available funding and liquidity, the group expects to deliver between an 8.0% and 10.0% dividend growth based on a payout ratio of 80% of distributable income.

Appreciation

I would like to thank Attacq's supportive board and our exco for their valuable and always-available input.

Thank you to all our other vital stakeholders for their much-appreciated contributions in the past year – our loyal clients and returning shoppers, our dedicated employees, our appreciative communities and our committed shareholders.

Collectively, we will deliver on Attacq's purpose.



Jackie van Niekerk
CEO

17 October 2022



Oleum Court's lower level at Mall of Africa, Waterfall City



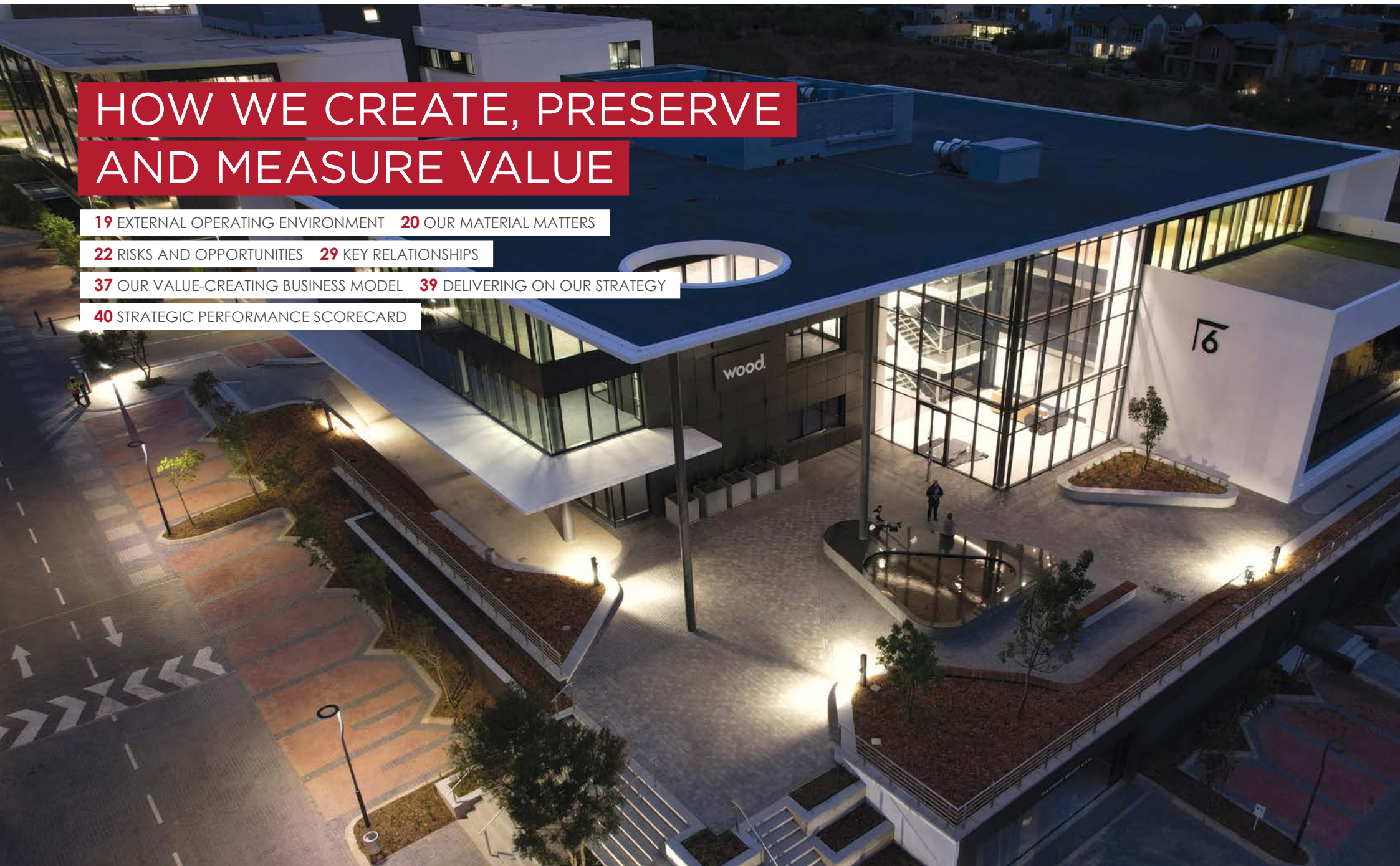
HOW WE CREATE, PRESERVE AND MEASURE VALUE

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EXTERNAL OPERATING ENVIRONMENT

Operating environment	Trends in the real estate sector	Attacq's response	More detail	Strategic pillar
- Decline in COVID-19 infections and relaxation of lockdown restrictions - Geopolitical risks - Inflationary pressures in utility costs - Interest rate hiking cycle - Projected South African GDP growth rate of around 1.8% in 2023 - Corruption and social unrest - High unemployment rate and skills shortage - Interrupted municipal service delivery - Concerted efforts required to obtain council approvals - Continuous shift to digital, including online shopping by consumers - Trading densities at the malls have returned to pre-COVID-19 levels - Requirements for office space changing due to flexible working practices - Impact of climate-change	- Increased transitioning to sustainable and more efficient buildings, lowering carbon emission - Municipal service non-delivery and loadshedding disrupt operations and slow development approval processes	- Implementation of our retail-experience hubs, collaboration hubs and logistics hubs strategy - Waterfall City remains an excellent value proposition for all sectors, due to its location and it being a safe, live, work play city - Business diversification through investing in opportunities complementary to our real estate portfolio - Implemented our stakeholders experience journey social - Develop green buildings that is efficient, cost-effective and sustainable - Recycling of capital to optimise capital allocation and create a sustainable capital structure	  54   95   67   88   45	   
	Retail-experience hubs - Increase in spending on social experience offerings such as restaurants, movies and outdoor events - Customer flight to dominant, quality retail offerings - Need for greater connectivity between physical and online retail CX journey	Retail-experience hubs - Our retail-experience hubs are dominant shopping destinations in their regions - Use of our understanding of shopper behaviour obtained through experience and behavioural analytics to remain relevant and become the link between online and physical presence - Provide our shoppers the opportunity to interact with each other and enjoy a memorable shopping experience	  88   95   54	   
	Collaboration hubs - Businesses are returning to the office workplace, with the focus on attractive collaboration interiors and flexible working hours - Clients require smaller and more agile space - Oversupply of office space reflected in the increase in South African office vacancies, resulting in conversions into other uses - Decline in market rentals due to oversupply, weak economy and unemployment	Collaboration hubs - Providing the opportunity for physical interaction and collaboration - Client-led developments	  54	
	Logistic hubs - Increased cost of construction - Global supply chain shortages within the procurement process - Increased demand for logistics and warehouses, with a focus on last-mile distribution to support omnichannel retail - Focus on developing scalable logistics hubs, catering for large-scale sustainable initiatives	Logistic hubs - Effective procurement, open book deals - Safe and secure urban logistics hubs - Fully integrating office and warehouse requirements into a single location, resulting in a hybrid asset class	  54	
	Residential - Demand for modern, safe spaces that are close to amenities - Increasing inflation and cost of living as well as increasing interest rates hampering buying power and demand for residential offerings - Residential sales decreasing and residential rental products more in demand	Residential Continue to introduce residential developments in Waterfall City aimed at different target markets as demand for safe, live work and play continues	  54	

OUR MATERIAL MATTERS

Using the IR Framework materiality determination process, exco identified relevant matters for inclusion in the integrated report, taking into account material matters discussed in our 2021 integrated report, stakeholder engagements, peer analysis, changes in our external operating environment, matters discussed by the board and its committees and through multiple discussions.

The prioritised matters – which all have an influence on value creation and/or preservation in the short, medium and long term – were approved by the board as follows:

Each identified material matter was ranked by importance according to its likelihood of occurrence and potential impact on:

- 1 Employee development and wellness, creating the desired company culture
- 2 Transformation and our communities
- 3 Operational and financial sustainability
- 4 Relevant innovation and technology
- 5 Environmental focus
- 6 External operating environment

			Capital	Strategic pillars	Top residual risks	Stakeholder
	1 Employee development and wellness, creating the desired company culture	Our employees are paramount in our long-term value creation for our stakeholders. They shape our reputation and differentiate us. Their expertise and specialist skills drive the sustainability, efficiency and relevance of our real estate portfolio. We invest in the development and wellness of our employees and focus on creating the desired company culture.				■ Our employees
	2 Transformation and our communities	We achieved a B-BBEE Level 1 rating by being innovative and dedicated to transformation. We are developing and managing Waterfall City, a mixed-use development where people can work, live and play in a safe and socially cohesive environment. Elsewhere, our retail-focused hubs play a key societal role in serving the surrounding communities.		   	■ Emerging markets ■ Community activism ■ Civil unrest ■ Increasing municipal rates and taxes, and deteriorating service delivery ■ Legal and regulatory compliance	■ Clients ■ Our employees ■ Shoppers ■ Community ■ Government, municipalities, regulators and industry bodies ■ Waterfall City landowner



3 Operational and financial sustainability

Our operational sustainability is underpinned by the quality and sustainability of our real estate portfolio, our differentiated approach to real estate management and development, as well as deep insight into and a keen focus on our clients' and shoppers' experiences. Attacq operates from a strong foundation of value-creating, ethical governance.

Financial stability, prudent capital management, resilience of our business model and operational efficiency determine our sustainability in the short, medium and long term. We acknowledge and balance the expectation of our shareholders to receive dividend payments while managing our financial position.



Capital

Strategic pillars

Top residual risks

Stakeholder

- Bulk infrastructure
- Emerging markets
- Community activism
- Evolving space utilisation
- Increasing municipal rates and taxes, and deteriorating service delivery

- Clients
- Our employees
- Financiers
- Shoppers
- Suppliers and contractors
- Community
- Government, municipalities, regulators and industry bodies
- Shareholders and investment analysts
- Waterfall City landowner



4 Relevant innovation and technology

Attacq actively fosters a culture of innovation throughout the business. We use technology as an enabler to create smart, safe and sustainable spaces, and shape stakeholder experiences.

Our leadership understands the important role innovation and technology play in becoming an efficient, effective and responsive company.



- Cybersecurity
- Evolving space utilisation

- Clients
- Shoppers
- Waterfall City landowner
- Environment



5 Environmental focus

Planning for climate-related risks, maintaining biodiversity, moderating the effects of our energy usage and responsibly managing waste are integral in executing our strategy in a responsible and sustainable manner. Our environmental focus is through executing our strategy or environmental plan via Attacq Energy, in a responsible manner.

We are aligning with the TCFD recommendations and the SBTi, with a clearly-defined path to reduce GHG emissions in line with the Paris Agreement goals, thereby helping prevent the worst impacts of climate change and future-proofing business growth.



- Climate change
- Evolving space utilisation
- Legal and regulatory compliance
- Bulk infrastructure

- Environment
- Community
- Government, municipalities, regulators and industry bodies
- Waterfall City landowner



6 External operating environment

Many countries have started to recover from the impacts of the COVID-19 pandemic. However, the macroeconomic environment is dominated by increased geopolitical risk and constrained supply chain.

The South African economy is being challenged by poverty, unemployment and corruption amid government infrastructure failures and poor service delivery. Escalating costs and rising inflation will impact consumers, constraining discretionary spending.



- Bulk infrastructure
- Emerging markets
- Community activism
- Development delivery
- Climate change
- Civil unrest
- Cybersecurity
- Evolving space utilisation
- Increasing municipal rates and taxes, and deteriorating service delivery
- Legal and regulatory compliance

- Clients
- Our employees
- Financiers
- Shoppers
- Community
- Shareholders and investment analysts
- Waterfall City landowner
- Government, municipalities, regulators and industry bodies

RISKS AND OPPORTUNITIES

Attacq's combined assurance approach is in line with King IV and embedded in the three lines of defence model integrating risk management and assurance.

The lines of defense model is described on [page 110](#).

The board remains accountable for the governance of risk while it delegates relevant oversight duties to the ARC. Management remains responsible for the design and implementation of risk management and combined assurance processes.

The risk management and combined assurance policy and framework are reviewed by the ARC and approved by the board on a regular basis. This process spans all types of risk, including compliance, environmental (which includes climate change), social, governance and technology risks.

The combined assurance and risk management processes allow the ARC to assess whether the risks and opportunities are appropriately managed and that assurance activities from various providers deliver an optimised assurance result.

Risk themes during FY22 include environmental, cybersecurity and civil unrest. Our discussions on risk themes led to the assessment of climate change as an emerging risk (see [page 28](#)).

Residual risk rating

Based on the evaluation of its significance and likelihood, each risk is rated from low to high. In this report, we present only the most material residual risks that are rated medium to high.

High
riskMedium-
high riskMedium
risk

FY22	FY21	
		Top residual risks
1	–	Bulk infrastructure
2	–	Emerging markets
3	–	Community activism
4	9	Civil unrest
5	3	Cybersecurity
6	6	Evolving space utilisation
7	8	Increasing municipal rates and taxes, and deteriorating service delivery
8	7	Legal and regulatory compliance
9		Development delivery
–	1	COVID-19 impact on health and safety
–	2	Transformation targets
–	4	Availability of capital
–	5	Protection of property rights

		Emerging risk
1	–	Climate change

Movement in residual risks

The top four residual risks are new to our top residual risks when compared to the FY21 top residual risks. Four residual risks, described in FY21, are no longer included in our top residual risks, as their residual risk levels decreased and/or other risks had increased in residual risk levels.

They are briefly described alongside.

COVID-19 impact on health and safety

During FY22, the impact of the COVID-19 pandemic declined with the consumer starting to recover on the back of receding emergency health regulations. Management continues to monitor its possible resurgence through the risk management process.

Transformation targets

Attacq remains committed to its transformation goals and due to various initiatives put in place, management considers the risk mitigated.

Availability of capital

Attacq improved its liquidity through the implementation of its debt reduction and refinancing plan, with sufficient committed facilities and liquidity in place.

Protection of property rights

There has been no movement in the residual risk assessment for the protection of property rights however, in the overall context, this risk is now ranking lower than last year due to changes in other risks.

Top residual risks

1	Bulk infrastructure	Medium-high risk	Risk movement: Risk increased year-on-year		
Inadequate provision of and failure to duly commission bulk water, dependable bulk electricity and roads together with associated infrastructure by third party utility providers (SOEs and municipalities)		Potential impact ■ Delay or inability to service land timeously ■ Overrun of approved budgets ■ Inability or strained ability to roll out further bulk ■ Investment value at risk	FY22 key developments During the year, we extended this risk's definition to include the commissioning of bulk services. The commissioning of bulk services is significantly affected by third party utility provider efficacy	Mitigating actions ■ Contractual documentation and conditions of contract ■ Ensuring council approval and acceptance of completed works ■ Monthly reporting by the development team through the Development exco ■ Development exco, exco and IC oversight ■ Potential private investment into infrastructure capacity development	STRATEGIC PILLARS  MATERIAL MATTERS 
		Opportunity ■ Security of supply as a value offering, creating a competitive advantage ■ Additional energy and more efficient use of energy through our environmental plan			



Town Square at Mall of Africa, Waterfall City

2 Emerging markets

Medium-high risk
Risk movement: Risk increased year-on-year

Value erosion of the Rest of Africa investment

Potential impact

- Erosion of investment values

FY22 key developments

There has been a deterioration in the economic environment of emerging markets. With the increased likelihood of country currency devaluation and inflationary pressure, this risk is exacerbated by South African-based anchors looking to exit Sub-Saharan Africa

Mitigating actions

- Maintain alignment between shareholders and asset management to preserve value
- Asset management focused on filling vacancies and collecting rentals
- Increased in-country presence by the appointment of in-country asset management personnel
- Board representation for AttAfrica

STRATEGIC PILLARS



MATERIAL MATTERS



Opportunity

- Enhanced liquidity as exiting assets will allow for the redeployment of capital to better-performing assets

3 Community activism

Medium risk
Risk movement: Risk increased year-on-year

Pressure on businesses to provide more support to local suppliers and service providers

Potential impact

- Failure to deliver on the client value proposition
- Vandalism of building sites
- Negative media coverage and reputational damage
- Pressure on our supply chain (procurement)
- Potential escalation to land invasion, development non-delivery and civil unrest

FY22 key developments

- Community perception of procurement strategies
- Reputational impact of events such as disputes
- Third party risk: Attacq is often merely a facilitator and main contractors assume day-to-day management responsibilities

Mitigating actions

- Community engagements with Community Liaison Officers and Ward councillors to understand the needs of the community and to manage community expectations
- Procurement policy with preferential treatment for historically disadvantaged suppliers and B-BBEE scorecard tracking
- Enterprise Development programmes to assist historically disadvantaged suppliers and gain community goodwill
- Monitoring and patrolling of all sites, coupled with access control to ensure safety and security

STRATEGIC PILLARS



MATERIAL MATTERS



Opportunities

- Strong reputational upside and greater community support of assets and its clients
- Strong reputation within the greater communities. Helping build a better future for our country.

4 Civil unrest

Medium risk

Risk movement: Unchanged year-on-year

Unlawful and/or violent action by large groups within/on our assets, or the arteries leading into our assets

Potential impact

- Loss of life and/or injuries (to clients, shoppers or employees)
- Reputational damage as our managed hubs might be perceived as unsafe
- Vandalism, destruction and theft of client/Attacq assets or national and local key infrastructure
- Unlawful occupation of premises
- Closure of facilities with associated loss of foot count and trade, resulting in clients requesting rental relief
- The insurance provider cannot pay out claims

FY22 key development

- The risk of a reoccurrence of the riots that South Africa experienced during July 2021 remains a material threat

Mitigating actions

- Security protocols that include internal plans and controls, access to security service providers and technical support systems
- Insurance, including SASRIA and commercial insurance
- Client relationships are regulated and managed through lease agreements and continuous engagements
- Considering additional riot wrap insurance

STRATEGIC PILLARS



MATERIAL MATTERS

**Opportunities**

- Developing a more connected relationship with our communities as we work together in creating smart, safe and sustainable community spaces
- Promoting the Attacq brand as we are purposed to create smart, safe and sustainable community spaces providing remarkable experiences in our managed hubs

5 Cybersecurity

Medium risk

Risk movement: Risk decreased year-on-year

Unauthorised access to information technology and communication systems and networks and the information contained therein

Potential impact

- Operational disruption or loss of productivity
- Leakage and/or theft of data by third parties
- Misdirection of services provided by affected systems
- Financial loss

FY22 key developments

- No security breaches or data loss incidents noted
- Zero days disrupted
- Cybersecurity gained prominence as cybercrime activity increased globally
- During FY22 management actively implemented initiatives to reduce the cyber residual risk levels, some of which related to refreshed business continuity processes and enhancement of penetration security

Mitigating actions

- Security measures are maintained and monitored, including:
 - Firewalls
 - End-point protection
 - Back up protocols
 - Penetration testing
 - Hardware security
- Vendor compliance confirmations
- Patch and change management protocols
- Cyber risk insurance

STRATEGIC PILLARS



MATERIAL MATTERS



6 Evolving space utilisation

Medium risk
Risk movement: Unchanged year-on-year

Alignment drift between asset characteristics and space user requirements

Potential impact

- Evolving/reducing space requirements, both in size and length of the lease agreement
- Increase in vacancies resulting in loss of rental income
- Affordability concerns for clients
- Aligning capital expenditure with user needs for ESG and disabilities

FY22 key developments

- Collaboration hub space utilisation increased as more business return to the office workplace
- Office designs take employee welfare into consideration, resulting in improved office utilisation
- More retailers are using their retail premises as part of the online sales journey
- Venues encouraging human interaction (i.e. restaurants) have seen an increase in support over the year

Mitigating actions

- Aligning our assets to our purpose (creating smart, safe and sustainable community spaces with remarkable experiences)
- Shopper behaviour analytics at most of our retail-experience hubs and implementation of the SHôPING app at Mall of Africa, to enhance the shopper experience
- Adopting a flexible leasing plan, allowing clients to reduce space requirements and tenure of their lease agreements
- Continued research and engagement with clients on their evolving requirements
- Development department (including the sustainability team) provides strategies and solutions to emerging requirements

STRATEGIC PILLARS



MATERIAL MATTERS



Opportunities

- Initiatives to increase footfall through our retail-experience hubs
- Investigate opportunities to lower the cost of occupancy
- Smart, safe and sustainable community spaces offer a competitive advantage in attracting and retaining quality clients and attracting people back to the office workplace

7 Increasing municipal rates and taxes, and deteriorating service delivery

Medium risk
Risk movement: Unchanged year-on-year

Supporting inadequate service delivery and/or infrastructure by local government – with rapidly increasing municipal rates and taxes – for use by clients and shoppers

Potential impact

- Attacq has to supplement services to clients and shoppers, as well as establish and maintain infrastructure associated with our assets
- Enforced cost escalations for Attacq that may be transferred to clients, impacting on client cost of occupation

FY22 key development

- With rates and taxes increasing to alleviate municipal financial pressure the associated delivery of services remains under pressure and in some cases continues to deteriorate

Mitigating actions

- SLA with service provider to assist in monitoring rate changes and developments (as well as handling objections on behalf of Attacq)
- Management actively lobbies through SAPOA to contain municipal rates, as this influences the cost of occupation

STRATEGIC PILLARS



MATERIAL MATTERS



Opportunities

- Lower rates and taxes contribute to an overall lower cost of occupancy for clients which can lead to a more sustainable business operation
- Improved service delivery

8 Legal and regulatory compliance

Medium risk

Risk movement: Unchanged year-on-year

Non-compliance with legal and regulatory requirements

Potential impact

- Reputational damage
- Withdrawal of licence to operate
- Fines and penalties

FY22 key development

- We are in the process of implementing the software that supports our CRMP programme by improving its risk assessment and assurance capabilities

Mitigating actions

- The Risk and Compliance Department, together with the Legal Department, monitor and review Sentinel alerts for any changes in the legislative environment
- Quarterly compliance attestations are reported to the CAF and ARC
- Remedial action plans developed, which may result in business process and/or policy changes

STRATEGIC PILLARS



MATERIAL MATTERS



Opportunity

- Maintaining legal and regulatory compliance provides stakeholder confidence, thereby improving access to capital

9 Development delivery

Medium risk

Risk movement: Risk increased year-on-year

Developments delivered late, over budget or in contravention of applicable laws

Potential impact

- Developments delivered
- late
 - over budget or
 - in contravention of applicable laws

FY22 key development

- Despite Attacq maintaining robust project management practices, external factors deteriorated during 2022, including:
- Building cost pricing pressure through a global and local inflationary increase
 - Continuing supply shortages and logistics challenges
 - Poor municipal service delivery relating to infrastructure

Mitigating actions

- Cost management, which includes:
- Accounting for contingencies and escalation in the feasibility study
 - Monthly project reports
 - Development exco and exco oversight
 - Open book transactions linked to yield
- Supply risk management, which includes:
- Placing orders earlier (timing and availability)
 - Proactive procurement management with fixed cost for long lead times

STRATEGIC PILLARS



MATERIAL MATTERS



Opportunity

- Monetise sustainable energy initiatives through PPAs

Emerging risk

An emerging risk, similar to other risks, poses a possible future threat to the achievement of Attacq's strategic objectives, except that the level of uncertainty is materially larger. This heightened uncertainty results in root causes and consequences not being defined sufficiently to allow for focused control processes to be implemented. As a result, management monitors the developments related to the risk to identify Attacq-specific risks.

1 Climate change

High risk

Potential impact due to physical and transitional climate change risks

Physical risk impact

- Delayed development delivery to clients resulting in penalties and loss of income

Transitional risk impact

- Slower transitioning may impact Attacq's reputation
- Increased insurance costs
- Reduced demand for our assets from buildings becoming less relevant, resulting in vacancies and impairments
- Evolving client requirements, resulting in a cost implications
- Impact on our operating environment, e.g. building designs

FY22 key developments

- Increase in compliance requirements
- Higher cost of lower emissions technology
- Cost to transition to net zero buildings
- Increasing weather pattern variability and intensity of weather events
- Evolving client needs, e.g. increased demand for renewable energy solutions

Monitoring actions

- Waterfall City's weather patterns
- ESG regulatory and disclosure environment
- Carbon emissions, energy and water consumption and waste recycling per building
- Biodiversity through biodiversity management plan

STRATEGIC PILLARS



MATERIAL MATTERS



Opportunities:

- Our environmental plan, see [page 69](#), ensures that our buildings remain relevant in an evolving environment while reducing our carbon emissions
- An increase in resource (energy, water, waste) efficiency can improve our client's cost of occupancy



Maxwell Office Park, Waterfall City

Key stakeholders

Community

Communities in our South African portfolio's retail-experience hubs

QUALITY OF THE RELATIONSHIP Good

Through collaboration, Attacq contributed to identifying and addressing the needs at Phuthumani School (see [page 91](#))

FREQUENCY AND METHOD OF ENGAGEMENT

- Outreach programmes
- CSI initiatives
- ESD

Enhancing value through engagement

- Understand their needs
- Remain relevant
- Job creation, social upliftment and investing
- Focus areas are education, skills development and training and support of SMMEs

Main discussion points

- Procurement process in developing Waterfall City
- Community projects launched, see Social capital on [page 91](#).

Our response to needs, concerns and expectations

- Local economic development programme incorporating enterprise development around Waterfall City
- Community projects
- All procurement to meet the Attacq minimum requirements as per our procurement policy

Outlook

- Bursaries and learnerships for tertiary education
- Learnerships and on-the-job training for previously disadvantaged individuals, including disabled learners
- ESD, including the Property Point initiative

Our employees

156 employees across five offices

QUALITY OF THE RELATIONSHIP Good to strong

FREQUENCY AND METHOD OF ENGAGEMENT

- Monthly CEO updates
- One-on-one manager meetings
- Annual 360° feedback
- Employee surveys
- Employee events and initiatives via Sky-risers
- Annual Attacq Day

Enhancing value through engagement

- A healthy organisational culture and work environment
- Employees feel safe, respected, valued and fully engaged
- Commitment to embrace Attacq's values and strategic objectives
- Clear communication

Main discussion points

- Employee wellness (including work-life balance)
- Market-related remuneration
- Transformation and diversity
- Upholding our company values
- Recognition and rewards
- Development

Our response to needs, concerns and expectations

- Embedding Sky-risers CX journey, Culture, Fun and Growth
- Wellness activities throughout the year, focusing on all aspects of wellness
- Training and education

Outlook

- Transparency on remuneration, performance and development
- Continued monitoring of overall employee wellness
- Embedding the EAP programme
- Refer to Human capital, from [page 79](#)



Financiers

Seven South African-based financiers

QUALITY OF THE RELATIONSHIP

▶ Strong

FREQUENCY AND METHOD OF ENGAGEMENT

- Regular meetings and communication
- Requests for proposals
- Communicating compliance with financial covenants and information undertakings
- Biannual roadshow after results presentations and site visits

Enhancing value through engagement

- Support our business strategy
- Develop and maintain strong partnerships

Main discussion points

- Real estate fundamentals
- Waterfall City development pipeline
- Understanding Attacq's ESG strategy
- Attacq's credit quality

Our response to needs, concerns and expectations

- Updates on the performance of the various properties
- Outlining our Waterfall City development pipeline
- Provide an understanding of our approach to ESG
- Provide clarity on Attacq's credit quality

Outlook

- Continued engagements and maintaining the strong relationships
- Investigate ESG funding opportunities

Government, municipalities, regulators and industry bodies

South African national and local government, five municipalities in our communities, regulators and industry bodies

QUALITY OF THE RELATIONSHIP

▶ Developing

FREQUENCY AND METHOD OF ENGAGEMENT

- Ad hoc, formal reports as required
- Gain first-hand knowledge of impending changes in applicable law through our representation on key industry bodies, which assists in readying the business for the implementation of the proposed change
- Continuous engagement with employees regarding their responsibilities in respect of compliance with applicable laws

Enhancing value through engagement

- Streamline approval process
- Ensure compliance with applicable laws
- Municipalities: providing utilities and services as well as building approvals

Main discussion points

- Local council: timely receipt of approvals and services
- Infrastructure, including detailed traffic impact assessments, water and electricity

Our response to needs, concerns and expectations

- Comply with all applicable legislation
- Represented on certain key industry bodies to enhance engagement with municipalities and regulators

Outlook

- Continue with engagement as necessary

Shareholders and investment analysts

8 350 shareholders, predominantly based in South Africa, a year-on-year increase of 9.2%

QUALITY OF THE RELATIONSHIP



FREQUENCY AND METHOD OF ENGAGEMENT

- Regular one-on-one meetings
- Results and ESG presentations
- AGM
- Integrated report, website, SENS announcements, pre- close updates
- 'Walk the City' site visits

Enhancing value through engagement

- Creating a more diverse shareholder base to increase share liquidity
- Enhance market understanding of Attacq's business
- Ultimately ensure trading at a fair share price

Main discussion points

- Capital structure
- REIT status, distributions and yield
- Client behavioural changes
- Waterfall development pipeline demand
- Integrating ESG into strategy

Our response to needs, concerns and expectations

- Clarity on strategy, including REIT status and integrating ESG
- Direct feedback
- Actual "walk the city" tour of Waterfall City

Outlook

- Explain Attacq's long-term strategy and progress, with a focus on ESG
- Clear communication plan

Shoppers

>44 million shoppers visit our six retail-experience hubs annually

QUALITY OF THE RELATIONSHIP



Garden Route Mall is the overall winner in the shopping mall category of the Leaders and Achievers, Garden Route Regional Survey

Mall of Africa was voted 'coolest' mall in South Africa by our shoppers for the fifth year running the in the 2022 Sunday Times Gen Next survey

FREQUENCY AND METHOD OF ENGAGEMENT

- SHôPING app
- Social media
- Retail-experience hubs websites
- Help desks and complaints line
- Media house partnerships
- Retailer roadshow

Enhancing value through engagement

- Understand shopping patterns, consumer experience and requirements
- Consumer behaviour and its impact on the value of our buildings
- Understand major retailers' business and outlook and meeting their needs with space in our retail-experience hubs

Main discussion points

- New experiences and enhancing convenience
- Communication with shoppers
- Health and safety measures

Our response to needs, concerns and expectations

- Health and safety measures
- Marketing initiatives
- Monitor and share shopper behaviour
- SHôPING app
- Retail-experience hubs

Outlook

- Digital communication
- Remaining relevant
- Safeguard the longevity of our retail business models
- Focus on micro retailers

Clients, both actual and potential

>1 000 clients

QUALITY OF THE RELATIONSHIP



A trust relationship has developed because of good communication and long-term business dealings

FREQUENCY AND METHOD OF ENGAGEMENT

- Onsite support team
- Website
- Roadshows
- MyBuildings app
- One-on-one meetings
- Newsletters
- Retailer webinars
- Onboarding

Enhancing value through engagement

- Client retention, consolidation and expansion
- Convert potential tenants to actual tenants
- Improving collection rate and early renewals
- Structured and flexible leasing on new deals and renewals
- Clients are the core of our communities within our hubs

Main discussion points

- Cost of occupancy
- Client experience
- Flexible leasing terms
- Incentives

Our response to needs, concerns and expectations

- Client-experience-focused
- Creative deal-making, flexible leases and incentives
- Lowering cost of occupancy initiatives
- Smart, safe and sustainable building principles
- Client support groups such as the Attacq retail forum
- Quick turnaround times on requests and queries
- Partnering and finding synergies with clients (see, for example, our cooperation with the SAGE Foundation on [page 91](#))

Outlook

- Negotiate leases to protect long-term value
- Remain accessible and responsive to client needs and the ever-changing business landscape throughout the lease term
- Providing business continuity solutions (back-up water and power) as an added benefit
- Multi-channel approach to embedding the CX journey (see [page 90](#))

Business and development partners (JVs)

>12 business and development partners

QUALITY OF THE RELATIONSHIP



FREQUENCY AND METHOD OF ENGAGEMENT

- One-on-one engagement
- SLAs
- Performance evaluations

Enhancing value through engagement

- Close working relationship to deliver quality developments

Main discussion points

- Risk profiles
- Ability to fund

Our response to needs, concerns and expectations

- Develop wider JV network
- Importance of strategic alignment with JV partners

Outlook

- Ongoing working relationship to secure new JVs and deals

Waterfall City landowner

Waterfall City

QUALITY OF THE RELATIONSHIP



Strong

FREQUENCY AND METHOD OF ENGAGEMENT

- Ad hoc one-on-one engagement
- Monthly monitoring meeting
- Urban design committee
- Waterfall Environmental Management Forum

Enhancing value through engagement

- Retain and continue to build the relationship across all levels (legal, developments, property management) of the business

Main discussion points

- Roll-out and management of Waterfall City and its urban design
- Leasehold payments
- Proposed developments

Our response to needs, concerns and expectations

- Monthly monitoring meetings
- Alignment of approach
- Proactive management
- Common services agreement

Outlook

- Continue with frequent engagements, maintaining our strong relationship

Suppliers and contractors

>900 goods and service providers

QUALITY OF THE RELATIONSHIP



Good

FREQUENCY AND METHOD OF ENGAGEMENT

- One-on-one engagement
- SLAs
- Performance evaluations

Enhancing value through engagement

- Value for money
- High service levels
- Enhanced experiences of our clients and shoppers

Main discussion points

- Fair and transparent tender processes
- SLAs
- Competitive pricing
- Preferential procurement targets
- Request for quote process

Our response to needs, concerns and expectations

- Effective processes
- Paying suppliers and contractors on time

Outlook

- Continue with frequent engagements, negotiating competitive rates and maintaining high service levels
- Minimum procurement targets assist us in maintaining our B-BBEE scorecard level, as well as identifying areas where SMMEs can be introduced into the supply chain, increasing participation of designated suppliers

Media

Marketing channel important to future growth

QUALITY OF THE RELATIONSHIP



FREQUENCY AND METHOD OF ENGAGEMENT

- Ad hoc engagement on a regular basis
- Waterfall City site visits
- Media breakfast before results presentations

Enhancing value through engagement

- Building Attacq's brands
- Building lasting relationships

Main discussion points

- Developments and innovations
- Acquisitions and disposals
- Investor and management updates
- Community news

Our response to needs, concerns and expectations

- Marketing and business activities
- Site tours

Outlook

- Continue building strong channels of communication

Property brokers

>60 property brokers

QUALITY OF THE RELATIONSHIP



Functions were well attended with demand for personal engagement increasing

FREQUENCY AND METHOD OF ENGAGEMENT

- One-on-one engagement
- Broker events
- On demand availability supported by having our head office in Waterfall City

Enhancing value through engagement

- Fostering long-term relationships
- Reduce vacancies
- Be the choice landlord
- Top of mind

Main discussion points

- Ease of doing business
- Commission
- Flexible leases
- Tenant representation

Our response to needs, concerns and expectations

- Commission and incentives strategy
- Quick turnaround time
- Building strong relationship

Outlook

- Continue increasing the ease of doing business, timeous payment of commission and flexible lease offerings

The environment

Only one earth, so it is important to look after it

QUALITY OF THE
RELATIONSHIP

▶ **Developing**

FREQUENCY AND METHOD OF ENGAGEMENT

- Ad hoc, formal reports as required
- Website
- Sustain exco
- Approved environmental plan

Enhancing value through engagement

- Comply with laws and regulations as a good corporate citizen
- Implementing our environmental plan
- Planning a 46.2% reduction in carbon emissions by FY30

Main discussion points

- Carbon emissions
- Electricity
- Water use
- Waste and recycling
- Biodiversity

Our response to needs, concerns and expectations

- Comply with all legislation
- Green building initiatives
- Proactive reduction of carbon emissions towards SBTi target

Outlook

- Rolling out and monitoring of our environmental plan



Town Square at Mall of Africa, Waterfall City

OUR VALUE-CREATING BUSINESS MODEL

Our business model is the blueprint for balancing our capitals. It is integral to achieving our strategic priorities and providing clarity of direction to our employees.

To ensure we continually create or preserve value, we consider how our **business activities** transform the **inputs** into **outputs** (what we generate) and our **desired outcomes** (benefits or impacts of our activities on the capitals), discussed in the Strategic performance scorecard from [page 40](#) and the capitals sections from [page 45](#). Key to this process is ensuring the **trade-offs** between capitals are positive for stakeholders, or that any negative impact is mitigated as far as possible to preserve value.

Our strategic pillars form the basis of our **business activities** (see [page 37](#)) and are delivered through strategic objectives. We measure the success of our strategic objectives by meeting our KPIs (see **Strategic performance scorecard** on [page 40](#)). In each capital section, we have outlined the strategic pillar's intended outcomes, KPIs and actions for FY23 and beyond.

Our business activities (what we do)



Waterfall City, Rest of South Africa and Other investments (completed buildings, developments under construction and leasehold land)

We are purposed to create smart, safe and sustainable community spaces, providing remarkable experiences in our managed hubs.

Leasing is the catalyst in our business activities. We unlock opportunities in Waterfall City through owning and developing our pipeline.

We source and evaluate real estate opportunities, investing in those with the potential to deliver sustainable total return.

Enabled by



Capital structure

We optimise capital allocation by recycling capital from mature and/or under performing assets into opportunities with a higher contribution to distributable income and better long-term growth prospects.

By prudently managing our funding, we have the financial flexibility to develop and execute on value-enhancing investment opportunities.



Our employees

Our employees are our most valuable capital. We purposefully embed our company culture to encourage our employees to be 'Sky-risers'.



Business diversification (innovation)

Our innovative approach helps us to unlock opportunities, generate growth, create value, and stay ahead of the curve of our ever-changing environment.

Underpinned by



Environment

New and existing buildings are enhanced by integrating green rating standards, to ensure our spaces perform at their peak operational efficiency while reducing our carbon emissions year-on-year.



Social

We aim to contribute meaningfully to our communities.



Governance

We are protecting the interests of the company, its shareholders and other stakeholders through good corporate governance practices.



Technology

Technology strengthens our agility, improves our operational management and ensures seamless client experiences.

FY22 at a glance		About this report		This is Attacq		Value creation		Performance and outlook		ESG		Other information		38	
External operating environment		Our material matters		Risks and opportunities		Key relationships		Our value-creating business model		Delivering on our strategy		Strategic performance scorecard			
Inputs FY22						Output		Desired outcome		Trade-offs					
Financial capital										CAPITALS FC Financial MC Manufactured NC Natural HC Human SCR Social and relationship IC Intellectual					
The funds we receive as equity, debt and proceeds from capital recycling activities as well as internally-generated funds		Total drawn facilities R10.2 billion Available liquidity R1.7 billion Gearing 43.3%		Market capitalisation R4.2 billion Distributable income 62.8 cps Dividends paid R352.6 million		Long-term sustainable growth		The board has determined a payout ratio of 80% of distributable income resulting in a dividend of 50.0 cps, after taking future capital expenditure requirement into account						▲ SC (shareholders) / ▼ FC	
Manufactured capital															
The spaces we manage and our pipeline of future spaces		GLA 774 117m² Developable Waterfall City bulk 1 069 106m² (effective share)		Asset value of Rest of South Africa R6.9 billion Asset value of Waterfall City R13.3 billion Investment in Other investments of R1.4 billion		Smart, safe and sustainable community spaces Creating a destination of choice by developing a unique work-live-play environment		The debt reduction plan strengthened the balance sheet with proceeds from the sale of income-generating properties: ■ Deloitte building ■ Equites transaction (50% of Massbuild distribution centre, Amrod building and Cotton On development)						Investment in the infrastructure of Waterfall City, to develop a smart, safe and sustainable city, is a long-term investment which is generally non-yielding ▼ MC / ▲ FC	
Environmental capital															
Land, water, fossil fuels, raw natural products and air used to develop buildings and run operations		Energy usage 159 093 MWh Water usage 652 MI		Carbon emissions 173 680 tCO₂e Waste generated 3 143 tonnes		Ensure a positive impact within our environment		Our environmental sustainability initiatives allow us to focus our investments in our key focus areas of carbon emissions, energy, water, waste and biodiversity and provide financial returns over the long-term through reduced consumption, mitigating municipal supply constraints and attracting like-minded clients						▲ NC / ▲ MC / ▼ FC	
Human capital															
Our employees, whose skills and wellness ensure the optimal running of our business		156 permanent employees which include 9 disabled learners on a 12-month contract Diverse workforce by gender, race, age and tenure		Employee remuneration R76.7 million Training expense R1.1 million		Purposefully embed our company culture to encourage diversity and thriving employees		Investing in our employees provides us with a significant return over the long-term as it keeps employees engaged, strengthens the internal talent pipeline and helps us take our business forward						▲ HC / ▼ FC	
Social capital															
Our relationships with external stakeholders (directly or indirectly) enable us to fulfill our purpose		Developing strong stakeholder relations Participation in industry bodies		CSI spend R8.1 million		Contribute meaningfully to our communities		Continued investment in our CX journey in terms of our environmental plan to ensure client retention						Supporting and uplifting our communities through CSI spend via the Attacq Foundation	
								▲ SC (clients, shoppers) / ▼ FC						▲ SC (community) / ▼ FC	
Intellectual capital															
Our brand and reputation, as well as the innovative ways in which we use information and technology		Registered trademarks, including Waterfall City and Mall of Africa The Attacq experience SHôPING app		Business diversification strategy through our environmental plan Roll-out of SHôPING application at Eikestad Mall Developing a smart, safe and sustainable Waterfall City		Unlock opportunities and generate growth in an innovative and agile way		Management time invested in innovation and technology led to our first PPA, which will benefit and protect our long-term value proposition as we lower our cost base and reduce our carbon emissions						▲ IC / ▲ NC / ▼ HC (management's time)	

DELIVERING ON OUR STRATEGY

Our repositioned strategy is well on track for continued growth and delivering on our purpose.



1

Precinct-focused South African portfolio, offering sustainable community space in established nodes

- **Quality rental income** stream from a high proportion of **international commercial clients**
- **Retail turnover exceeding** pre-COVID-19 pandemic levels
- **Leasing success** with **54 346m²** of GLA renewed
- **Optimising the portfolio** through asset disposals and continued focus on hub strategy



2

Develop Waterfall City into a smart, safe, sustainable city through sustainable partnerships

- **Urban re-design** underway
- **Bulk optimisation plan** being implemented
- **New development partners** introduced
- **Building the community through**
 - Final phase of Ellipse Waterfall due to launch in October 2022, resulting in **600 residential units** in the city
 - **The Mix** sales and marketing discontinued



3

Manage and **optimise a sustainable capital structure**

- Retained REIT status with a **dividend payout ratio** of **80.0%**
- **Exceeded FY22** distributable income **guidance**
- **Improved capital structure** through successful executed debt reduction plan
- **Interest in MAS** remains a medium-term hold
- Continue to **exit** the **Rest of Africa retail investments**



4

Drive **business diversification** through integrating ESG, business innovation and technology

- **PPA signed** for **15MWp** power supply
- **PV rooftop system projects** underway, targeting a further **7MWp**
- **Retrofit projects** within the South African portfolio underway

n/a
Not applicable✓
Achieved—
In progress✗
Not achieved

STRATEGIC PERFORMANCE SCORECARD



Strategic pillars	Strategic objectives	KPIs	2021 results	2022 KPIs	2022 results		2023 target KPIs
Waterfall City, Rest of South Africa and Other investments	Smart, safe and sustainable managed hubs	Occupancy rate (%)	95.2	>95.0	92.1	✗	> or equal to 95.0
		Collection rate (%)	101.5	>95.0	97.8	✓	>98.0 excluding Cell C
		Trading density growth (%)	(0.4)	Equal to peers (MSCI SA Annual Property Index)	12.6	✓	Equal to peers (MSCI SA Annual Property Index)
	Developing Waterfall City: Quality development pipeline and unlocking unique opportunities within Waterfall City	Development surplus (R'million) – annual average over rolling three-year period	70.5	>40.0	68.7	✓	n/a
		Waterfall City bulk roll-out (m²) – annual average over rolling three-year period	30 926	>36 000	33 679	✗	55 000
		Number of residential units sold	70	>135	82	✗	Launch Ellipse Waterfall, phase 3
		New business development (m²)	19 287	>30 000	44 852	✓	>45 000
Capital structure	Using our capital structure as the enablement to build long-term sustainable growth	Growth in DIPS (%)	(35.9)	No guidance given	34.2	✓	9.0% DPS growth based on an 80% payout ratio
		Total shareholders return (%)	n/a	n/a	(11.8)	✗	Equal to our selected peer group's TSR
		Gearing ratio (%)	43.3	<41.0	37.2	✓	<38.0
		ICR (times)	1.41	>1.40	1.58	✓	>1.65
	Reduce overhead costs	Reduction in overhead costs	n/a	n/a	n/a	n/a	Reduce overhead costs by R17.5 million
		Reduce finance cost	n/a	n/a	n/a	n/a	New and refinanced debt of R1.0 billion to be at 50bps lower margin than expiring debt
Our employees	Purposefully embed our company culture to encourage diversity and all employees to be 'Sky-risers'	Employee diversity (employee complement as per EE plan)	Targets in Coloured and Indian employees exceeded with improvement in African appointments	Meet transformation levels in submitted EE plan	In line with our EE plan	n/a	Meet transformation levels in submitted EE plan

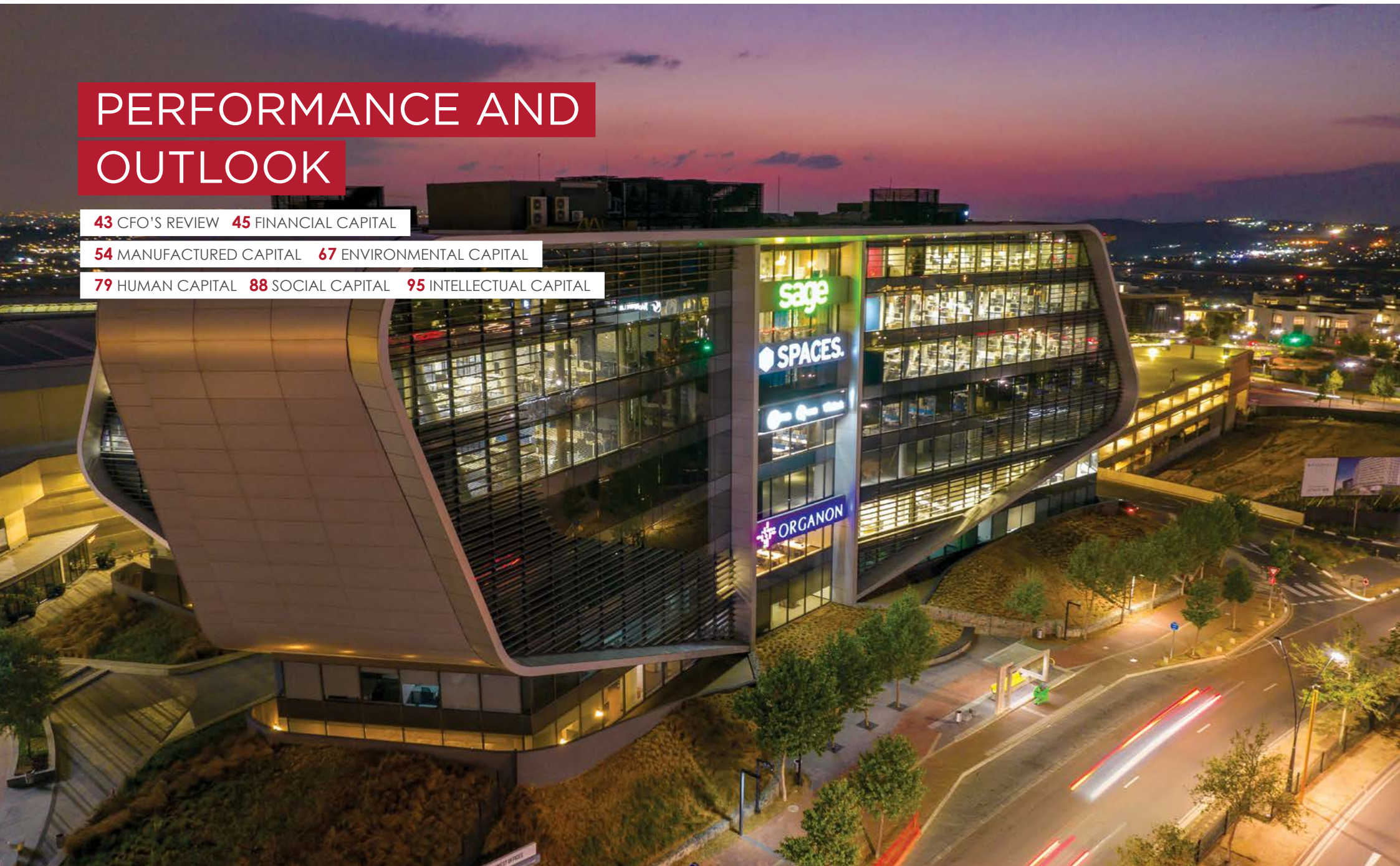


Strategic pillars	Strategic objectives	KPIs	2021 results	2022 KPIs	2022 results	2023 target KPIs
Environmental	Ensure a positive impact within our environment by improving our carbon emissions each year	Environmental plan	Board approval for environmental plan obtained	Set science-based reduction targets and meet science-based reduction targets	SBTi target set at 46.2% ✓	Reduce our carbon emission to meet our 46.2% reduction target by 2030
Social	Contribute meaningfully to our communities	Transformation (B-BBEE level)	Level 3	Level 4	Level 1 ✓	Level 2
Governance	Protects the interest of the company, shareholders and other stakeholders	Continue with good corporate governance practices	n/a	Implementation of initiatives to improve corporate governance	Initiatives implemented ✓	Implementation of initiatives to improve corporate governance
Business diversification (Innovation)	Unlock opportunities, generate growth, create value, and stay ahead of the curve of our evolving environment	Implementation of innovation programme	n/a	Meet objectives of innovative growth platform	Signed a PPA and approved the roll-out of another 7MWp rooftop PV systems ✓	Implementation of 15MWp PPA Install four rooftop PV systems R17 million retrofit to be installed
Technology	Strengthen Attacq's agility through technology, improving our operational management and ensuring seamless CX journey	Implementation of technology	In progress of implementing technology	Finalise and implement our modern data platform	First phase of the modern data platform has been completed ✓	Sky-risers CX journey: stakeholder relationship management platform





PERFORMANCE AND OUTLOOK

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CFO'S REVIEW



Raj Nana,
CFO

Attacq has delivered on its key financial priorities, including debt reduction and an improved capital structure. Notably, we resumed paying out a dividend as we entered the post-pandemic recovery.

Financial results

Our distributable income increased by 34.2% to 62.8cps (2021: 46.8cps) largely due to lower interest costs, higher rental collections and the receipt of a dividend from the investment in MAS. Attacq uses DPS as its relevant measure of financial performance. The board has resolved to retain Attacq's REIT status and resume the payment of dividends. Having regard to future capital expenditure requirements, the board has determined a payout ratio of 80% of distributable income resulting in a dividend of 50.0 cps, in-line with its stated policy of paying out between 75% and 85%.

Our rental income was in line with the prior year at R2.2 billion. Like-for-like rental income increased by 2.5% (2021: decreased by 0.5%).

Total assets decreased by 4.3% to R21.6 billion (2021: R22.6 billion) and total liabilities decreased by 19.0% to R9.3 billion (2021: R11.5 billion) mainly due to the disposal of assets and the utilisation of sale proceeds to reduce interest-bearing debt. Our net asset value increased by 11.0% to R12.3 billion (2021: R11.1 billion) and net asset value per share improved to R17.49 (2021: R15.75 per share).

Refer to Attacq's AFS, which are available online at: <https://www.attacq.co.za/investor-hub/>, for detailed disclosure of key SA REIT BPR ratios.

Capital structure

Reallocation of capital

Proceeds of R850.0 million from the sale of the Deloitte head office (transferred on 17 August 2021) and R444.5 million from the Equites transaction, which includes 50.0% of the Amrod building, 50.0% of the Massmart distribution centre and 50.0% of the Cotton On development (transferred on 29 November 2021) were utilised to reduce interest-bearing borrowings.

During the year, Attacq disposed of an undivided half share in the development rights in respect of the Vantage data centre and the Plumbink head office and distribution centre for R71.6 million and R16.3 million, respectively. In addition, we realised a profit from the sale of sectional title Ellipse Waterfall Phase 1 units of R68.1 million and generated proceeds of R24.0 million from the disposal of 80.0% of the development rights in respect of Ellipse Waterfall Phase 2.

Liquidity

At 30 June 2022, we had more than adequate liquidity of R1.9 billion (2021: R1.7 billion), comprising unrestricted cash balances of R604.2 million (2021: R990.7 million), prepaid access facilities of R960.8 million (2021: R448.0) and undrawn committed facilities of R310.0 million (2021: R310.0 million).

Interest-bearing borrowings

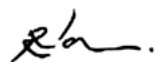
Interest-bearing borrowings decreased by 18.7% to R8.3 billion (2021: R10.2 billion) in line with the group's stated objective. The decrease is mainly due to settling debt with proceeds from the disposal of assets. The remaining euro debt was fully settled by using proceeds from the sale of MAS shares received during the previous financial year. This brings the total reduction of debt to over R3.0 billion over the last 24 months.

During the year, we successfully refinanced R920.0 million of debt facilities which were scheduled to mature in the 2022 calendar year. Additional facilities totaling R572.0 million are due to mature during the 2023 calendar year, which represents approximately 6.9% of drawn facilities. R236.0 million of the maturing facilities will be settled in October 2022 and the balance of the facilities will be refinanced in due course. A key focus remains the cost of debt for the group. While maturing facilities are refinanced at lower margins, base rates and swap rates continue to trend upward during this interest rate hiking cycle.

Our interest cover ratio increased to 1.58 times (2021: 1.41 times), largely due to lower interest on reduced borrowings and income from MAS. Gearing decreased to 37.20% (2021: 43.3%) and management is comfortable at this level.

Appreciation

Thank you to the entire Attacq team for delivering these pleasing results in a challenging environment.



Raj Nana
CFO

17 October 2022



Town Square at Mall of Africa, Waterfall City



FINANCIAL CAPITAL



Africa-shape sculptures at Mall of Africa,
Waterfall City

The strategic objective of our financial capital is to use our capital structure as the enablement to build long-term sustainable growth and to create sustainable shareholder value.



Key elements

Effectively manage financial capital structure

Shareholder
valueStrategic
objective

Using our capital structure as the enablement to build long-term sustainable growth

Sustainable
shareholder value

FY22 intended outcomes	Developing an optimal capital structure to unlock further growth opportunities				Recycle capital	Protect shareholder value
	FY22 KPIs					
	■ Improve ICR cover to >1.4 times	■ Reduce weighted cost of maturing and refinanced debt	■ Manage our debt expiry profile to a minimum of three years	■ Maintain gearing ratio to <41.0%	■ Recycle capital of R1 billion	■ No guidance provided
FY22 performance	■ ICR improved to 1.58 times	■ Cost of funding increased to 9.4%	■ 3.6 years weighted average term of debt	■ Gearing reduced to 37.2%	■ Capital of R153.7 million recycled	■ DIPS growth of 34.2% ■ DPS of 50.0cps
FY23 intended outcomes	Maintaining an optimal capital structure in support of further growth opportunities				Recycle capital	Improve total shareholder return
	FY23 KPIs					
	■ Improve ICR cover to >1.65 times	■ Reduce weighted average cost of new and refinanced debt with 50 basis points	■ Manage our debt expiry profile to a weighted average debt term of 2.75 years (minimum threshold 2.5 years)	■ Maintain gearing ratio to <40.0%	■ Going forward, this KPI will be measured under Manufactured capital	■ Full year DPS growth of between 8.0% and 10.0% on an 80.0% payout ratio ■ Management of operating expense budget and reduction of group overheads

What we achieved in FY22

Distributable income

Total DIPS increased by 34.2% to 62.8 cps for the year ended 30 June 2022, largely due to lower interest costs, higher rental collections and the receipt of a dividend from the investment in MAS.

A breakdown of distributable income per focus area is tabled below.

	2022		2021		% Change in cps
	R'000	cps	R'000	cps	
Waterfall City	227 892	32.3	234 768	33.3	(3.0)
Rest of South Africa	146 128	20.7	118 620	16.8	23.2
Other investments	68 567	9.8	(23 266)	(3.3)	nmf
Total	442 587	62.8	330 122	46.8	34.2

The distributable income of the group is closely aligned with cash generated from operations, adjusted for non-recurring income.

The distributable income per share from **Waterfall City** decreased by 3.0% to 32.3cps (2021: 33.3cps), due to property disposals, an increase in expected credit losses relating to Cell C and higher vacancies due to Transnet vacating Waterfall Circle, offset by lower rental discounts and lower interest costs due to debt reduction.

Distributable income per share from the **Rest of South Africa** increased by 23.2% to 20.7cps (2021: 16.8cps), due to lower rental discounts and interest costs.

The distributable income per share from **Other investments** improved from a loss of 3.3cps at 30 June 2021 to a profit of 9.8cps due to a dividend from MAS of R68.5 million and the reduction in interest costs after the settlement of all euro debt during the year.

Profits of R68.1 million (2021: R6.3 million) were earned from the sale of sectional title units at Waterfall City which has been excluded from distributable income due to its trading nature.



Bridge linking Lynnwood Bridge - retail and Glenfair Boulevard, Pretoria

Financial performance

Group net profit from property operations, excluding the IFRS adjustment for straight-line leasing and net proceeds from the sale of sectional-title units, decreased by 6.9% to R1.3 billion (2021: R1.4 billion). On a like-for-like basis, net operating income decreased by 0.7% (2021: increased by 1.4%), mainly due to additional repairs and maintenance expenses incurred on the retail-experience hub portfolio during the year.

Alongside is our summarised consolidated statement of profit or loss and other comprehensive income.

Rental income for the group was in line with the prior year at R2.2 billion. Like-for-like rental income increased by 2.5% (2021: decreased by 0.5%).

Gross property expenses, excluding cost of sales of sectional title units, increased by 8.6% (2021: decreased by 1.5%) to R822.2 million (2021: R757.0 million), mainly due to an increase in expected credit losses and unrecoverable municipal charges on vacancies. Property expenses increased by 8.8% (2021: decreased by 4.1%) on a like-for-like basis.

Other income for the year decreased to R204.1 million (2021: R366.7 million) and includes the impact of:

- Profit on disposal of investment property of R18.8 million (2021: Rnil)
- Foreign exchange gains of R112.5 million (2021: R18.8 million)
- Reversal of ECL on the loan to Gruppo of R27.3 million

The prior year included a reversal of ECL on the loan to AttAfrica of R225.3 million as a result of the loan being converted to equity and the reversal of the impairment of the investment in MAS of R92.4 million.

Realisation of foreign currency translation reserve on foreign operations

In the prior year, we partly disposed of our investment in MAS which resulted in a realisation of FCTR on foreign operations of R895.4 million.

Impairment of investment in associates relates to the prior year impairment of the investment in AttAfrica of R158.5 million.

Other expenses decreased to R85.1 million (2021: R169.4 million) and includes foreign exchange losses of R33.1 million (2021: R113.2 million).

	2022 R'000	2021 R'000
Gross revenue	2 521 573	2 390 241
Rental income	2 172 184	2 206 357
Straight-line lease income adjustment	64 624	132 033
Sale of sectional title units	284 765	51 851
Gross property expenses	(1 038 896)	(802 534)
Property expenses	(791 607)	(753 196)
ECL on trade and other receivables	(30 625)	(3 822)
Cost of sales of sectional title units	(216 664)	(45 516)
Net profit from property operations	1 482 677	1 587 707
Other income	204 097	366 686
Reversal of ECL on loans to associates and guarantees	47 925	231 171
Other	145 172	135 515
Realisation of FCTR on foreign operations	–	895 431
Operating expenses	(190 094)	(180 347)
ECL on loans to associates, suretyships and guarantees	(13 125)	(14 811)
Impairment of investment in associates	–	(158 462)
Other expenses	(85 097)	(169 395)
Operating profit	1 398 458	2 326 809
Fair value adjustments	647 424	(1 233 605)
Investment properties	254 975	(1 534 260)
Other financial assets and liabilities / derivative financial liabilities	392 449	300 655
Net (loss) income from associates and JVs	(23 735)	70 698
Investment income	138 521	71 204
Finance costs	(828 586)	(994 052)
Profit before taxation	1 332 082	241 054
Income tax (expense) credit	(152 522)	(86 939)
Profit for the year	1 179 560	154 115
Other comprehensive profit		
Items that will not be reclassified subsequently to profit or loss		
Profit (loss) on fair value through OCI assets	77 084	375 689
Items that will be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	(21 104)	(123 555)
Total comprehensive profit for the year	1 235 540	406 249
Earnings per share		
Basic (cents)	167.3	21.9
Diluted (cents)	165.1	21.6



Fair value adjustments

There is a positive fair value adjustment on the completed portfolio of R448.0 million (2021: negative R1.5 billion) with a negative fair value adjustment on the Waterfall City leasehold land. Due to higher forward interest rates, a decrease in other financial liabilities of R392.4 million (2021: R300.7 million) was recorded in respect of the mark-to-market valuation of interest rate swaps.

	2022 R'000	2021 R'000
Completed buildings	448 088	(1 452 651)
Right-of-use asset	(23 683)	(26 409)
Developments under construction	(30 655)	6 583
Waterfall City leasehold land	(138 775)	(61 783)
Other financial assets and liabilities	392 449	300 655
Total	647 424	(1 233 605)

Investment income

Other interest relates mainly to interest earned on the loan extended to PwC Waterfall Property Partnership.

	2022 R'000	2021 R'000
Dividend income	68 604	–
Bank	24 636	30 186
Other interest	45 281	41 018
Total	138 521	71 204

Finance cost

Finance cost comprises:

	2022 R'000	2021 R'000
Long-term borrowings	(520 615)	(628 854)
Derivative financial liabilities	(285 884)	(340 203)
Lease liability	(21 919)	(24 950)
Other	(168)	(45)
Total	(828 586)	(994 052)

Property cost-to-income ratio

The increases in normalised cost-to-income ratios are due to decreased market rentals together with increasing municipal cost and costs associated with loadshedding. The municipal recovery ratio improved to 89.3% (2021: 87.6%) benefiting from savings achieved from renewable energy generation by rooftop PV systems, offset by municipal expenses not recovered due to vacancies during the financial year.

	Standard ratio		Normalised ratios*	
	2022 %	2021 %	2022 %	2021 %
Property cost-to-income ratio				
Waterfall City				
Net cost-to-income ratio ¹	27.1	20.6	22.1	20.4
Gross cost-to-income ratio ²	41.4	35.4	37.3	35.3
Rest of South Africa				
Net cost-to-income ratio ¹	19.7	21.6	20.8	19.8
Gross cost-to-income ratio ²	38.5	39.4	39.3	36.8

1. Calculation: (property expenses per income statement + repayment of lease liability interest + repayment of lease liability capital + municipal recoveries)/(rental income per income statement – municipal recoveries)

2. Calculation: (property expenses per income statement + repayment of lease liability interest + repayment of lease liability capital)/rental income per income statement

* Normalised to excludes material lease cancellation fees, discounts granted and ECLs on trade and other receivables

The Waterfall City portfolio's ratios include the land lease rental obligation. The impact of IFRS 16: Leases has been excluded for the purpose of this calculation.



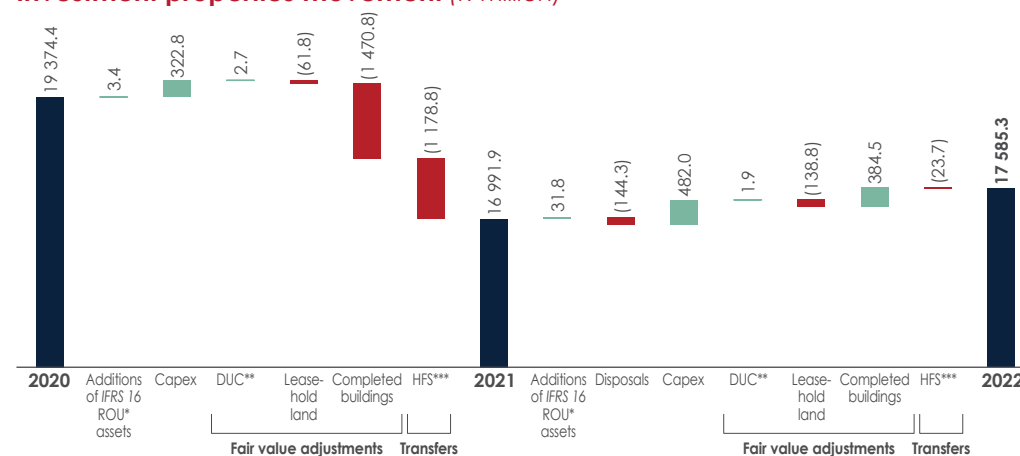
Financial position

The group's NAV increased by 11.0% to R12.3 billion (2021: R11.1 billion).

	2022 R'000	2021 R'000	% Change	
Waterfall City	12 924 255	13 572 605	(4.8)	Decrease mainly due to the disposal of buildings (Deloitte, Amrod and Massbuild) net of positive fair value adjustments
Rest of South Africa	6 647 229	6 742 869	(1.4)	Reduction due to negative fair value adjustment on investment properties
Head office – South Africa	654 785	999 567	(34.5)	Decrease in cash holdings
Other	1 400 013	1 274 131	9.9	
Total assets	21 626 282	22 589 172	(4.3)	
Total liabilities	(9 297 147)	(11 480 926)	(19.0)	Increase in MAS share price per share from R18.18 to R19.85
Total equity	12 329 135	11 108 246	11.0	Reduction in debt from disposal proceeds received

The investment property value of the South African real estate portfolio increased by 3.4% to R17.6 billion (2021: R17.0 billion).

Investment properties movement (R'million)



* ROU: Right-of-use

** DUC: Developments under construction

*** HFS: Held for sale

Valuations

	2022 R'000	2021 R'000	% Change
Waterfall City	11 017 612	11 059 614	(0.4)
Rest of South Africa	6 483 089	6 587 825	(1.6)
Completed buildings	17 500 701	17 647 439	(0.8)
Developments under construction	31 419	210 593	(85.1)
Leasehold land	905 528	1 218 235	(25.7)
Sub-total investment property	18 437 648	19 076 267	(3.3)
Less: Held for sale	(23 700)	(1 303 665)	(98.2)
IFRS 16 Right-of-use assets	250 966	238 636	5.2
Total investment property (excluding straight-lining)	18 664 914	18 011 238	3.6
Straight-lining lease debtor	(1 079 595)	(1 019 441)	5.9
Total investment property (balance sheet)	17 585 319	16 991 797	3.5
Waterfall Junction	95 265	102 165	(6.8)
Inventory	48 834	216 336	(77.4)

Completed buildings

All income producing properties were valued externally using the discounted cash flow methodology, with the exception of Brooklyn Mall where the external valuation was reduced by the board to reflect a more conservative view of the valuation of the group's minority interest. External valuations were performed by Mills Fitchet Cape (Pty) Ltd, Sterling Valuation Specialists Close Corporation, CBRE Excellerate CRES (Pty) Ltd and CBRE Limited.

Discount and capitalisation rates as at 30 June 2022 remained largely unchanged compared to 30 June 2021, with the independent valuers having greater certainty regarding market rental growth subsequent to COVID-19 lockdown restrictions being lifted. The net result is a positive fair value adjustment of R468.3 million (2021: negative fair value adjustment of R1.5 billion). The fair value adjustment excludes the IFRS impact for straight-line leasing.

The largest contributor to the positive fair value adjustments was Mall of Africa (R430.4 million), offset by negative fair value adjustments in respect of Brooklyn Mall (R115.5 million) and Garden Route Mall (R41.4 million).

The information below is weighted on property values:

Completed buildings	% of total portfolio based on value	Discount rates %	Exit cap rates %	Cap rates %	Average value per GLA R/m ²	Like-for- like value change %
Retail-experience hubs	51.0	12.08	7.65	7.27	28 816	3.9
Collaboration hubs	36.5	12.90	8.64	8.05	23 728	2.4
Logistics hubs	9.1	13.04	8.48	8.16	11 684	1.5
Hotel	3.4	12.77	8.75	8.00	29 193	10.4
Total portfolio	100.0	12.49	8.12	7.66	23 797	3.4

Developments under construction

The value of the Plumblink head office and distribution centre development as at 30 June 2022 is based on an external valuation performed by Sterling Valuation Specialists Close Corporation and adjusted for costs still to be incurred to final completion.

Leasehold land

We carry leasehold land, encompassing both development rights and infrastructure, at fair value. Leasehold land decreased by 25.7% to R905.5 billion (2021: R1.2 billion) after taking into account leasehold land transferred to developments under construction and sold to joint venture partners, a reduced bulk market rate and a reduction of bulk on two sites as part of the bulk optimisation project.

The group has determined fair value with reference to the comparable sales technique, which is in line with international best practice. The output of the comparable sales valuation technique determines the valuation of the leasehold land, being the aggregate of development rights, infrastructure and services, less future cost of servicing and leasehold liabilities. The valuation represents an external valuation performed by Vallun Properties (Pty) Ltd trading as Valquest Property Valuers & Consultants.

Category	Characteristics	Valuation
Unserviced leasehold land	Unserviced leasehold land with development potential	Land area multiplied by market rate per m ² for unserviced land
Partially or fully serviced leasehold land	Leasehold land with section 82 certificates, a small measure of costs to complete	Land/bulk area multiplied by market rate per m ² of serviced bulk, reduced by future costs of servicing and leasehold liability

Inventory

Inventory decreased to R48.8 million (2021: R216.3 million) with the transfer of 236 Ellipse Waterfall and three Waterfall Point sectional-title during FY22.

Investment properties

The increase to R17.6 billion (R17.0 billion) includes:

- Positive fair value adjustments on investment properties of R254.9 million (2021: R1.5 billion negative fair value adjustment)
- Capital expenditure of R522.1 million (2021: R334.0 million).

Capital structure Reallocation of capital

In line with executing on our debt reduction plan to strengthen the balance sheet, proceeds of R850.0 million from the sale of the Deloitte head office (transferred on 17 August 2021) and R444.5 million from the Equites transaction, which includes 50.0% of the Amrod building, 50.0% of the Massmart distribution centre and 50.0% of the Cotton On development (transferred on 29 November 2021) were utilised to reduce interest-bearing borrowings.

During the year, we disposed of an undivided half share in the development rights in respect of the Vantage data centre and the Plumblink head office and distribution centre for R71.6 million and R16.3 million, respectively. In addition, we realised a profit from the sale of sectional title Ellipse Waterfall Phase 1 units of R68.1 million and generated proceeds of R24.0 million from the disposal of 80.0% of the development rights in respect of Ellipse Waterfall Phase 2.

Liquidity

The group has access to adequate facilities and available cash balances to complete developments under construction and developments that commenced post-year end.

Liquidity	2022 R'million	2021 R'million
Unrestricted cash balances	604 224	990 694
Prepaid access facilities	960 808	448 000
Undrawn committed facilities	310 000	310 000
Available liquidity	1 875 032	1 748 694
Undrawn development facilities	Nil	160 731

Cost of debt

The total weighted average cost of funding of the group increased to 9.4% (2021: 8.9%).

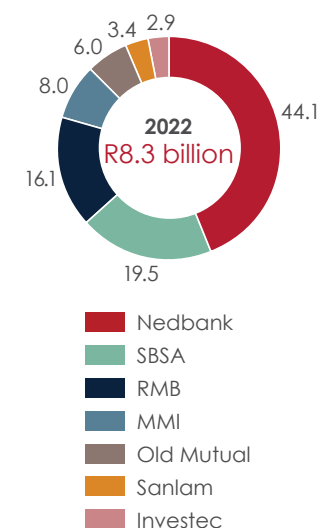
Debt	Units	2022	2021
Total weighted average cost of debt	%	9.4	8.9
Weighted average floating interest rate	%	7.0	5.6
Premium for hedging	%	2.4	3.3
Rand-denominated weighted average cost of debt	%	9.4	9.1
Weighted average floating interest rate	%	7.0	5.7
Premium for hedging	%	2.4	3.4
Euro-denominated weighted average cost of debt	%	n/a	3.2
Weighted average floating interest rate	%	n/a	3.2
Premium for hedging	%	n/a	n/a
Total hedged as a percentage of total committed facilities	%	83.0	73.8
Weighted average rand-denominated hedge term	years	2.6	3.0

In order to mitigate rand-denominated interest rate risk, 83.0% (2021: 73.8%) of total committed rand-denominated facilities were hedged by way of fixed interest-rate loans or interest-rate swaps. During the year, the group executed on an interest rate cap to replace interest rate swaps that were nearing maturity. The hedge ratio has increased due to a combination of excess available cash being temporally placed in revolving credit facilities and the interest rate cap being implemented prior to the maturing of interest rate swaps, which the cap will replace. The weighted average rand-denominated hedge term is 2.6 years (2021: 3.0 years). The overall group interest rate hedging position is above the minimum group hedging policy of 70.0%.

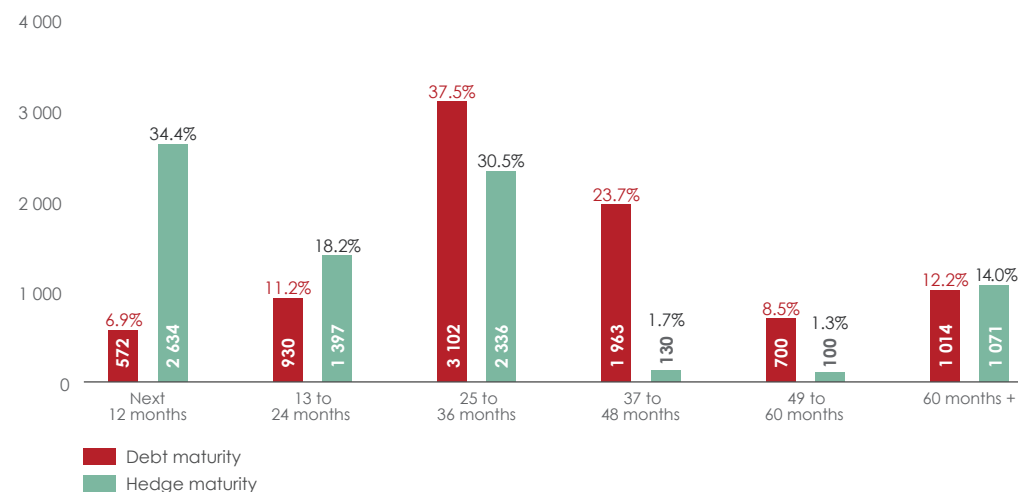
Interest-bearing debt

Our debt facilities are spread among four South African banks and three South African institutions, with no exposure to bond markets. In line with the group's stated debt reduction strategy, total interest-bearing borrowings decreased by 18.7% to R8.3 billion (2021: R10.2 billion). The decrease is mainly due to settling debt with proceeds from the disposal of assets. The group's remaining euro debt was fully settled during the year by using proceeds from the sale of MAS shares received during the previous financial year.

Funding Mix (%)



Debt and hedge maturity (R'million)

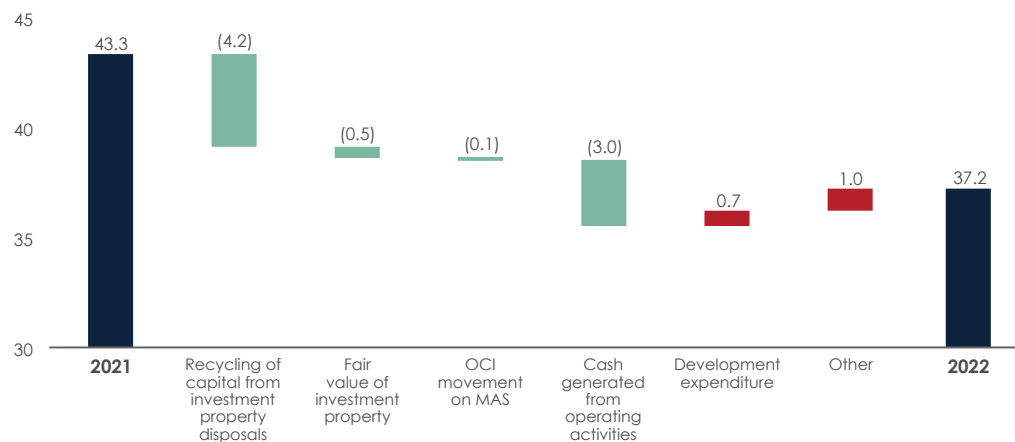


Interest-bearing borrowings	Units	2022	2021
Total drawn facilities	R'000	8 281 403	10 183 029
Total weighted average loan term	years	3.6	3.9
Rand-denominated interest-bearing borrowings			
Drawn facilities	R'000	8 281 403	9 844 510
Weighted average loan term	years	3.6	4.0
Euro-denominated interest-bearing borrowings			
Drawn facilities	R'000	Nil	338 519
Weighted average loan term	years	n/a	0.9

The group ICR increased to 1.58 times (2021: 1.41 times), largely due to lower interest on reduced borrowings and income from MAS.

Gearing, calculated as total interest-bearing debt less unrestricted cash on hand, as a percentage of total assets less total cash on hand and right-of-use assets recognised under IFRS 16: Leases, decreased to 37.2% (2021: 43.3%). The decrease in gearing is attributable to the repayment of facilities.

Gearing bridge (%)



Cash flow

Cash flow	2022 R'000	2021 R'000
Cash flow from operating activities	612 132	340 070
Cash flow from investing activities	932 435	1 137 454
Cash flow from financing activities	(1 920 416)	(1 149 502)
Total cash movement for the year	(375 849)	328 024
Cash at the beginning of the year	1 092 915	772 547
Foreign currency effect on cash and cash equivalent	55	(7 655)
Cash and cash equivalents at the end of the year	717 121	1 092 915

Our cash flow generated from operating activities was R612.1 million (2021: R340.1 million) and provided a strong underpinning to the group's distributable income.



Waterfall City at night



MANUFACTURED CAPITAL



Waterfall Corner, Waterfall City

Our real estate portfolio focuses on smart, safe and sustainable precinct-based hubs and comprises retail-experience hubs, collaboration hubs, logistics hubs and hotels with the quality of the Waterfall City development pipeline providing unique value-unlocking opportunities.



Key elements

Waterfall City and Rest of South Africa's completed real estate portfolio

Developing Waterfall City

Strategic
objectives

Smart, safe and sustainable managed hubs

Quality development pipeline and unlocking
unique opportunities within Waterfall CityFY22
intended
outcomes

Generate and grow rental income by tenanting our spaces and collecting rental income

Ensuring the long-term sustainability of our clients by aiming to reduce the cost of occupancy and ensuring business continuity

Creating exceptional retail spaces and experiences for our shoppers

Build on our client experience (Sky-risers: CX journey)

Creating a destination of choice by developing a unique work-live-play environment

Develop smart, safe and sustainable hubs, supported by modern infrastructure

FY22
KPIs

- >95% occupancy rate
- >95% collection rate
- 30 000m² of new business development
- 5% growth in net profit from property operations
- Recycling of capital

- MyBuildings app
- See Environmental capital, **page 67**

- Trading density growth equal to peers (MSCI South African Annual Property Index)
- SHôPING app implementation
- Affordable rent-to- sales ratio

- >75.0% client retention rate

- Bankable sale of 135 residential units
- R40 million development surplus
- 35 000m² Waterfall City bulk roll-out

- Continue to invest in infrastructure to unlock future development sites

FY22
performance

- 92.1% occupancy rate
- 97.8% collection rate
- 44 852m² of new business development
- 6.9% reduction in net profit from property operations
- R153.7 million of capital recycled

- We continued to improve the myBuildings app
- See Environmental capital, **page 67**

- Trading density growth of 12.6% (MSCI South African Annual Property Index - 9.8% growth)
- SHôPING app rolled-out to Eikestad Mall
- Affordable rent-to-sales ratios achieved

- 42.9% client retention rate
- Excluding the Waterfall Circle vacancy, 77.8% client retention rate

- Bankable sale of 82 residential units (excluding The Mix)
- R74.5 million development surplus
- 27 438m² effective Waterfall City bulk roll-out

- During FY22, we continued to invest in infrastructure



Key elements

Waterfall City and Rest of South Africa's completed real estate portfolio

Developing Waterfall City

Strategic
objectives

Smart, safe and sustainable managed hubs

Quality development pipeline and unlocking
unique opportunities within Waterfall CityFY23
intended
outcomes

Generate and grow rental income by tenanting our spaces and collecting rental income

Operational sustainability: sustainable and efficient buildings (environmental plan, [page 69](#))

Creating exceptional retail spaces and experiences for our shoppers

Build on our client experience (Sky-risers CX journey)

Creating a destination of choice by developing a unique work-live-play environment

Develop smart, safe and sustainable hubs, supported by modern infrastructure

Planned
projects for
FY23

- Our focus on hubs as people-centric environments, offering a blend of physical and digital experience, coupled with convenience
- Improved property yield

- Control and measure the operating environment through efficient utilities management
- Precinct-focused asset base to ensure greater economy of scale and sustainable space

- Creating retail-experience hubs, supported by centralisation of data to allow agile decision-making
- Continue with the SHôPING app roll-out to more clients. Also see Intellectual capital, [page 96](#)

- Our aim is to continue to integrate the CX journey through our company
- Implementation of the CRM leasing platform
- See Social capital, [page 88](#)

- Ensure the long-term sustainability of Waterfall City by focusing on creating a smart, safe and sustainable work-live-play precinct
- Complete our developments under construction, [page 66](#)
- Secure new client led development transactions

FY23 KPIs

- >95% occupancy rate
- >98% collection rate (excluding Cell C)
- Leasing 50% of Waterfall Circle building
- New business development of >40 000m²
- Further reduce exposure to Cell C

- Roll-out of R17.0 million in retrofits as per the approved environmental plan

- Trading density growth equal to peers (MSCI index)
- Client surveys – Frequently asked questions
- Micro retailer strategy
- Data-driven retail leasing tool
- More vendors to be signed up at Mall of Africa

- >75% client retention rate

- Beneficial occupation on 45 000m² of new development transactions
- Launch phase 3 of Ellipse Waterfall and achieve the necessary threshold of bankable sales to commence with development by June 2023
- Launch new residential scheme
- Urban redesign and bulk reallocation strategy to be completed and approved by IC


We consider targets listed under SDG 11:

Make cities and human settlements inclusive, safe, resilient and sustainable.

11.6 By 2030, reduce the adverse per capita environmental impact of cities, including waste management

Waterfall City and Rest of South Africa's completed real estate portfolio

Our strong operational performance for FY22 is evidenced by high collection rates and occupancy levels achieved as lockdown restrictions eased.

Generate and grow rental income by tenanting our spaces and collecting rental income

GLA evolution

	GLA m ²
Opening balance – 1 July 2021	774 117
Sale of Deloitte head office as well as 50.0% of Amrod and 50.0% of Massbuild distribution centre (Equities transaction)	(65 236)
Five newly developed buildings (effective share)	27 438
Reconfigurations	(899)
Closing balance – 30 June 2022	735 420

The diversified nature of our real estate portfolio resulted in the group not being overly exposed to any single sector, client or geographical area.

	Based on GLA				Based on GMR			
	2022			2021	2022			2021
	Waterfall City (%)	Rest of South Africa (%)	Total (%)	Total (%)	Waterfall City (%)	Rest of South Africa (%)	Total (%)	Total (%)
Sectoral profile								
Retail-experience hubs	25.8	67.6	41.0	40.1	39.3	65.4	49.7	46.6
Collaboration hubs	39.6	29.4	35.9	36.1	40.0	30.3	36.1	40.0
Logistics hubs	32.0	–	20.4	21.2	17.3	–	10.4	9.7
Hotel	2.6	3.0	2.7	2.6	3.4	4.3	3.8	3.7
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Geographic profile								
Gauteng	100.0	46.6	80.6	81.5	100.0	51.3	80.7	81.9
Western Cape	–	34.5	12.6	11.9	–	31.6	12.5	11.8
North West	–	18.9	6.8	6.6	–	17.1	6.8	6.3
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0



Space management

The portfolio's WALE decreased to 4.8 years (2021: 5.6 years). Leases totaling 54 365m² (215 leases) expired during the year, of which 42.9% of GLA (or 77.2% of the number of leases) were renewed. 24 354m² of the expiring GLA relates to the Waterfall Circle vacancy and if excluded, the client retention rate improves to 77.8%.

Renewed leases were signed at a weighted average negative reversion rate of 2.1% (2021: weighted average negative reversion rental rate of 16.5%) and a weighted average lease escalation rate of 6.2% (2021: 5.5%). New and renewed leases were signed at a weighted average negative reversion rate of 3.1% (2021: negative 17.5%) and a weighted average leases escalation rate of 6.3% (2021: 5.5%).

Occupancy

The 10 882m² (2021: 13 959m²) of unoccupied retail-experience hub space relates mainly to Mall of Africa (5 235m²), Brooklyn Mall (1 652m²), Eikestad Mall (1 344m²) and MooiRivier Mall (1 235m²).

The 47 333m² (2021: 23 102m²) of unoccupied collaboration hub spaces relate mainly to Waterfall Circle (24 354m²), Brooklyn Bridge Office Park (7 575m²) and the Allandale building (5 339m²).

Subsequent to year end, 9 995m² of the total vacancies of 58 215m² were filled, most of which relates to the collaboration hubs.

Sector	Total expired GLA (m ²)	Client retention rate (%)	Expiring rental rate decrease (%)	Escalation rate (%)
Retail-experience hubs	23 942	80.8	(2.4)	6.2
Collaboration hubs	30 423	13.2*	(7.6)	6.6
Total portfolio	54 365	42.9	(3.1)	6.3

* Including the non-renewal of Transnet. 66.0%, excluding the non-renewal of Transnet

Summarised below, are further key elements of our lease agreements.

Sector	Weighted average gross monthly rental by GLA (R/m ²)		Historical average annualised property yield (%)		Weighted average rental escalations based on GLA (%)	
	2022	2021	2022	2021	2022	2021
Retail-experience hubs	231	223	6.6	6.3	6.5	6.3
Collaboration hubs	228	227	7.4	9.0	7.2	7.5
Logistics hubs	94	83	7.9	7.2	6.4	5.4
Hotel	255	256	9.5	7.9	7.0	7.0
Total	201	192	7.0	7.5	6.8	6.7

Sector occupancy

Retail-experience hubs

Collaboration hubs

Logistics hubs

Hotel

Portfolio occupancy

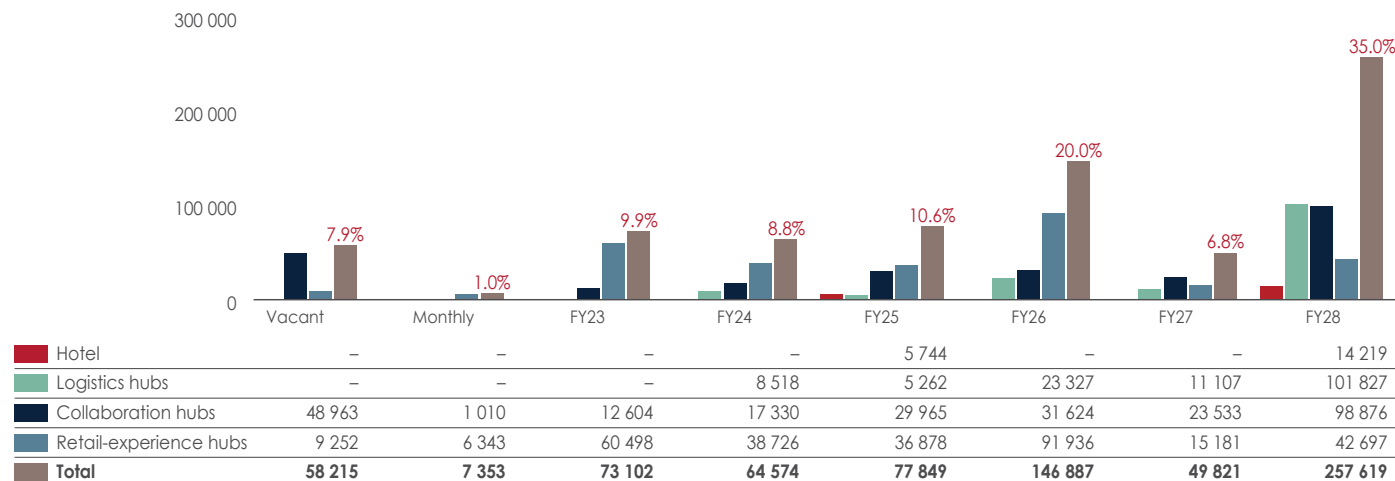
Add: occupied post-year end

Adjusted portfolio occupancy

	June 2022				June 2021			
	Waterfall City %	Rest of South Africa %	Total %	Occupied GLA m ²	Waterfall City %	Rest of South Africa %	Total %	Occupied GLA m ²
Retail-experience hubs	95.0	97.4	96.5	299 114	94.1	96.4	95.5	296 548
Collaboration hubs	80.8	87.0	82.4	221 659	93.8	85.5	91.7	256 247
Logistics hubs	100.0	–	100.0	136 027	100.0	–	100.0	163 856
Hotel	100.0	100.0	100.0	20 405	100.0	100.0	100.0	20 405
Portfolio occupancy	90.5	94.8	92.1	677 205	96.0	93.6	95.2	737 056
Add: occupied post-year end	1.8	0.7	1.4	9 995	1.1	0.3	0.8	6 148
Adjusted portfolio occupancy	92.3	95.5	93.5	687 200	97.1	93.9	96.0	743 204

The portfolio's WALE decreased to 5.6 years (2020: 5.8 years).

Lease expiry profile – GLA (m²)



Quality clients

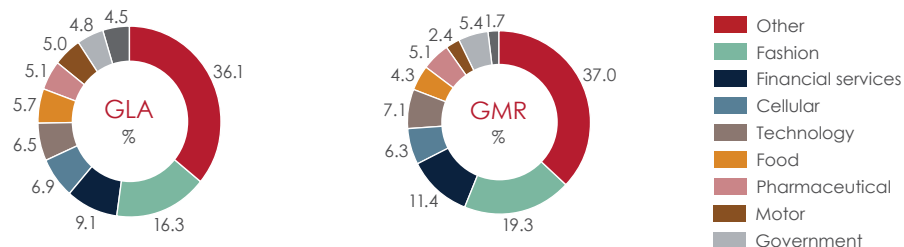
Given the prime space in our collaboration hubs and stringent selection criteria, we are able to secure high-quality clients. We have graded our client profile across A-, B- or C-grade clients. The high credit quality of clients in our portfolio is reflected in the high percentage of A-grade clients. Our clients are categorised as:

- **A-grade:** large international and national clients, large listed entities and government or major franchises make up 73.1% (2021: 69.3%) of our tenancy based on GLA.
- **B-grade:** smaller international and national clients, listed clients, franchisees and medium to large professional firms make up 20.8% (2021: 22.3%) of our tenancy based on GLA.
- **C-grade:** smaller clients and sole proprietors make up 36.3 or 6.1% (2021: 34.2 or 8.4%) of our tenancy based on GLA.

Lease expiry profile – Gross monthly revenue

(R'000)	Vacant	Monthly	2023	2024	2025	2026	2027	2028
Retail-experience hubs	–	2 171	15 032	11 585	8 186	20 537	3 744	6 213
Collaboration hubs	–	221	3 022	4 205	6 604	7 613	4 409	23 002
Logistics hubs	–	–	–	676	389	1 881	1 146	10 052
Hotel	–	–	–	–	1 127	–	–	3 965
Total	–	2 392	18 054	16 466	16 306	30 031	9 299	43 232
%	–	1.8	13.3	12.2	12.0	22.2	6.6	31.9

Diverse client base (%)



Attacq continues to secure a quality rental income stream as demonstrated by the high proportion of international collaboration and logistic clients.

IN GOOD COMPANY @ WATERFALL CITY



Ensuring the long-term sustainability of our clients by aiming to reduce the cost of occupancy and ensuring business continuity

Other than rent, the cost of occupancy is driven largely by municipal charges, such as utilities and rates. Cost reduction initiatives include investing in sustainable initiatives to reduce overall cost, economies of scale through shared services in Waterfall City and client collaboration on efficiency projects. Refer to the Environmental capital section from [page 67](#) for a discussion on efficiency and cost-saving initiatives on energy, water and waste.

Our retail-experience hubs, collaboration hubs and hotels are backed up by generators and therefore operational during power outages, ensuring business continuity and resilience in energy supply. In addition, our real estate portfolio can run without municipal water supply for up to two days.

Creating remarkable experiences in our retail-experience hubs

Our shopping malls are more than just retail space, they are retail-experience hubs. During the year, the SHôPING app was rolled-out at Eikestad Mall.

Trading densities

The 12-month weighted average trading density for the total portfolio increased by 12.6% to R3 392m² (2021: decreased by 0.4% to R3 012m²) with increases at Mall of Africa of 18.7%, Garden Route Mall of 11.9% and Lynnwood Bridge – Retail and MooiRivier Mall of 11.1%. Trading densities at the malls have exceeded pre-COVID-19 levels.

The improved turnover of our retail clients is evidence of a shift in shopper behaviour during the year as shoppers increasingly returned to our regional and super-regional retail-experience hubs.

Significant turnover growth can be seen in the following retail categories: Department stores (9.0% growth from FY21, representing 20.4% of the total portfolio's turnover), Apparel (20.2% growth from FY21, representing 20.6% of the total portfolio's turnover), and Food (12.8% growth from FY21, representing 14.4% of the total portfolio's turnover). The turnover of our food services clients, which consists mostly of restaurants, grew by 27.0%, representing 9.0% of the total portfolio's turnover.

The strong turnover growth experienced by our clients, has placed us in a stronger position going forward to negotiate rental terms.

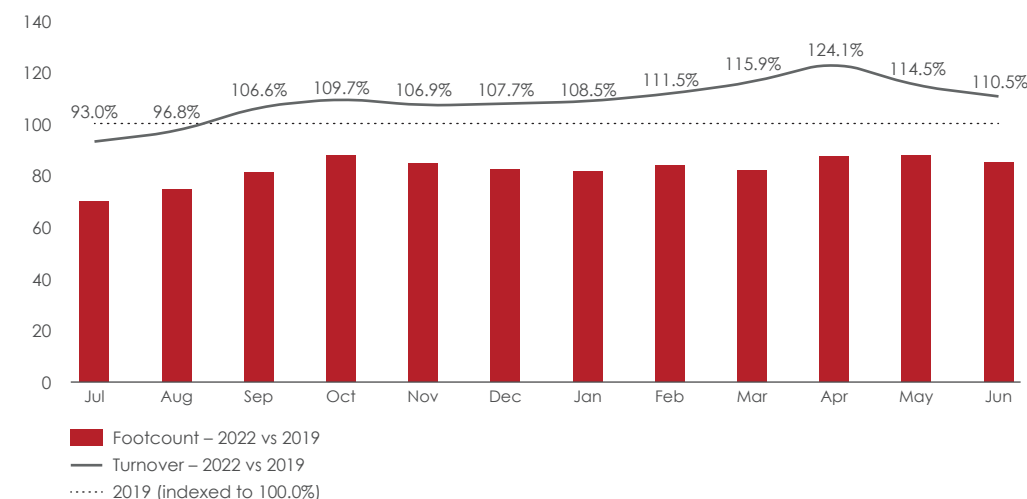
South African portfolio turnover and foot-count

	12-month average trading density*			12-month average rent to turnover#	
	2022 R/m ²	2021 R/m ²	Growth %	2022 %	2021 %
Centre					
Super-regional					
Mall of Africa	3 617	3 047	18.7	8.3	9.9
Regional					
Brooklyn Mall	2 904	2 654	9.4	9.7	12.0
Eikestad Mall	2 605	2 397	8.7	6.8	7.7
Garden Route Mall	3 157	2 821	11.9	6.1	6.8
MooiRivier Mall	2 708	2 438	11.1	7.1	7.6
Convenience					
Glenfair Boulevard	5 434	5 019	8.3	5.2	5.1
Lynnwood Bridge	4 885	4 625	5.6	3.7	4.5
Neighbourhood					
Waterfall Corner	4 459	4 280	4.2	4.7	4.8
Portfolio (weighted average)	3 392	3 012	12.6		

* Reported client turnover divided by GLA based on a 12-month average

Gross rental including operating costs and rates divided by reported turnover based on a 12-month average

South African portfolio turnover and footcount



Build on our client experiences (Sky-risers CX journey)

The aim of our Sky-risers CX journey is to create a remarkable experience at every Attacq touchpoint for all our stakeholders. Refer to the Attacq Experience on [page 90](#) and key relationships on [page 29](#).

Develop and operate smart, safe and sustainable hubs

We enhance our ability to attract clients into Waterfall City by focusing on the development of sustainable, high-quality property assets. The quality and resilience of our portfolio will generally remain high, as each new building we complete is improved by the incorporation of our learnings and insight in our developmental approach. Consideration is given to the evolving requirements of our clients and where feasible, adaptations are made to embrace climate change. We maintain high building and environmental compliance levels through the application of best practice.

Over the past year, we have maintained the quality of our collaboration hub portfolio. The decrease in P-grade rated collaboration hubs is due to the sale of the Deloitte head office and the increase in A-grade rated collaboration hubs is due to the completion of Corporate Campus, building 6 and 7 – with a 4-star GBCSA certification. We currently do not have any C-grade collaboration hubs in our portfolio.

	Waterfall City (%)	Rest of South Africa (%)	Total (%)		
Office grading by GLA	2022	2022	2022	2021	2020
P-grade	18.3	–	13.6	20.7	19.1
A-grade	81.7	66.4	77.7	70.9	64.7
B plus-grade	–	33.6	8.7	8.4	7.8
C-grade	–	–	–	–	8.4
Total	100.0	100.0	100.0	100.0	100.0

Read our Environmental capital section, from [page 67](#), for more detail on how we are enhancing the sustainability performance of our buildings.



PwC Tower, Waterfall City - an example of a P-grade collaboration hub

CASE STUDY

Vantage data centre

Features

- ±120 000m² campus
- Phase 1, completed (11 562m² of GLA)
- Phase 2 and 3, pipeline developments (>48 000m² of GLA) we are in the process of completing bulk earthworks
- 60 000m² of space in total (data centre size)
- 80MW of critical IT load (average density)
- Three planned, two-story data centres
- Class A building amenities including office, conference rooms, break rooms and more

Cooling

- N+2 component-level redundancy across mechanical systems
- Computer Room Air Handling units located in two galleries on opposite sides of each data module allow for highly efficient airflow distribution
- Closed-loop chilled water system with air-side economizers
- Water Utilisation Efficiency is near zero (litres/kW/hr) using the latest cooling design

Connectivity

- Two Meet-Me-Rooms for each data centre on campus, allowing for diverse paths and multiple connectivity options
- Four points-of-entry for the campus ensuring maximum path diversity for inbound carriers
- Diverse fiber pathways into the campus (minimum 2 paths per carrier)

Power

- 80MVA HV substation on site, once all three planned phases are completed
- Power provided by Eskom
- Multiple, diverse power feeds supporting the campus
- 400V electrical configuration
- All systems 100% concurrently maintainable

Amenities

- Dedicated offices and workspaces customisable to your needs
- Secure storage with easy access between data modules
- Multiple conference rooms and meeting spaces throughout the campus
- Located within Waterfall City surrounded by restaurants, hotels, shopping and entertainment

Security

- On-site security operations centre with patrols 24x7x365
- K12-rated fencing around the perimeter with impact protection
- CCTV on all access control points throughout the entire campus
- Dual authentication for customer and critical infrastructure areas
- Visitor Management System with controlled and monitored access points and stringent access control policy



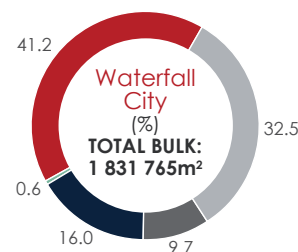
Celebrating the completion of Vantage data centre

Developing Waterfall City

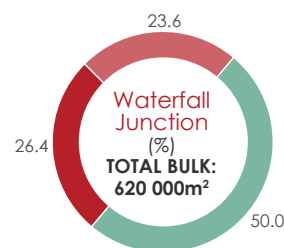
Waterfall City represents an exceptional development opportunity in South Africa providing the group with a diversified development pipeline for the creation of stakeholder value, while offering clients a work, play and live lifestyle within a safe, secure and sustainable environment.

Waterfall City comprises 2 200ha of leasehold land. At 30 June 2022, the group had 932 933m² (2021: 1 069 106m²) of developable rights remaining, comprising Waterfall City (786 799m²) and its interest in Waterfall Junction of (146 134m²).

Leasehold land, encompassing both development rights and infrastructure, relates to the notarial leasehold rights in respect of Waterfall City held by AWIC, a 100.0% subsidiary of Attacq. AWIC has until the end of 2040 to proclaim its leasehold rights, to the extent it has not already done so. Proclamation entails the formal government gazetting of leasehold land within a township. A new urban design, taking cognisance of future market trends, is currently underway for Waterfall City. In conjunction with this, a bulk optimisation project is being implemented.



■ Completed – held
 ■ Completed – sold
 ■ Bulk – sold
 ■ Under construction
 ■ Total remaining bulk



■ Sanlam Life Insurance's interest
 ■ Attacq's increase in interest
 ■ Attacq's interest

Waterfall Junction

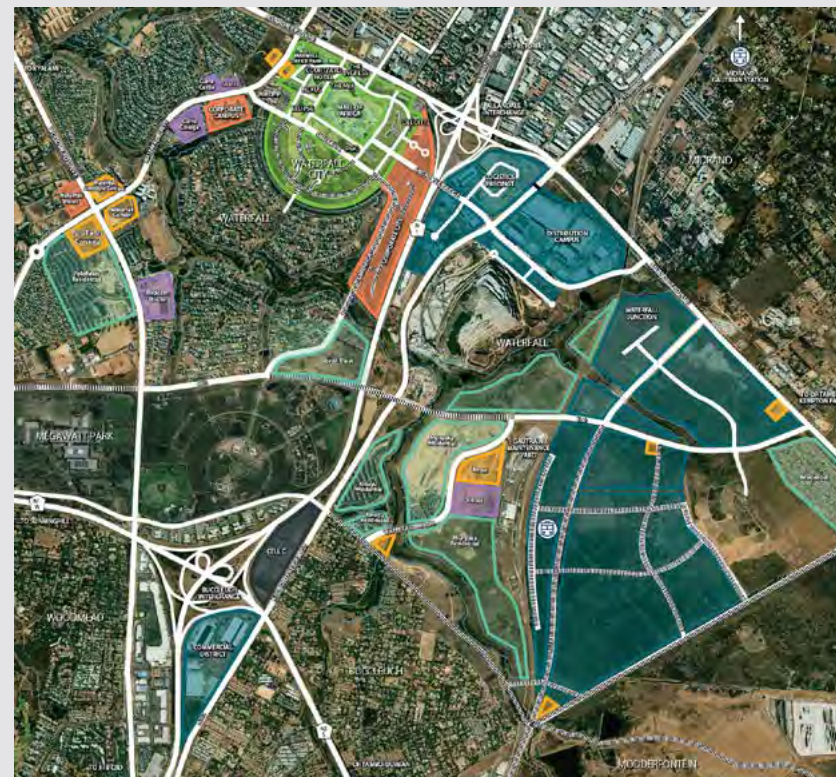
Attacq, through a joint venture between Sanlam life Insurance Limited and AWIC, has access to a further 620 000m² of logistics bulk situated on the eastern land parcels 3 and 24 of Waterfall City and traversed by the planned K113 and K60 arterial routes. The site, waterfall Junction, is planned to be a landmark, safe and sustainable logistics park situated in a prime location corridor in Gauteng for logistics and light industrial dents. The development will consist of six phases with the infrastructure catering for Phase 1 (156 000m² bulk) nearing completion. Attacq has exercised its call option to increase its interest in Waterfall Junction from 23.57% to 50.09%, subject to the satisfaction of certain conditions precedent.

Our interest in Waterfall City

Waterfall City bulk	(m ²)
Retail	45 603
Residential	52 939
Office	607 713
Hotel	39 000
Industrial	73 921
Total	819 176

Waterfall Junction bulk	(m ²)
Industrial m ²	620 000
Attacq owns (%)	23.57
Total	146 134

Call option to acquire up to 50% has been exercised



Bulk reduced by 44 257m² through implementation of bulk optimisation plan



Old logo



New logo

Waterfall City - Where Living Works

The publication of this integrated report coincides with the launch of the new Waterfall City logo and branding. See www.waterfallcity.co.za for the brand launch of #cityness is coming.

By formally including 'City' in our name, we now emphasise the true purpose of the precinct, which is to bring communities together in a dynamic and vibrant urban environment that meets their personal and professional needs and offers them quality of life. Waterfall City is a place where you can integrate every aspect of your life as part of a thriving community. It aims to provide a safe, world-class smart city where you do not merely live, but where you can build a meaningful life.

Waterfall City combines the best of the business sector, residential estates and shopping convenience in close, walkable proximity. Carefully curated natural spaces are merged with the city landscape to encourage a healthy and active lifestyle. World-class technology infrastructure generates clean energy, connects the city with the world and empowers its citizens. Waterfall City is the latest growth node of Gauteng, the economic hub of the African continent, it is rapidly developing into a true lifestyle and blue-chip business destination, located between Pretoria and Johannesburg that represents a revolution in urban living.

Waterfall City boasts the Mall of Africa, the largest retail-development constructed in a single phase in Africa. Good visibility and accessibility make Waterfall City Logistics hub an attractive location for modern light industrial, logistics and distribution business. Waterfall City has a track record of delivering quality, purpose-built developments, attracting leading brands such as PwC, Deloitte, Cisco, Pfizer and Ericsson. The first luxury high-rise apartments, Ellipse Waterfall, will contribute to the live-work-play environment. Sustainable building design and lifestyle features ensure efficient resource usage and management of cost of occupancy.

The Waterfall City brand The brand is based on its four cornerstones:



A City of Connection

Waterfall City is a place where you can connect all aspects of your life, be it living, business or leisure.

Locality | Infrastructure | Technology | Travel



A City of Care

Waterfall City is a stable, robust environment where business and communities can flourish and where we care for our people and the planet.

Safety | Sustainability | Smart City | Health



A City of Commerce

Waterfall City, located in the economic hub of Gauteng, is home to international and local blue-chip brands in leading industries.

Commercial | Retail | Logistics | Hospitality



A City of Community

Waterfall City is home to multiple residential estates in an inclusive community, where we celebrate diversity and encourage learning and community building.

Multi-generational Living | Education | Lifestyle
Destination Waterfall City Cares

Creating a destination of choice by developing a unique work-live-play environment

Residential developments

Attacq continues to build the Waterfall City community through residential developments.

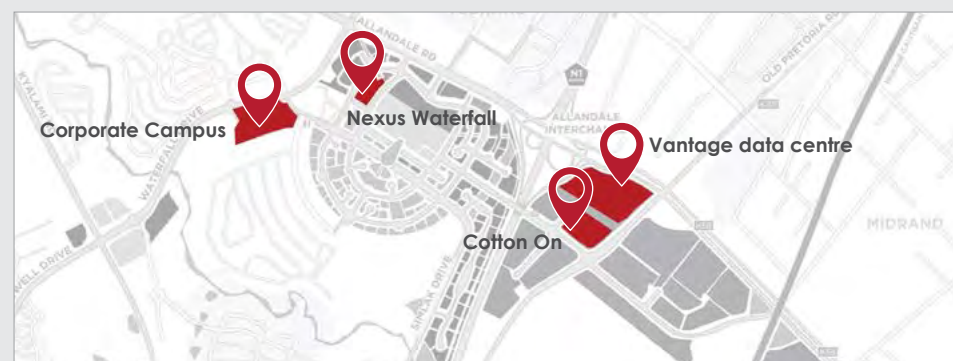
Ellipse Waterfall, located on a prime city gateway site opposite Mall of Africa, is a co-development with Portstone. Ellipse Waterfall will on completion comprise four deluxe high-rise towers, named after celebrated astronomers: Newton, Kepler, Cassini and Galileo. Newton and Kepler towers (Phase 1, 270 units), a 50/50 undivided share with Portstone was completed during FY21 and 236 units have been transferred. The completion of the Cassini tower (Phase 2, 185 units) is expected in Q4 FY23 with more than 85.0% of units pre-sold. The marketing launch of Galileo tower (Phase 3, approximately 145 units) is planned for October 2022. Attacq's interest in Phase 2 and Phase 3 is 20.0%. Phase 1 has achieved a 4-star GBCSA multi-unit rating (by design and as built) certification, with the rest of the development targeting the same certification.



Launching Ellipse Waterfall - phase 3, Waterfall City

Newly completed developments

During the year, five developments were completed in Waterfall City and were transferred to the South African portfolio. These buildings added 47 623m² of GLA to Waterfall City, of which 27 438m² represents Attacq's effective share.



Newly completed developments	Practical completion date	Total GLA m ²	Effective GLA m ²	Occupancy % based on GLA	Effective valuation*
Waterfall City – Collaboration hubs					
Nexus Waterfall, building 1	Q4 FY22	7 252	7 252	52.8	124 714
Waterfall Corporate Campus, building 6 [^]	Q2 FY22	3 970	1 985	100.0	49 126
Waterfall Corporate Campus, building 7 [^]	Q4 FY22	4 092	2 046	89.2	38 397
Waterfall City – Logistics hubs					
Cotton On head office and distribution centre [^]	Q3 FY22	20 747	10 374	100.0	92 242
Vantage data centre, phase 1 [^]	Q4 FY22	11 562	5 781	100.0	256 661
Total		47 623	27 438	86.7	561 140

[^] Attacq has an undivided share in the building of 50.0%

Developments under construction

Developments under construction at year end comprised the following projects:

Waterfall City



	Anticipated practical completion date	Total GLA* m ²	Effective GLA* m ²	Pre-let/ pre-sold %
Developments under construction				
Waterfall City – Residential				
Elipse Waterfall, Cassini tower (169 units) [#]	Q4 FY23	15 434	3 082	>85.0 ^{##}
Waterfall City – Logistics hubs				
Plumblink head office and distribution centre [^]	Q3 FY23	14 943	7 471	100.0
Total		30 377	10 553	>95.0

* Estimated GLA of development, subject to change upon final re-measurement post-completion

20.0% effective share

Based on number of units of bankable pre-sales; sectional-title units

^ Attacq has an undivided share in the building of 50.0%

Plumblink head office and distribution centre

Attacq entered into a 50/50 undivided share with Bidvest Property (Pty) Ltd to develop a 14 943m² head office and distribution centre for Plumblink, a Bidvest Limited subsidiary. The development has a total development cost estimated at R141.9 million. This development, incorporating a rooftop PV system, is located on the last remaining site of land parcel 22 and is expected to achieve a 4-star GBCSA certification on completion.



An artist impression of the proposed Plumblink head office and distribution centre



ENVIRONMENTAL CAPITAL



Biodiversity enhancements and ecological value creation at Waterfall Circle, Waterfall City

The strategic objective is to be truly efficient, resilient and smart in the way we plan, design and operate our portfolio including our city, infrastructure and buildings, both now and in future.

The key elements of the environmental capital are carbon emissions, energy, water, waste and biodiversity. We target year-on-year improvements in consumption performance against baselines through sustainability initiatives to reduce our carbon footprint and manage the cost of occupancy.



Key elements

Carbon emissions

Energy

Water

Waste

Biodiversity

Strategic
objective

To be truly efficient, resilient and smart in the way we plan, design and operate our portfolio

FY22 intended outcomes	Proactively manage and reduce our footprint	Improve efficiency and resilience	Manage quantify, efficiency and resilience	Reduce and recycle	Protect and enhance our environment
FY22 KPIs	Set reduction targets for per-unit CO₂ emissions	Set reduction targets for per-unit energy consumption	Set reduction targets for per-unit water consumption	Set reduction targets for per-unit waste emissions and quantity per waste stream	Management approval of the biodiversity management plan and commence implementation under the WEMF, and monitored throughout by the Environmental Management System
FY22 performance	Accurate carbon emission reporting	Accurately monitoring energy consumption, evaluating the impact of key initiatives	Accurately monitoring water consumption, evaluating the impact of key initiatives	Accurately monitoring waste to landfill and onsite recycling, evaluating the impact of key initiatives	- Adopt the updated landscaping and beautification standard for implementation in Waterfall City - Commenced implementation of the biodiversity management plan (see Biodiversity on page 78)
Planned projects for FY23 and beyond	Carbon reduction emission initiatives are described under energy, water and waste	- Continue with the roll-out of 7MWp rooftop PV systems - Finalise outstanding CPs to the PPA for 15MWp - Roll-out of R17.0 million retail-experience hubs retrofit projects	- Water resilience projects underway - Proactive leak detection and strategic initiatives underway	Finalise Materials Recovery Facility feasibility assessment and conclude the way forward	Continued implementation of the biodiversity management plan
FY23 KPIs	Reduce our carbon emission in line with our ambition to meet a 46.2% target by 2030	- Obtain EPC certificates where required - Reduce energy consumption in line with the SBTi reduction targets	Reduce water consumption and intensity in line with the SBTi reduction targets	Reduce waste to landfill in line with the SBTi reduction targets	Continue with the implementation of the biodiversity management plan



We consider targets under SDG 13:
13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters.

What we achieved in FY22

Lourens du Toit was appointed in a new strategic role as Head of Sustainability, Infrastructure and Land. This position was created to support Attacq's business diversification through our environmental plan (see  [page 87](#)).



Our four-point environmental plan

Our updated environmental plan, which supports our business strategy, was approved by the TSE in August 2021.

This environmental plan encompasses our approach to the **E** in **ESG** and balances the management and development of future-proofed real estate within the parameters of our operating context and compliance imperatives.

Science based targets initiative

Science based targets provide companies with a clearly defined path to reduce GHG emissions in line with the Paris Agreement goals thereby helping prevent the worst impacts of climate change and future-proof business growth. Many businesses around the world are already working with the Science Based Targets initiative (SBTi).

Setting a science-based target is a **five-step process**:

STEP 1	STEP 2	STEP 3	STEP 4	STEP 5
Commit	Develop	Submit	Communicate	Disclose
Submit a letter establishing your intent to set a science-based target	Work on an emissions reduction target in line with the SBTi's criteria	Present your target to the SBTi for official validation	Announce your target and inform your stakeholders	Report company-wide emissions and track target progress annually

STEP 1

Set carbon emission reduction targets (short-term KPI – FY22)

During FY22, our baseline (FY19) according to the SBTi methodology, in alignment with the Paris Agreement goal to limited global warming to 1.5 degree Celsius compared to pre-industrial levels, was approved by the TSE in August 2021.

Our ambition is to meet our SBTi approved 46.2% reduction target for carbon emissions, Scope 1 and Scope 2, by FY30 as we drive sustainable business across our real estate portfolio for all elements of carbon emission generation and intensity reduction.

STEP 2

Develop key initiatives or requirements for new and existing buildings (short to medium-term KPI – FY22/FY23 onwards)

A high-level road map of initiatives and requirements in support of our ambition to meet the FY30 reduction target has been developed. (see planned projects for FY23 and beyond on  [page 69](#))

STEP 3

Investigate feasibility of initiatives and impact (short to medium-term KPI – FY23 and beyond)

Continue to implement our initiatives in FY23 and beyond (see planned projects for FY23 and beyond on  [page 69](#))

STEP 4

Implementation of selected initiatives (short to medium-term KPI – FY22/FY23 and beyond)

As our initiatives are implemented, reduction targets (carbon emission Scopes 1 and 2) against actual performance will be monitored via our eco-analytics dashboard, in terms of carbon emission reduction targets, for each element (energy, water and waste).

Designing our buildings

When we design our buildings, we aim to achieve a minimum 4 Star Green certification (by design) standard. We have therefore crafted optimal-performance specifications to use as a guideline to incorporate green elements (see detail on right) that would enhance the performance of each building in our portfolio.

Existing building ratings overview

In total, 30 of our buildings have achieved green rating certifications – 26 by GBCSA and four by LEED (2021: 27 green-rating certifications).

At present, 41.7% (2021: 40.9%) of our total South African real estate portfolio and 73.0% (2021: 74.0%) of our collaboration hubs are green-rated by design (based on GLA m² effective share). This does not include the 5 Star GBCSA rated Allandale public transport facility, which is part of the public transport infrastructure backbone in Waterfall City.

Some of our buildings have achieved both design and as built certifications, thereby

addressing both sustainable design and operations.

Ratings achieved during FY22

During FY22, the newly completed Waterfall Corporate Campus, buildings 6 and 7 (combined 4 031m² of effective GLA) was green certified as 4 Star GBCSA (by design). In addition, building 6 achieved an 'as built' certification and building 7 is awaiting an 'as built' rating certification.

The newly developed Nexus Waterfall, building 1 (7 252m²) obtained our first Net Zero Carbon Level 1 certification through the GBCSA. We are awaiting its 5 Star GBCSA (by design and as built) rating (see 📄 page 71).

Ratings in process

The Garden Route Mall and MooiRivier Mall (104 356m² of effective GLA) are currently in the process of being certified under the GBCSA Existing Building Performance rating.

Refer to 🌐 <https://www.attacq.co.za/esg-space/> for detail of our green certifications per building.

Eligibility to obtain a GBCSA Sustainable Precincts Rating for Waterfall City (Phase 1)

Attacq is pursuing a Green Star Sustainable Precincts Rating for Waterfall City CBD (Phase 1), following confirmation from the GBCSA in November 2021 that the development met the eligibility criteria. The next step is to certify our mixed-use precinct development in terms of its sustainable governance, liveability, economic and environmental attributes already in place and planned for future roll-out.

The remainder of our portfolio, that is not certified, includes some of the following green elements:

- **Emissions:** carpool parking, electric vehicle parking, bicycle parking, bus stops or taxi drop-off facilities
- **Energy:** rooftop PV systems power, LED lighting and motion sensors, building management systems with varying levels of monitoring and controls, heating ventilation and air conditioning with variable speed drives and CO₂ monitoring, heat pumps, roof insulation, façade shading or overhangs, high-performance glazing, power factor correction
- **Water:** flow limiters/low flow fittings on taps, toilets and urinals, water storage for alternative water sources such as rainwater
- **Waste:** waste management plan, on-site or off-site recycling

Green-rated buildings based on GLA*	2022		2021	
	m ²	%	m ²	%
Total South African real estate portfolio	306 449	41.7	316 540	40.9
Waterfall City	260 120	55.6	269 822	53.4
Rest of South Africa	46 329	17.3	46 718	17.4
Collaboration hubs	196 287	73.0	206 608	74.0

* Allandale public transport facility, which is part of our public transport infrastructure backbone in Waterfall City, was awarded a GBCSA 5 Star public and education building rating, is excluded from our South African portfolio's GLA calculations as we do not earn rental. Ellipse phase 1, 38 560m² currently held in inventory, as sectional-title residential units, achieved a GBCSA multi-unit rating in January 2022

Nexus Waterfall - Building 1, Waterfall City

Attacq recognises the need to be at the forefront of change as buildings are producing a large percentage of the world's carbon emissions.

The energy efficient design of Nexus Waterfall, Building 1 has created the opportunity for Attacq to achieve a Net Zero Carbon Level 1 rating with the GBCSA, based on energy performance modeling of the base building design. Net Zero Carbon Level 1 means that the premises that we provide to our clients has

a net zero carbon emission, measured over a year. The effective and efficient layout and design of the Nexus Waterfall, Building 1 floor plate facilitated the installation of a 230 kWp rooftop PV system on the roof which produces enough renewable energy to meet the energy demand of the base building systems

(HVAC, common area lighting, lifts and hot water) resulting in net zero operational emissions modeled before occupation. Other energy efficiency measures include the high-performance glazing and LED lighting.



High-performance glazing on Nexus Waterfall - building 1, Waterfall City



Installing a 230kWp rooftop PV system on Nexus Waterfall - building 1, Waterfall City

Carbon emissions

Proactively manage and reduce our footprint

Carbon emissions are considered the primary cause of accelerated climate change.



The South African government introduced a carbon tax in June 2019 as part of its commitment to responding to climate change. In line with the international 'polluter pays' principle, the tax attaches a cost to GHG emissions, with the intention to change the behaviour of large emitters. An increase in the carbon tax rate was announced in January 2022.

Attacq has embedded a successful process to track the monthly carbon emissions of our real estate assets and clients by using an eco-analytics platform. Analysis of this information has allowed us to update the asset management strategy to improve efficiencies and lower carbon emissions.

Carbon emissions are calculated by using the operational control approach, defined as 'having the ability to introduce and implement operating and/or environmental policies and measures'. Using this approach, emissions from any asset under Attacq's direct control are included in its direct emissions and classified as Scope 1, where emissions (wholly or partially not controlled e.g. investments or leased assets, are excluded from direct emissions and included under scope 3. Scope 2 emissions are classified as indirect emissions as it comes from the generation of purchased electricity consumed by Attacq's clients monthly.

Scope	Tonnes CO ₂ e 2022	Tonnes CO ₂ e 2021	Tonnes CO ₂ e 2019 (SBTi baseline)
Scope 1	1 668.3	886.6	1 023.3
Scope 2	13 087.6	14 897.9	15 547.4
Total scope 1 and 2	14 755.9	15 784.5	16 570.7
Scope 3	162 805.0	155 852.3	178 009.0
Total scope 1, 2 and 3	177 560.9	171 636.8	194 579.7
Out of scope	1 489.8	2 043.5	–
Total emissions	179 050.7	173 680.3	194 579.7

* FY19 results have been restated owing to improved reporting through our eco-analytics dashboard.

Our carbon emission reduction plan is the total of our energy, water and waste initiatives as described below. Refer to the detailed discussions on energy (see [page 73](#)), water (see [page 76](#)) and waste (see [page 77](#)).

Our emissions for FY22 increased by 3.09% to 179 050.7 tCO₂e (2021: 173 680.3 tCO₂e), largely as a consequence of loadshedding (increased use of generators and associated diesel consumption). When compared to our FY19 SBTi baseline (194 715.5 tCO₂e), our emissions however reduced by 8.04%. This can be attributed to efficiency improvements by clients as they take control of their own carbon emission reduction strategy, rooftop PV systems in operation for the full financial year and lighting retrofits in our retail-experience hubs.



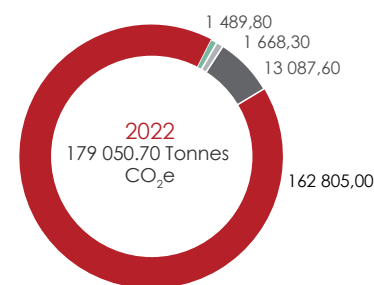
We consider targets listed under SDG 12:
12.2 Sustainable management and
efficient use of natural resources

Scope 1 and 2 emissions for the year decreased by 6.5% to 14 755.9 tCO₂e (2021: 15 784.5 tCO₂e) and accounted for 8.2% (2021: 9.1%) of the total emissions reported. Purchased energy (Scope 2) produces the most emissions in Scope 1 and 2 and reduced by 12.15% to 13 087.6 tCO₂e (2021: 14 897.9 tCO₂e).

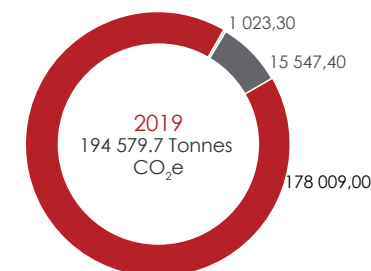
	Tonnes CO ₂ e 2022	Tonnes CO ₂ e 2021	Tonnes CO ₂ e 2019 (SBTi baseline)
Client emissions (from occupation of buildings only)			
Downstream leased assets: purchased energy	141 272.3	137 262.5	156 806.4
Fuel and energy-related activities – transmission and distribution losses	18 183.6	15 048.6	16 718.3
Purchased goods and services: water	651.6	603.1	716.6
Waste generated in operations	2 541.2	2 693.3	3 419.9
Total client emissions	162 648.7	155 607.5	177 661.2
Client emissions based on total carbon footprint (%)	91	90	91

Our scope 3 emission increased by 4.5% to 162 805 tCO₂e (2021: 155 852.3 tCO₂e), which indicates a return to office post the COVID-19 pandemic. Note that waste generated in operations decreased by 5.6% (see [page 77](#)).

The graph belows shows our carbon emissions per scope compared to our SBTi baseline:



Scope 1
Scope 2
Scope 3
Out of Scope



Scope 1
Scope 2
Scope 3
Out of Scope

Energy

Improve efficiency and resilience

Our consumption of renewable energy as a % of total energy consumption continues to increase as we execute our environmental plan. A steady year-on-year increase in energy consumption from renewable sources is therefore expected as we look to FY30. The increased % consumption of diesel indicates the impact of loadshedding.

	2022 %	2021 %	2019 (SBTi baseline) %	Target FY30 %
Diesel generators (back-up energy)	2.04	1.69	0.86	1.70
Renewable energy	6.50	6.23	5.57	25.75
Grid energy	91.46	92.07	93.57	72.55
Total	100.00	100.00	100.00	100

The combined impact of additional power consumption from renewable energy and loadshedding has equally contributed to reduce our grid energy consumption.

We recognised that increased energy efficiency can also improve our clients' cost of occupancy and reduce our carbon emissions. To efficiently manage energy consumption, we use smart meters throughout our portfolio and have set this as the standard for all new developments. To further improve the measurement and management of energy efficiency in our properties, we have rolled out building management systems in our larger properties and are considering the feasibility to extend these across the portfolio. By using our smart meters, we are able to track per building consumption and compare the results with the baseline (FY19 results) to identify performance trends (building and client).

During the year, energy usage marginally decreased by 1.96% to 155 971 (2021: 159 093MWh), which indicates a return to office post the COVID-19 pandemic but at the same time observing the implementation of flexible work schedules by our clients for their employees.

	2022	2021	2019 (SBTi baseline)
MWh for the year	155 971.0	159 093.0	175 582.1
Intensity (KWh/m ²)	180.24	179.77	222.86

We monitor our electricity intensity (ratio of energy consumption to total GLA) to benchmark our performance relative to our sector. Compared to the MSCI South African Annual Property Index for electricity intensity, we are performing below the Gauteng average intensity levels, for collaboration hubs. The energy intensity of our retail-experience hubs and logistics hubs are higher than the Gauteng average, as well as the industry average. We are investigating various improvement options and strategies in this regard.



We consider targets listed under SDG 7:

- 7.2 Increase the share of **renewable energy** in the global energy mix
- 7.3 Double the global rate of **improvement in energy efficiency**

We are committed to investing in sensible renewable energy projects. When correctly designed, these reduce operational costs, improve the resilience of our real estate portfolio and reduce the carbon footprint of our portfolio.

1 Rooftop PV systems

We committed ourselves to rolling out a further 7MWp of rooftop PV systems over the next three years. The following buildings have been selected for rooftop PV system installations in FY23: Plumblink head office and distribution centre (±250kWp), Eikestad Mall (±630kWp), Waterfall Corner (±630kWp) and Waterfall Lifestyle (±1.24MWp). The roll-out of the ±7MWp rooftop PV systems will be done in phases.

In total, our PV systems now generate 6.5% of our total energy requirements, which is marginally higher than the 6.23% and 5.57% of recorded in the preceding reporting period.

Total PV systems installed per sector (kWp)*	2023 Projected	2022 Actual	2021 Actual	2020 Actual
Retail-experience hubs	9 861	7 601	7 601	7 601
Collaboration hubs	471	663	423	241
Logistics hubs	490	240		
Total (kWp)	10 822	8 504	8 024	7 842
Energy generated by PV systems (kWh)**	13 000	10 348	9 916	9 857
% Total energy requirement generated by PV systems (%)	8.0	6.5	6.2***	5.6***

* Total kWp quoted and not Attacq's effective share

** During the year, we installed two 240kWp systems on the roofs of Nexus Waterfall (Building 1), as well as a 240kWp system on top of the newly completed Cotton On head office and distribution centre

*** Note that the total kWp and energy generated by rooftop PV systems remain as is, but that the percentages of total energy requirements are restated for accuracy

During the year, we installed two 240kWp systems on the roofs of Nexus Waterfall (Building 1) as part of the initiative to achieve a GBCSA Net Zero Level 1 rating, as well as a 240kWp system on top of the newly completed Cotton On head office and distribution centre.

2 Retrofit projects

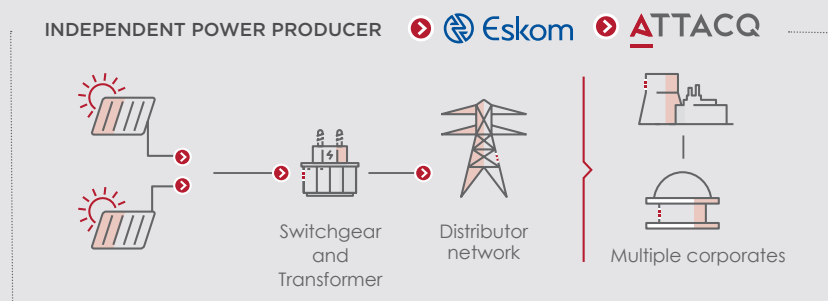
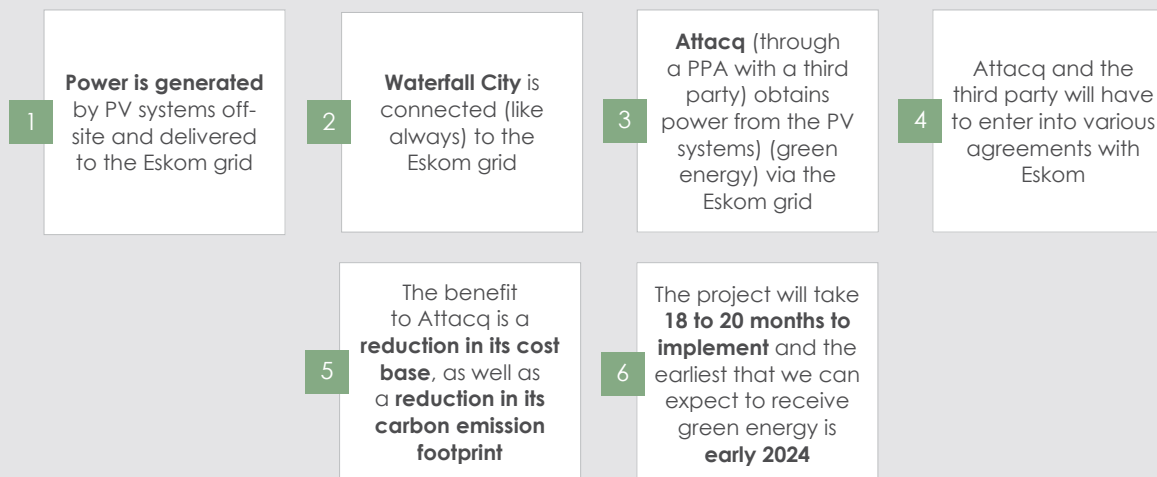
In addition, we have approved the roll-out of R17.0 million retail-experience hubs energy retrofit projects. These retrofit initiatives are supported by pilot studies to ensure their feasibility.

3 Signed PPA agreement

During the year, Attacq signed a 15MWp PPA, which is in the process of being implemented, with the expected commencement date during FY24.

Attacq's PPA explained

This green power initiative is in line with our environmental plan to reduce carbon emission and will bring more efficient rates for energy to Waterfall City and ultimately increase our return to shareholders.



Representation of an off-site PV system (see step 1)

Electricity (kWh/m²)

During the year, our usage levels at our retail-experience hubs decreased by 1.8% to 263.5kWh/m² (FY2021: 306.9kWh/m²), and usage in our collaboration hubs decreased by 1.52% to 134.9kWh/m² (FY2021: 136.8kWh/m²).

Logistics hubs have increased by 3.0% to 68.9kWh/m² (FY2021: 66.9kWh/m²), but remain below the FY2019 baseline of 71.5kWh/m² (FY2021: 268.4kWh/m²).

Sector	2022			2021			2019** (SBTi baseline)		
	MSCI benchmark Gauteng average*	MSCI industry average per sector*	Attacq intensity results	MSCI benchmark Gauteng average#	MSCI industry average per sector#	Attacq intensity results	MSCI benchmark Gauteng average^	MSCI industry average per sector^	Attacq intensity results
Retail-experience hubs	243.8	259.9	263.5	245.9	254.0	306.9	305.8	297.0	357.4
Collaboration hubs	135.4	140.8	134.9	139.9	n/a	136.8	169.6	158.4	141.3
Logistics hubs	62.2	61.1	68.9	72.0	n/a	66.9	75.2	79.2	71.5

* MSCI South African Annual Property Index (results for the year to 31 December 2021)

** FY19 results have been restated owing to improved reporting through our eco-analytics dashboard

MSCI South African Annual Property Index (results for the year to 31 December 2020)

^ MSCI South African Annual Property Index (results for the year to 31 December 2018)

n/a – not available



Rooftop PV system at Nexus Waterfall, building 1 with Gateway West and The Ingress in the background

Water

Manage quantity, efficiency and resilience Importance of water

South Africa's water supply constraints (whether due to geographic location and/or as a result of failing municipal infrastructure) could have a significant impact on the real estate sector. For Attacq, this means that water supply may have an impact on construction, development roll-out and cause operational disruptions as well as impact our stakeholders' experience across our portfolio.

Understanding the water risk

We are investing in ongoing research to understand our exposure to, as well as monitor our water risk and thereby assess the appropriate response at a portfolio level. This includes commissioning a detailed water risk assessment of the entire upstream water value chain in Gauteng and the Western Cape, with accompanying water testing and analysis.

A water resilience assessment study focusing on opportunities to reduce, store and treat different water sources within Waterfall City has been completed. The water balance model developed in the study, assessed all aspects of supply and demand from

various water sources in Waterfall City for potential solutions to improve water efficiency and resilience, including the monitoring of pressure and flow in our reticulation network, as well as water levels at all our back-up tanks at our buildings.

Interventions

We purposely design all our new buildings and assess our existing buildings to ensure water efficiency as we strive to manage demand and reduce consumption and intensity (the ratio of water consumption to total GLA). Water resilience initiatives that have been implemented to date include:

- rainwater-harvesting storage capacity
- treatment and use of water from non-municipal sources (see photo of grey water filtration system at the Mall of Africa)
- onsite backup facilities, i.e. all our buildings can operate for up to two days without water supply as well as operate during near day-zero conditions
- low-flow fittings and dual-flush toilets (reducing demand)



We consider targets listed under SDG 6:

- 6.3 Improve water quality by reducing pollution and increasing recycling.
- 6.4 Increase water-use efficiency and ensure sustainable supply of freshwater

- smart metering and leak detection
- specific attention is given to the heat, ventilation and air-conditioning system designs to reduce water consumption over the life of the properties

Landscaping and irrigation demand management

We actively aim to reduce and manage our demand for potable water at our buildings, which includes common areas and landscaping irrigation demand. In addition, we have established water-wise and indigenous landscaping (refer to Biodiversity, [page 78](#)).

Actual water intensities (litre/m²)

During the year, our water intensity increased by 9.1% to 0.864Kℓ/m² (2021: 0.792Kℓ/m²) and total consumption increased by 7.2% to 704.46Mℓ (2021: 657.466Mℓ), indicative of the increased return of businesses to the workplace and retail foot-count increasing post the COVID-19 pandemic lockdown periods.

Our water intensity, compared to the MSCI South African Annual Property Index for water intensity, reflects that we are performing slightly above the Gauteng average intensity levels for retail-experience hubs, but below the industry average intensity levels for our collaboration hubs as indicated in the table above. We are, however, performing above the Gauteng average intensity levels at our logistics hubs.

Water (Kℓ/m²)

Sector	2022			2019** (SBTi baseline)		
	MSCI benchmark Gauteng average*	MSCI industry average per sector*	Attacq intensity results	MSCI benchmark Gauteng average^	MSCI industry average per sector^	Attacq intensity results (restated)
Retail-experience hubs	1.0	1.0	1.1	1.2	1.2	1.222
Collaboration hubs	0.6	0.6	0.6	0.8	0.8	0.709
Logistics hubs	0.0	0.4	0.7	0.4	0.5	0.723
Total	n/a	n/a	0.9	n/a	n/a	0.9

* MSCI South African Annual Property Index (results for the year to 31 December 2021)

** FY19 baseline has been restated due to improved reporting through our eco-analytics dashboard

^ MSCI South African Annual Property Index (results for the year to 31 December 2018)

n/a – not applicable



Grey water filtration system in the basement of Mall of Africa, Waterfall City

Waste Reduce and recycle

In FY22, we have experienced a marked downward trend in the volume of waste sent to landfill, as indicated in the graph below:

	2022	2021	Restated 2019* (our baseline)	2021 to 2022 % change	Baseline to 2022 % change
Waste recycled					
Generated (tonnes)	3 671	3 143	4 122	16.8	(10.9)
Recycled (tonnes)	1 237	980	1 492	26.2	(17.1)
Recycled (%)	33.7	31.2	36.2	8.0	(6.9)
Compost production (tonnes)	238	–	–	–	–
Waste to landfill (%)	59.8	68.8	63.8	(13.0)	(6.2)

* FY19 results have been restated owing to improved reporting through our eco-analytics dashboard

The recent amendments and updates to legislation associated with the National Environmental Management Waste Act 59 of 2008 have highlighted waste management as a key focus area. Although we ensure compliance with applicable legislation, we are also using this as an opportunity to improve our recycling rate and lower carbon emissions. We have determined our baseline (FY19 restated figures) against which we develop our reduction targets for per-unit waste emissions and quantity per waste stream.

We commenced with the development of a portfolio-wide Integrated Waste Management Plan in FY22 to set guidelines and policies for each individual asset and through its operation phase. From this, each asset will be required to develop their own plans and set their own detailed waste-to-landfill diversion targets. The IWMP is currently under review.

Our buildings are currently recycling mainstream recyclables (i.e. paper, plastic, glass and metal) at a rate of 33.7% (2021: 31.2%), which is marginally lower than the South African Waste Information Centre (estimated 34.0%) recycling rate for mainstream recyclables.

During the year, our total waste generated increased by 16.8% to 3 671 tonnes (2021: 3 143 tonnes), again as a result of people returning to office and the increased footfall in our retail-experience hubs as trade recovers in a post-pandemic environment.

Our recycling rate improved slightly to 33.7% (2021: 31.2%) because of restructured recycling operations to treat increasing volumes. Our waste recycled is below the target percentage of 36.2%.

The 'waste to compost' process was installed as a proof of concept. Mall of Africa restaurant food waste, that would ordinarily be sent to landfill, is now converted into a compost (see Biodiversity on [page 78](#)). By introducing composting, Waterfall City is reducing the methane gases produced in the landfill from food waste. For every ton of food waste, Waterfall City is preventing 617kg of carbon emissions. As indicated in the table, are we now recycling waste through composting for the first time.

As part of the WEMF, detailed feasibility assessments are underway to install an in-vessel composter machine (Heron IVC), which will reduce waste to landfill in the Waterfall City further.



We consider targets listed under SDG 11:

Make cities and human settlements inclusive, safe, resilient and sustainable.
11.6 By 2030, reduce the adverse per capita environmental impact of cities, including waste management



We consider targets listed under SDG 12:

12.2 Sustainable management and efficient use of natural resources
12.5 Reduce waste generation through prevention, reduction, recycling and reuse.



Our onsite in-vessel composter machine (Heron IVC), processing wet waste generated in Waterfall City, reducing waste to landfill

Biodiversity

Minimising our environmental impact

As part of our Waterfall City masterplan and vision, biodiversity enhancement and conservation of the natural environment and existing ecosystems remain a key focus. We are proactive in minimising the impact that our real estate portfolio and developments have on the natural environment and both support and comply with relevant environmental and conservation legislation, throughout our real estate portfolio and development activities.

To ensure that our biodiversity strategy is acted on, we established the WEMF as a joint initiative to oversee the implementation of the Environmental Management System and ultimately our BMP.

Our BMP has **two particular aspects as focal point**, namely

1

Landscaping and beautification works.

2

Watercourse and stream area rehabilitation and preservation.

Wetlands

The wetlands in Waterfall City are valuable to the precinct and our assets. They act as highly efficient filtration and stormwater management systems which function in unison with our engineering solutions in the city. We believe that maintaining and preserving these existing, well-defined eco-systems and existing watercourses are vital to long-term sustainability and support the city's environmental approach. We believe that indigenous plants are best adapted to local conditions and will be more resilient.

Our Waterfall City BMP includes an assessment of all manufactured landscaping and natural open spaces within Waterfall City and under the management of Attacq.

We consider targets under SDG 15:

15.1 Ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems



The **five BMP goals** for Waterfall City are therefore as follows:

- Achieve net positive impact on biodiversity
- Improve habitat quality in support of species diversity
- Improve habitat connectivity
- Improve water quality and stormwater management
- Establish partnerships to enhance biodiversity

Key BMP initiatives, specific to the wetlands, are being assessed for implementation and include:

Habitat quality

Constructed wetlands, alien invasive species management, high-impact planting, installation of bat and owl boxes, as well as rockeries to mimic naturally occurring rocky outcrops to further serve as habitat for certain terrestrial species, ensuring bank stability and habitat creation.

Habitat connectivity

Allowing the movement of fauna and flora between land parcels and ecosystem types, prevention of erosion.

Water quality and storm water management

Wetlands and defined storm water courses are constructed to prevent siltation and litter from entering the system.

We further improve the quality of the water by actively removing litter. Where required we re-vegetate bare land surfaces.

Demonstrating our commitment to biodiversity

Measures already in place demonstrate our ongoing commitment to protect, maintain and monitor the open spaces and wetland areas in various sections of Waterfall City. Our goal is to ensure proper rehabilitation, protection and sustainable use of these open areas as part of normal long-term operations.

Actions implemented during FY22: we have adapted our SLAs to include feasible recommendations and ensure adherence to legislative compliance incorporated in our BMP.

Landscaping

We are committed to establishing natural habitat and indigenous, water-wise landscaping aligned to our city's landscaping framework and policy guidelines as well as the relevant implementation guidelines. Our landscaping initiatives are supported by the usable compost produced by our waste processing activities. Examples include all road edges and common areas in Waterfall City, in particular the Deloitte head office link park to the Mall of Africa (see photograph) and the link park between the Allandale building and the Nexus Waterfall development.



Indigenous, resilient and water-wise landscaped pedestrian walkway from Deloitte head office to the Mall of Africa, Waterfall City



HUMAN CAPITAL



Employees learning the Attacq dance during the annual Attacq Day

Attacq is shaped by its employees who manage and develop our real estate portfolio or contribute through shared corporate services.

Our updated vision is to create a work environment where all Attacq Sky-risers feel safe, respected, valued, fully engaged, and equipped with all the necessary tools to perform their duties to their best ability, as a result of effective Human Capital practices.

FY22 key elements	Transformation	Wellness	Culture	Engagement	Risk
Strategic objective	Purposefully embed our company culture to encourage diversity and all employees to be 'Sky-risers'				
FY22 intended outcomes	Develop and maintain a diverse workforce	Focus on employee wellness through regular initiatives and support	Embed the desired culture underpinned by an inclusive environment and the Attacq values	Ensure effective communication, productive and engaged employees	Manage and monitor operational and people risk effectively
FY22 KPIs	Meeting or exceeding the EE plan as submitted to the Department of Labour	Wellness programme implemented	Diversity and inclusion training	Embrace and integrate Sky-risers platform	Management training for all managers including training on how to maintain compliance through company policies
FY22 performance	68.0% ACI staff as at 30 June 2022	Various wellness initiatives implemented, including Wellness Day and the Employee Assistance Programme	Implemented Management 101 training, which includes training on diversity and inclusion in the workplace	Several wellness and Sky-risers initiatives and activities	- Implemented Management 101 training - Each employee completed a PDP as the basis of our consolidated annual training plan - Initiated succession planning process
FY23 Key elements	Diversity**	Wellness	Culture	Training and development*	
FY23+ intended outcome	Develop and maintain a diverse workforce	Focus on employee wellness, health and safety, and engagement	Embed the desired culture and Attacq values, including effective communication	Support employee development and ongoing succession planning	
FY23 + KPIs	Employee complement as per 2023 EE plan	- Implement and monitor holistic wellness, including team capacity - Employee Satisfaction survey - Zero health- and safety-related incidents	- Monthly CEO and Sky-riser updates - Enhancement of the Sky-riser programme - Implementation of the annual Attacq Day - Employee Satisfaction survey	- Implementation of Elite Leadership programme - Digitise of entire performance management system - Launch the Attacq internship blueprint	

* The FY22 intended outcomes have been merged into different FY23 intended outcomes and 'Development' has been identified as a new key element

** We have changed the name of the FY22 key element, Transformation to Diversity

What we achieved in FY22

The Human Capital theme for the 2022 calendar year is #2020DO, a year of taking action. In the spirit of taking positive action, we are doing more for each other, implementing existing initiatives and generating new ideas that will take Attacq and its employees to greater heights. Embedding our company culture and supporting the wellbeing and development of our employees have been – and will continue to be – the strategic focus for the past year.

Key highlights include:

- Launching a new Employee Assistance Programme (see Wellness on [page 83](#)) and bi-annual Wellness Days.
- Implementing various Sky-riser initiatives that improved overall employee engagement (see Sky-risers on [page 85](#))
- Progress made in developing and retaining a diverse workforce through a focused recruitment approach, a revamped induction programme, providing internal promotion opportunities and implementing impactful training interventions (see Diversity on [page 82](#) and Training and development on [page 86](#)). This progress contributed towards achieving our B-BBEE Level 1 rating
- Hosting our first Attacq Day, which provided an opportunity for our employees from across all regions to reconnect in person for the first time post the Covid pandemic (see Attacq Day on [page 84](#))

Human Capital initiatives in the pipeline:

- We will place additional focus on the simplification and digitisation of all Human Capital related processes.
- The introduction of an annual Employee Satisfaction Survey that will allow us to measure and quantify the levels of satisfaction and engagement of all Attacq employees
- The launch of an exciting new Internship programme for recently qualified graduates



Garden Route Mall employees enjoying the Attacq in the Park event

We are proud of our employees' individual and collective achievements during this time and we look forward to implementing additional interventions that will further support their growth, wellbeing and overall satisfaction within Attacq.



Employees at head office dressing up for Heritage Day

Diversity

Develop and maintain a diverse workforce

A diverse workforce provides a range of perspectives and ideas, promoting agility and resilience in the company.

Our goal is that our management-level employees reflect the demographics of the country's EAP. This will be achieved by appointing ACI candidates through the attrition cycle of employees. Improving EE levels is a strategic KPI for the Human Capital team that we measure and track against our EE plan.

Our employee headcount remained at 156 employees (2021: 156 employees as per the amended EE report submitted on 9 December 2021) with four vacancies open at 30 June 2022.

Reflecting our commitment to diversity, of the 21 vacancies that were filled, 90% were ACI with 57% being female and 43% male. We also continued our one-year learnership programme, with a specific focus on providing upskilling to learners with disabilities. A new group of 10 learners commenced their one-year learnership programme on 1 June 2022, representing 6% of total employees as of 30 June 2022. This initiative resulted in Attacq winning an award for the employer with the highest disabled persons rate among JSE-listed entities employing less than 1 000 employees*.

* Research was conducted by IRAS (Integrated reporting and assurance services) for the 2022 Sustainable Data Transparency Index (SDTI)



We consider targets under SDG 8

8.5 Achieve full and productive employment and decent work for all women and men



We consider targets under SDG 10

10.2 Empower and promote the economic inclusion of all
10.3 Ensure equal opportunity and reduce inequalities of outcome

	2022	2021
Number of employees	156	156*
Women as % of total	52.6	51.3
Disabled employees as % of total	6.4	5.8
ACI employees as % of total	67.9	63.9

* 2021 number of employees restated to the amended EE report submitted on 9 December 2021

During the year, there was an overall improvement in total ACI employees from 63.9% in June 2021 to 67.9% in June 2022. We are currently over-represented in the White, Indian and Coloured demographic in comparison to the National EAP. Attacq has structured initiatives to drive the recruitment of African candidates to meet EE targets going forward, including the introduction of new recruitment sources and the launch of a new Internship Programme which will serve as a development pipeline for top African talent into Attacq.

Attacq aligns itself with the aims of the EE Act and progress is monitored by our statutory Employment Equity Committee, as well as our TSE & Remuneration Committees. Our progress over the past two years is illustrated alongside

Employment equity (%)	African	Coloured	Indian	White	Foreign
National EAP	78.8	9.6	2.7	8.9	–
2022 EE plan	50.0	12.0	7.8	29.5	0.6
2022 actual	45.5	12.8	9.6	31.4	0.6
2021 actual*	42.3	12.8	10.3	34.6	0.6

* As per the amended EE report submitted on 9 December 2021

Our workforce represents an appropriate mix of age groups, with over 61.5% (2021: 61.4%) of our employees aged 20 to 39. Mentorship and succession planning is ongoing to ensure proactive transfer of skills and knowledge from experienced employees to less tenured. During FY23, two vacancies will arise due to natural attrition and we will ensure that appointments are made in terms of our EE plan.

Workforce – breakdown by age group (%)	2022	2021
20–30 years	14.7	13.3
30–39 years	46.2	48.1
40–49 years	28.2	26.6
50–59 years	9.6	8.9
≥60 years	1.3	3.2
Average age of workforce (years)	38.4	38.7



We consider targets under SDG 3:

3.4 Prevention, treatment and promote mental health and well-being

Wellness

Focus on employee wellness by initiatives and support

The wellness, development and retention of our employees has always been at the heart of everything we do, helping us to provide remarkable employee experiences. Over the past year, additional focus has been placed on these elements to provide our employees with the support they need and to ensure that our employees not only survive, but to thrive in all aspects of their lives.

A key highlight for 2022 was the launch of our new Employee Assistance Programme (EAP) to support holistic wellness among our employees. Using a toll-free helpline, it gives them access to a range of specialised wellness support, including medical care, psychological support, legal assistance and school assistance for children from Grade 4 to Grade 12. Very positive feedback has been received from our employees on this programme and we are starting to see a stabilisation in overall employee wellness, post the Covid pandemic, as a result of this intervention.

In addition to the successful EAP, we hosted a Wellness Day across all regions focusing on mental and physical wellbeing.

Employee wellness is a central element of our overall approach to employee development and our culture of growing our people as the most important asset within our business. Our employees safety is of utmost importance to us and we remain fully committed to and compliant with all Occupational Health and Safety regulations.

We believe that our wellness activities result in the following benefits for our employees:

- The creation of a culture of affinity and positive working relationships through social events
- An engaged workforce where employees and company culture are aligned, thereby maximising stakeholder value and resulting in lower voluntary employee turnover
- They remain at the forefront of advancement in their disciplines through regular learning and development opportunities. Certain training is focused on health and safety compliance, which is necessary to ensure the safety of relevant stakeholders.

Going forward, we remain committed to continuously monitoring the wellness of our employees. This will be done through the introduction of an annual Employee Satisfaction Survey through which we can track progress made, gather additional feedback on the impact of our initiatives and obtain suggestions on new interventions we can implement in the future to adequately address the needs of our employees.

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Lynnwood Bridge employees participating in Wellness Day activities

Attacq Day

The first Attacq Day took place on 14 July 2022 at Ster-Kinekor, Mall of Africa. It was a special occasion as employees from all regions came together for the first time in over two years due to the COVID-19 lockdown restrictions and pandemic.

The purpose of the day was to provide all employees with the opportunity to reconnect with each other, while the management team shared the FY23 strategy and created a space for everyone to dream big.

Through this event, the special Attacq employee culture was enhanced and a remarkable experience was had by all.

The theme of the day was "We are Attacq", where we focused on the following behaviours:

@ Attacq we live our purpose through our values

@ Attacq we focus on a sustainable future

@ Attacq we care for each other and our communities

@ Attacq we share information openly, honestly and deliberately

@ Attacq we communicate directly and sometimes candidly

@ Attacq we strive to be highly effective

In addition to the FY23 strategy presentation, the following exciting elements were included in the day:

■ Announcement of the Employee of the Year.

Every month employees are encouraged to nominate fellow colleagues that have embodied Attacq values and have gone above and beyond expectations. Each month an Employee of the Month is announced. At the end of the financial year, the employee who received the most overall nominations is awarded the Employee of the Year award. This year, Martin Alberts from the Lynnwood Bridge precinct received this prestigious recognition.

■ Launch of Attacq Culture Dance:

The Attacq Dance was created by the Sky-risers Culture team with the purpose of uniting employees during key celebratory moments. These moments include the signing of new deals, completion of new buildings and meeting key internal targets. It is a great way to get all employees connected, energised and to feel a part of Attacq's overall successes. The dance was professionally choreographed and demonstrated to all employees during Attacq Day. Since then, the dance is performed at all Attacq events and whenever an achievement is celebrated. The dance continues to serve as a great motivator and a reminder to employees to take time out to acknowledge and enjoy their achievements.

■ Mandela Day Activation:

Attacq day concluded with a Mandela Day activation where all employees packed gift hampers for selected ECD centres. The hampers included essential goods items, blankets, beanies and – to add an extra special touch – all employees wrote motivational notes to inspire the recipients of the hampers.

Employees left the day feeling motivated, energised and filled with a renewed sense of purpose and belonging. Given the great success of the first Attacq Day, this event will become an annual day in the Attacq calendar.



Attacq Day at Ster-Kinekor, Mall of Africa



Martin Alberts, Financial Controller at Lynnwood Bridge precinct, receiving his Employee of the Year award from Jackie van Niekerk (CEO)

Culture

Embed the desired culture underpinned by an inclusive environment and the Attacq values through the Sky-risers programme



Sky-risers
Sky-risers brings our culture, social and stakeholder experience touchpoints together under one programme. It optimises employee engagement, creates a holistic approach to living our values and enhances monitoring of our performance in this regard.

During FY22, thirty-four employees volunteered to drive the Sky-risers initiatives.



Sky-risers: CX journey

This journey focuses on the experience of our stakeholders at Attacq and extends to our 'internal customers'. We acknowledge that we create value by enhancing our employees' interactions and experiences.

During FY22, the team implemented a new CRM system to enhance the overall customer journey and are in the process of designing and implementing an internal CX journey workflow for our employees.



Sky-risers: Fun

The Fun team ensures that the social heartbeat of Attacq is maintained by celebrating all of our achievements and bringing some light-heartedness into the workplace.

Examples of fun events include the MasterChef competition, the New Year celebration party and regular surprise desk drops.



Sky-risers: Culture

These activities assist employees in embracing the Attacq values and include celebrating unsung heroes through our employee of the month/year recognition, improving our onboarding of new employees, a guest speaker series and the creation of a celebration dance for all employees whenever a key achievement or target has been met.



Sky-risers: Growth

This programme delivers quality learning opportunities to all employees and encourages the spirit of continuous growth and personal development.

Examples of these learning opportunities include the establishment of library areas and book clubs across all regions and tenure recognition through our Long Service Awards.



MasterChef Attacq – Finance Team, celebrating St Patricks Day



MasterChef competition Sky-risers fun event.

Training and development

Supporting our employees in developing to their full potential is a priority at Attacq.

Employees have equal opportunity to receive training, as approved by their line managers. Formal and informal training follows the 70/20/10 principle:

- 70% is on-the-job training
- 20% is channelled through mentorship
- 10% is addressed by customised training.

Each business unit has identified its training needs and our Human Capital department develops specific solutions to address these. Key training implemented during FY22 includes:

- The award of bursaries to nine employees to complete formal qualifications including MBA, MPhil, BCom and finance-related qualifications
- All line managers attended the Management 101 Course which equip managers with the relevant skills and knowledge to be effective leaders and have a solid foundation on which to further develop in their positions
- Launch of the Elite Team development programme with our Finance team where the team gained an understanding of

each members strengths and behavioural preferences through the completion of team and individual psychometric assessments. This will be rolled out to all teams during FY2023

- 14 employees received financial assistance for their children's school fees

The below table provides a summary of our training investment for the year

The increase in training spend for FY22 was partially due to the lifting of lockdown restrictions. We have seen an increase in conferences and in-person training initiatives, in comparison to the FY21. The increase was also due to the additional focus that was placed on the development of our managerial employees through the Management 101 Training series. This additional focus was aligned to our overall Human Capital strategy as we believe that effective leadership is more crucial than ever before in order to manage the changing dynamics of employees and the additional challenges employees face as a result of the COVID-19 pandemic.

This increase in training spend was a key driver in the achievement of our B-BBEE Level 1 rating for FY22.

Customised training	2022	2021	2020	2019
Total training spend (R)	1 074 925	658 915	1 234 473	925 465
Training spend per employee* (R)	6 890	4 105	7 913	6 472
Total number of training initiatives	149	88	>91	148
Training initiatives per employee*	0.95	0.5	>0.6	1.0
Total training hours [^]	1 833	892	994	1 322
Training hours per employee*	11.8	5.6	6.0	9.2

* Calculation based on average number of employees for the year

[^] Training hours include time that employees invest in their studies outside of work where we have paid for these courses



We consider targets under SDG 4:

4.2 Ensure all girls and boys have access to quality early childhood development

In addition to training, we prioritise the career advancement of our employees through internal promotions and appointments. We celebrated eight promotions in the company during the year:

- Phillip de Vos to Senior Financial Manager, July 2021 (joined Attacq in January 2013)
- Shamir Rampersadh to Financial Controller, August 2021 (joined Attacq in April 2015)
- Zanele Sereme to Human Capital Consultant, October 2021 (joined Attacq in June 2019)
- Natalie Gilford to Financial Manager, November 2021 (joined Attacq in November 2016)
- Richard Marnewick to Head of Operations, January 2022 (joined Attacq in May 2016)
- Mojalefa Mohapeloa to Service Delivery Manager, June 2022 (joined Attacq in August 2018)
- David Oosthuizen to Development Executive, June 2022 (joined Attacq in June 2017)
- Lourens du Toit to Head of Sustainability, Infrastructure and Land, June 2022 (joined Attacq in November 2018)

We are excited to roll out a new Attacq Internship programme for newly qualified graduates in FY23. The graduates will be offered temporary employment during which time they will receive exposure to various business units and functions within Attacq. Post the completion of the programme and dependant on performance, the graduates may receive offers for permanent employment from us. The aim is to develop a pipeline of top talent within the industry and to play our part in alleviating the high youth unemployment rate in South Africa.



Celebrating with certificates at the end of the two-day break away

New internal and external senior-level appointments

We are incredibly proud of our recent senior-level appointments. Two of these appointments were filled by internal employees and the remainder were filled by external candidates. We are excited to see these individuals thrive in their new positions and we look forward to their contributions to the group.



David Oosthuizen
Development Executive

BSc Honours in Property (UCT)

David oversees all developments within the portfolio, from inception to the delivery of a completed asset. He will lead an internal development team and manage relationships with key stakeholders to achieve Attacq's strategic objective in terms of new developments.



Lourens du Toit
Head of Sustainability,
Infrastructure and Land

MBA (University of Stellenbosch). B. Eng Civil (UJ)

Lourens is responsible for Attacq's land portfolio optimisations, formulating bulk infrastructure projects while concentrating on the impact to the environment. One of the key focus areas of the role is driving innovations in resource efficiencies, sustainability and green development to create smart and innovative cities through urban design strategies.



Janine Palm
Social executive

BCom Honours in Industrial and Organisational Psychology (UCT). Currently completing MPhil in Corporate Strategy (GIBS)

Janine is responsible for developing and driving Attacq's people strategy. This includes overseeing fundamental Human Capital and Transformation functions and enhancing Attacq's high-performance and growth-mindset culture. She is responsible for translating business strategies into actionable employee plans.



Leemisa Tsolo
Head of Asset
Management – Retail

MSc in Property Development (WITS). Certified Property Manager at the US-based Institute of Real Estate Management (IREM)

Leemisa is accountable for maintaining and growing the value of a portfolio of property assets and drives income and capital growth of the completed buildings. He is responsible for investigating and implementing innovative ways to increase return on investment with the existing property portfolio.



Wyna Modisapodi
Company secretary,
legal and compliance
executive

B Proc, LLB, LLM and Post Graduate Diploma in Tax Law and International Tax

Wyna is responsible for ensuring Attacq's compliance with all applicable laws and regulations. She oversees the management of the board and sub-committee meetings and leads the legal and compliance departments within Attacq.



SOCIAL CAPITAL



Stakeholders enjoying our
Attacq in the Park event



Attacq's vision is to be a good corporate citizen that contributes to the upliftment of its communities. We strive to make a tangible difference to these communities in acknowledgement of their support.

Attacq's goal is to be a good corporate citizen and contribute to the development of our communities. We strive to add value and make a difference in these communities.

We believe that through effective stakeholder collaboration, a greater impact can be made, benefitting all.

The Attacq Foundation was established to advance Attacq's social investment programmes within our communities. It is the primary mechanism through which Attacq achieves its goal of being a good

corporate citizen. The Foundation functions independently from Attacq as it has its own board and governance structures.

In order to achieve our goals in transforming our communities, we invest in education, training, enterprise and supplier development and providing essential goods.

During the year under review these transformative initiatives contributed to Attacq achieving a B-BBEE Level 1 certification in 2022.



Key elements

The Attacq
experience

Community focus

Transformation

Strategic
objective

Contribute meaningfully to our communities

FY22 intended outcomes	Creating a remarkable experience at every Attacq touchpoint for all stakeholders	Supporting and uplifting our communities	Socio-economic development		
			Continue to promote transformation in the interest of all citizens		
FY22 KPIs	Implementation of the CX journey for stakeholders	CSI project targets	Achieved a Level 1 B-BBEE rating		
FY22 performance	All external Sky-risers CX journey workflows have been mapped with improvements made to the client CX journey	- Packed 90 000 meals during our Raise Against Hunger campaign (see case study on page 91) - Completed new classrooms at Phuthumani Primary School (see case study on page 91)	- Packed 90 000 meals during our Raise Against Hunger campaign (see case study on page 91) - Completed new classrooms at Phuthumani Primary School rating (see case study on page 91)	- Procured as per company policy 37.3% of procurement spend on entities that are 51% black owned 28.8% of procurement spend on entities that are 30% black woman owned - Provided interest-free loans to upcoming suppliers - Promoted enterprise development through participating in the - Property - Point programme	- Provided bursaries to students attending tertiary educational institutions - Provided learnerships to 10 persons with disabilities - Provided on-the-job training to previously disadvantaged individuals
Planned projects for FY23	Continue with the implementation of the Sky-risers CX journey	- Continue to invest in education and training as well as provide essential goods via the Attacq Foundation - Support the Phuthumani Primary School, Thembisa as per the three-year agreement	- Continue to support the Attacq Foundation - Support the Phuthumani Primary School, Thembisa as per the three-year agreement	- All procurement to align with the requirements of the Attacq procurement policy with stringent requirements set for certain sectors. - Continue to provide interest-free loans to upcoming suppliers - Continue to promote enterprise development, including support of Property Point	- Continue to provide bursaries and learnerships for tertiary education to various institutions - Continue to provide learnerships and on-the-job training to previously disadvantaged individuals, including disabled learners
FY23 KPIs	- Launch of new CX-journey system/CRM leasing platform implemented - Also see Manufacturing KPIs on page 56	- Pack 120 000 meals during our annual Raise Against Hunger campaign - Continue to partner with our clients and the community on CSI projects - Determine the next project for the Phuthumani Primary School, depending on the outcome of the measure and evaluate project and engagement with relevant stakeholders	Achieve a minimum Level 2 B-BBEE rating (as we are expecting further amendments to the Amended Property Sector Codes and Scorecard that will have a negative impact on Attacq's B-BBEE scorecard)		

What we achieved in FY22

The Attacq experience

Our CX journey

Attacq strives to achieve an inspiring CX journey with all its stakeholders through all the stages of our engagement from awareness to long-term mutual loyalty.

2022 CX actions implemented

Through our Sky-risers CX journey we have improved the experience of many of our stakeholders. Attacq has introduced creative ways of communicating and onboarding all our clients within our precincts.

We have enhanced our communication mechanisms by streamlining and simplifying our processes and providing our frontline staff with toolkits and easy-to-use templates.

CX objectives

- Identify specific points where a CX investment will significantly improve the team's ability to deliver consistently great stakeholder experiences
- Conceptualise and create the tools and resources necessary to facilitate the experiences
- Consistently deliver engaging experiences to all Attacq stakeholders
- Cultivate loyal and returning stakeholders who can act as brand advocates for Attacq
- Foster a people-centric culture of service among the internal team
- Earn a public reputation as a leader in the area of delivering exceptional stakeholders experiences

CX actions

- **Formalise workflow** Create detailed workflows for each team as they interact with stakeholders
- **Identify opportunities** Find opportunities to refine processes or implement systems to improve the stakeholder experience
- **Propose actions** Create a detailed proposal to stipulate potential resources, tools and systems
- **Develop curriculum** Draw up a conceptual learning and development journey to equip the internal team to optimise the tools at their disposal

Attacq in the Park

An example of reconnecting with our stakeholders is the annual 'Attacq Day in the Park' event where we say thank you to everyone and tell them how we deliver on our promises to them.

This year's theme was 'Attacq in the Park' and the event was enjoyed by some 500 guests. Attendees included financiers, analysts, shareholders, media, business partners, staff and clients.

Health and Safety

The health and safety of our tenants and shoppers is a priority and important part of our risk framework and business continuity plans. OHS specialists have been appointed to perform external audits on Attacq compliance with health and safety requirements in terms of the OHS Act.



Stakeholders enjoying our 'Attacq in the Park' event

Community focus

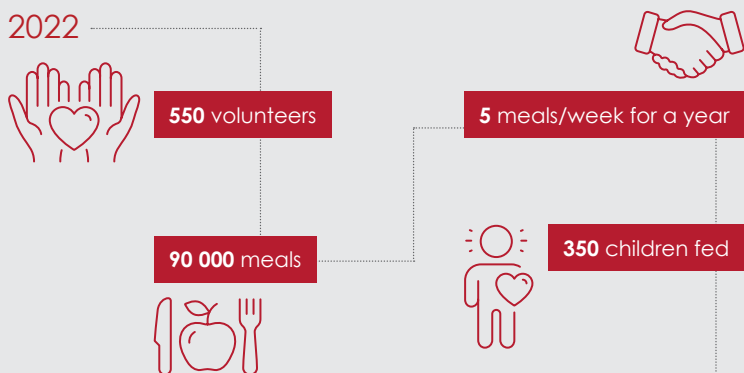
The **Attacq Foundation** is the primary vehicle used in the execution of Attacq's social investment programmes. The Foundation functions independently from Attacq as it has its own board and governance structures. It focuses on youth education, empowering people with skills that will enhance their potential for employment, enterprise and supplier development and the provision of goods. Programmes executed by the Attacq Foundation positively impacted Attacq and its communities and enabled Attacq to achieve a **B-BBEE Level 1 status**.

	2022	2021
Direct beneficiaries	2 342	2 359
Rand amount spend * (R'million)	8.1	15.4
Voluntary employee hours	412	182
Non-governmental organisation partners	31	11
Number of provinces	3	3

Rise Against Hunger campaign

Attacq Foundation, together with its partners Sage Foundation and Balwin Foundation partnered with Rise Against Hunger to provide meal packs for ECD centres across South Africa

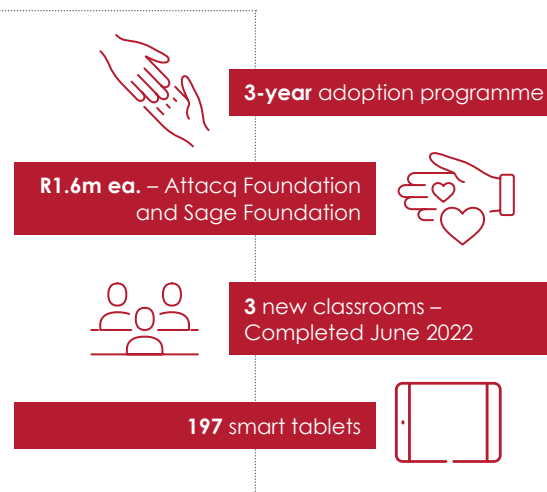
In 2022



We will again be hosting a meal packing event on 20 and 21 October 2022 where we will **aim to pack 120 000 meals** with the aim to **benefit more than 450 children**.

Attacq Foundation adopts Phuthumani Primary School

Good relationships with communities in which we operate create opportunities for shared solutions to long-standing issues. Education remains a key socio-economic problem in South Africa. The Attacq Foundation in partnership with Sage Foundation, formalised a 3-year 'adoption' agreement with Phuthumani Primary School which started in 2021.



Lessons learned

As part of this agreement, the Attacq Foundation embarked on a measurement and evaluation project (M&E) to better understand its long-term impact on Phuthumani Primary School and to inform future programmes. The measurement and evaluation project results indicated that the transition from home language education to English represented challenges for learners. This transition happens when learners move from grade 3 to 4. Consultation with the SGB and parents indicated that parents are 'comfortable' with a pass and no more. The Attacq Foundation is engaging the SGB, the Department of Education and parents to identify and agree on initiatives that will assist to overcome the challenges identified during the M&E project.

The Attacq Foundation's focus in the future within the education sector will range from infrastructure-related projects to investments aimed at the improvement of academic performance of learners and teachers alike.



Rise Against Hunger Campaign in October 2021 at the Mall of Africa, Waterfall City



Sod-turning ceremony at the Phuthumani Primary School



Stakeholders participating in the Rise Against Hunger Campaign, October 2021



We consider targets under SDG 4:
4.4 Substantially increase the number of youth and adults who have relevant skills for employment

Transformation

Continue to promote transformation in the interest of all citizens

Attacq achieved a B-BBEE Level 1 certification for the first time on 29 September 2022. Our Transformation journey centres around sustainable solutions that contribute to the transformation of our society, including our suppliers, partner networks and employees.

Key contributors to Attacq's increased B-BBEE level for 2022 were EE at 6 points (2021: 2.72), Skills Development at 18.39 (2021: 16.73), ESD at 38.18 (2021: 34.30) and SED at 1.61 (2021: 0.61).

Attacq B-BBEE scorecard	2022	2021 based on revision
Ownership	26.00	26.00
Management and control	7.00	6.33
EE (see Human capital on page 82)	6.00	2.72
Skills development (see Human capital on page 86 and below)	18.39	16.73
ESD	38.18	34.3
– Procurement	22.18	19.55
– Supplier development	10.00	8.42
– Enterprise development	6.00	6.33
Socio-economic development (discussed under the Attacq Foundation)	1.61	0.61
Economic development (our initiatives also form part of ESD and are discussed under ESD)	5.00	5.00
Total points (property sector adjusted)	102.18	91.69
B-BBEE level achieved	Level 1	Level 3
Date certificate issued	29 Sep 2022	29 Sep 2021 Revision 1 issued on 15 Oct 2021

Skills development

All programmes are aimed at making a sustainable contribution to equal education and training that promotes equal and fair participation.

Our bursary contributions for 2022 were aligned with the anticipated revision of targets in the amended property sector codes for bursaries that are industry-specific and lead to a professional qualification.

Our annual participation and support includes:

- The Women in Property Network bursary programme, through the WPN Educational Trust, by contributing towards their tertiary education bursaries for female students to promote and increase the representation of women in the property industry.
- The SAPOA tertiary bursary scheme, providing full bursaries to students studying towards a property-specific career, with further bursaries to be made available during FY23 as the students graduate. This year we contributed R300 000 towards tertiary education bursaries, allocated through the Atterbury Foundation.



Bursary recipients during the Attacq Bursary Breakfast, June 2022

Bursary programme

	2022 R'000	2021 R'000
Women in Property Network	421	500
Atterbury Foundation	300	500
SAPOA	600	600
University of Pretoria	309	334
South African Institute of Black Property Practitioners	274	–
Attacq Tertiary Education Support programme	112	32
Total	2 016	1 966

Preferential procurement

Attacq aims to meet all preferential procurement targets. In the year under review, the decrease in our finance costs compared to all other spend together with the continued implementation of our procurement policy has enhanced Attacq's ability to achieve the targets per the scorecard.

The Attacq procurement policy includes a well-formulated procurement process that defines the minimum requirement for all procurement to be a B-BBEE Level 4.

Attacq's spend on entities that are at least 51% black owned has increased to 37.25% of total measured procurement spend (2021: 23.4%). Attacq has realised a significant increase in spend associated with entities that are at least 30% black woman owned which increased to 28.83% (2021: 10.1%). These collective efforts resulted in a preferential procurement score of 22.18 (2021: 19.55)

We continue to engage SMMs from all Attacq communities and facilitate engagement to encourage participation and to broaden the Attacq supply chain.

Attacq's consolidated procurement scorecard: 1 July 2021 – 30 June 2022

Scorecard indicator	Property Sector Codes Scorecard Target %	2022	2021
		%	%
Spend on empowering suppliers	80.0	94.11	102.3
Spend on qualifying small enterprise suppliers	15.0	2.66	6.9
Spend on exempt micro enterprise suppliers	15.0	2.84	4.3
Spend on 51% black-owned suppliers	40.0	37.25	23.4
Spend on 30% black woman-owned suppliers	12.0	28.83	10.1
Spend on 51% black-owned property service providers*	40.0	111.08	144.2
Bonus: spend on 51% black designated group suppliers	2.0	12.43	5.9

* All services that are deemed to be property service providers

"We highly appreciate the business opportunities afforded to local emerging contractors by Bantry Construction and also the continued commitment shown by Attacq to develop the local SMMs from Ward 32."

– Matiwane M, Ward 32 Phakamani Business Forum, Secretary

Thabo and Dorcas Malefetse, Thathego Holdings



Sinompumelelo Plumbers



Relenathisonke Trading



Dimba Construction

Supplier development

Access to capital is often a stumbling block for all SMMEs, preventing businesses from passing the first hurdle. To address this challenge in our industry Attacq provides interest free loans to SMMEs graduating through the various Property Point Programmes.

- R3.1 million long-term interest free loans – granted in FY17
- R6.3 million additional long-term interest free loans – granted in FY21

We monitor and support these enterprises through specific performance criteria that are contractually agreed upon. We postponed repayments to after 1 July 2022, subject to a review of the financial and operational health of the beneficiaries and an assessment of their ability to repay the loans.

We continue to explore opportunities to increase the participation of SMMEs from our various ESD programmes, and partnerships with Property Point.

Enterprise development

Seven years ago, Attacq began its partnership with Property Point to support the growth of SMMEs in the South African property sector, which in turn creates jobs and drives transformation in the industry. Property Point aims to promote small business in the property sector by providing the tools, skills and support to assist entrepreneurs in reaching their full potential. Over the seven years, Attacq has participated in six intakes, the last of which commenced in June 2022.

Overview of Attacq – Property Point partnership (January 2015 to June 2022)

Number of beneficiary companies selected to participate on Attacq – Property Point programme	55
Number of beneficiary companies currently on Attacq – Property Point Local Economic Development programme	28
Total revenue generated by Attacq – Property Point Enterprise companies	R237.3 million
Number of beneficiary companies awarded contracts by Attacq	0
The median annual revenue growth rate of Attacq – Property Point companies across all years since year of selection	44%
Total value of contracts awarded to Attacq – Property Point companies since being actively involved in the Property Point programme	R223.2 million
Full-time equivalent jobs created by Attacq – Property Point companies	442



Two SMMEs – received rental discounts at Mall of Africa.



Nine SMMEs from fourth intake – to conclude and graduate October 2022



10 SMMEs from fifth intake to conclude May 2023



10 SMMEs on Green intake – launched June 2022

The sixth Property Point Intake was launched on 29 June 2022 and is named the 'Green Intake' (also referred to as the Attacq Green Programme) as participants will be prepared for a green economy and alignment of their business to the SDGs. The group again consists of 10 SMMEs. Attacq is excited to be affording enterprises with a green value proposition the opportunity to grow and establish themselves in a developing and important industry.



Attacq Property Point Green Intake, 29 June 2022



INTELLECTUAL CAPITAL



Rooftop PV systems at Lynnwood Bridge -
Retail, City of Tshwane

Change and growth is critical to succeed in the real estate industry where the pace of disruption is increasing, and the odds of business models remaining relevant are declining.

As Attacq, we are exploring well beyond the usual by embracing change. The opportunities to optimise our existing offerings exist when innovative thinking is combined with our real estate experience.

Our focus remains on thinking differently about our business and delivering a service that results in a remarkable experience for our clients. We achieve this by constantly embedding a culture of being curious, asking questions and improving our offerings.

By embracing new challenges, leveraging our expertise and responsible innovation, we adopt new ideas, new ways of thinking and new ways of doing.

We invest in modern technology, systems and specialised skills to improve our efficiency and deliver a premium CX journey for all our stakeholders.

Our ongoing development of Waterfall City as a smart, safe and sustainable city is living proof of this and in doing so, we create sustainable value over the long term

Key element

Business diversification and innovation

Strategic
objective

Unlock opportunities, generate growth, create value and stay ahead of the curve of our evolving environment

FY22
intended
outcomes

Innovation enabled by technology

Innovation for value creation, growth and to stay ahead of the curve

Key projects
FY22 and
ongoing

■ Attacq Energy Through our business diversification strategy, the Attacq Energy initiative is focused to design and implement cost effective, off-grid and sustainable energy resources to achieve our target of reducing grid energy consumption by 24.1% over the next three years	■ Implementation of the signed PPA for 15MWp electricity (see Environmental capital on  page 74) ■ Continue with the roll-out of an additional 7MWp rooftop PV rooftop (see Environmental capital on  page 73)	 Environmental
■ Water resilience We launched a study to understand the water demand and supply profiles for Waterfall City with the objective of designing and implementing water resilience strategies	■ We completed the second phase of the water resilience study and have an excellent understanding of water demand and supply profiles in Waterfall City (see Environmental capital on  page 76) ■ We will now evaluate the findings and translate these into projects to achieve improved resilience	 Environmental
■ Waste reduction and recycling We have embarked on several projects to achieve our objectives to reduce and recycle waste	■ Implemented a city in-vessel composter and commissioned a detailed waste value chain analysis that is currently underway as part of the IWMP to assess the viability of an on-site Material Recovery Facility to manage dry waste (see Environmental capital on  page 77)	 Environmental
■ Safe spaces Through active urban design and utilising leading technologies, we create safe spaces throughout our precincts to enhance the safety of our communities	■ Number plate recognition technology has been rolled-out in Waterfall City with facial recognition technology planned for the future. We are also formalising our gateways into Waterfall City as key areas to create a safe environment	 Intellectual
■ Waterfall City rebrand Refer to  page 64	■ The rebranding of Waterfall City has allowed us to emphasise the true purpose of the greater precinct – to bring communities together in a dynamic and vibrant urban environment that meets their personal and professional needs and offers them quality of life. It has also enabled the group to consolidate the brand value that has been created since the launch of Waterfall through re-positioning it as a world-class mixed-use development	 Manufactured
■ SHôPING The smart phone app provides customers services like mall navigation, promotions as well as a retailer loyalty programme and digital gift cards	■ In February 2022, the SHôPING app was rolled out at Eikestad Mall to focus on the specific shopper demographic in the town of Stellenbosch	 Manufactured

Key element

Technology

Strategic
objective

Strengthen Attacq's agility through technology, improving our operational management and ensuring a seamless CX journey

FY22
intended
outcomes

Digital transformation journey and digital platform

Key projects
FY22 and
ongoing

■ ICT that improves operational management

- **Modern data platform** – phase 1 of the project was completed during FY22. This allows for essential data to be collected into a data lake and support automated reporting
- **Robotic process automation** - we trialled RPA processes, testing data export compatibilities between software packages. The test was deemed a success, but the business case was not obvious at the time of completion. RPA will be pursued again in the future



Manufactured

■ Sky-risers CX journey stakeholder mapping through data analytics and client management system

- **Data analytics** - we built a 'tenant profiling tool' in collaboration with a South African financial institution. The tool uses customer spend data and creates pre-defined shopper populations at Attacq retail experience hubs. The tool then identifies retailers outside of our retail experience hubs where a given shopper population is active (either in terms of frequency or quantum of spend). This allows us to invite a retailer to our retail-experience hubs based on their interaction with our existing shopper base
- **CRM** - in a very competitive commercial property market, it is essential to be informed about and proactively manage all existing and potential customer interactions. The implementation of a client relationship management system will assist the deal-making and property management teams to enhance the CX journey



Social

■ Smart buildings through building management systems

- **Building management systems** – the increased generator consumption of diesel due to loadshedding and the frequency of generator maintenance result in escalated costs. At Garden Route Mall, we installed IoT (Internet of Things) hardware that linked to an upgraded building management system that supports remote monitoring of all generator metrics as well as setting timers on each generator. This allows us to override the automatic activation when the supply from council electricity is switched off if the event occurs outside of our retail-experience hub's trading hours. This initiative will allow us to save on diesel and maintenance costs



Manufactured



ENVIRONMENTAL, SOCIAL AND GOVERNANCE

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106 OUR BOARD **115** REMUNERATION REPORT



OUR ESG ENVIRONMENT



OUR COMMITMENT TO ESG

Attacq is driven by its purpose. We act in the interests of the broader South African society and our natural environment and focus on effective measures to address ESG risks.

Our approach to ESG is underpinned by the imperative that ESG must create and preserve value for stakeholders, including financial value.

ESG is integrated into Attacq's strategy and performance measurement, supported by strategic objectives and intended outcomes.

Refer to Environmental capital (page 67), Human capital (page 79), Social capital (page 88) and Governance (page 102).

The board and exco are committed to accurate and meaningful ESG reporting and KPIs for executive management are in place to ensure ESG remains an integral part of our business strategy.

To ensure focus, collaboration and execution of our ESG operational plan, three senior management members, supported by the collective effort of all employees in the company, are tasked with the responsibility for every element of ESG:

E	Head of sustainability, land and infrastructure (standing invitee to exco)
S	Social executive (exco member)
G	Company secretary executive (exco member)

Our approach to ESG and the progress we are making are overseen by the board and its sub-committees. We believe this approach will create value for all our stakeholders.

Recognition

In research concluded by IRAS for the 2022 (SDTI), Attacq was identified as the employer with the highest disabled persons rate among JSE-listed entities employing less than 1 000 employees at 5.73% of total employees (measured on 31 December 2021). Attacq also has the highest rate of all JSE-listed entities of which 65 disclosed rates for people with disability in their 2021 integrated reports.

FTSE Russell ESG rating

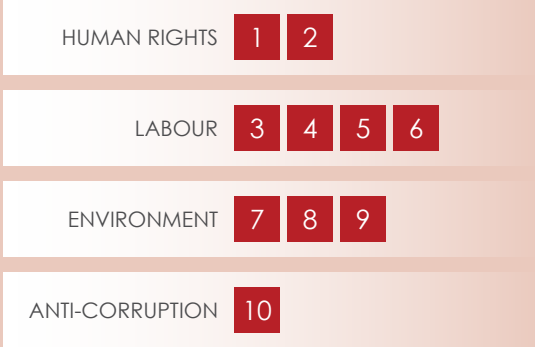
In June 2022, FTSE Russell assessed our ESG rating as 3.2 (2021: 3.6) out of 5.0, outperforming the global sub-sector and industry averages. We continue to learn and focus on improving our reporting against this framework, taking into account that the FTSE Russell risk assessment and questionnaire that are driving their rating is annually updated.

A breakdown of our FTSE Russell ESG ratings, including our sub-sector and industry averages, are detailed below.

	E	S	G	Total
2022	2.4	2.9	4.3	3.2
2022 Diversified REITs (sub-sector average)	1.9	2.0	3.6	2.5
2022 Financials (industry average)	1.6	2.1	3.5	2.4
2021	2.6	3.5	4.7	3.6

The strategic objectives of our integrated ESG plan are to: **reduce our environmental footprint, increase our community impact, and continue to increase our social engagement throughout our business value chain.**

We consider the UNGC's 10 principles.



SDGs





Aligning SDGs to our strategy and intended outcomes

	SDG 2030 target	Capital	Strategic pillar	Attacq intended outcomes
     	6.3 Improve water quality by reducing pollution and increasing recycling			Manage WATER , quantity and resilience
	6.4 Increase water-use efficiency and ensure sustainable supply of freshwater			
	7.2 Increase the share of renewable energy in the global energy mix			ENERGY : Improve efficiency and resilience
	7.3 Double the global rate of improvement in energy efficiency			
	12.2 Sustainable management and efficient use of natural resources			CARBON EMISSIONS : proactively manage and reduce our footprint
	12.5 Reduce waste generation through prevention, reduction, recycling and reuse			WASTE : reduce and recycle
	13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters			Manage CLIMATE CHANGE associated risk to our real estate portfolio and infrastructure
	Make cities and human settlements inclusive, safe, resilient and sustainable.			
	11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management			BIODIVERSITY : Protect and enhance our environment
	15.1 Ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems			
WE ALSO CONTRIBUTE TO THE FOLLOWING				
	3.4 Prevention, treatment and promote mental health and well-being			WELLNESS : Continue to offer employee wellness programmes
	4.2 Ensure all girls and boys have access to quality early childhood development			DEVELOPMENT : Support employee development and ongoing succession planning
	4.4 Substantially increase the number of youth and adults who have relevant skills for employment			TRANSFORMATION : continue to promote transformation in the interest of all citizens (our communities)
	8.6 Substantially reduce the proportion of youth not in employment, education or training			
	8.5 Achieve full and productive employment and decent work for all women and men			
	10.2 Empower and promote the economic inclusion of all			TRANSFORMATION : Recruit and maintain a diverse workforce
	10.3 Ensure equal opportunity and reduce inequalities of outcome			

TCFD STATEMENT

Attacq supports the reduction of global carbon emissions to limit average global temperature rise.

We support the Business Ambition for 1.5 degree Celsius campaign. Our ambition is to meet our SBTi approved carbon emission reduction target of 46.2% for scope 1 and 2.

We are committed to aligning our climate-related disclosures with the TCFD recommendations, in anticipation of guidance from the ISSB.

Task Force on Climate-related Financial Disclosures

The TCFD was created in 2015 by the Financial Stability Board to develop consistent climate-related financial risk disclosures for use by companies, banks and investors in providing information to stakeholders. Increasing the amount of reliable information on financial institutions' exposure to climate-related risks and opportunities will strengthen the stability of the financial system, contribute to greater understanding of climate risks and facilitate financing the transition to a more stable and sustainable economy.

TCFD recommendations have been incorporated into the ISSB's two proposed standards (issued in March 2022), as well as the JSE Climate Disclosure Guidance (issued in June 2022).

Our TCFD statement is based on the four key pillars of the TCFD guidelines:

1 Governance

More information on Attacq's governance is available on [page 102](#).

2 Strategy

Our environmental plan, part of our business diversification strategy, drives the reduction of carbon emission through various initiatives.

Please refer to the Environmental capital on [page 69](#) for more information, as well as Our business activities on [page 37](#).

3 Risk management

We have identified climate change as an emerging risk.

For more information on risks and opportunities from climate change, see [page 28](#). A combined assurance governance framework is in place, see [page 110](#).

4 Metrics and targets

We are committed to accurately measure and report on the elements of climate change.

Refer to the following sections for our metrics and targets:

- Carbon emissions on [page 72](#)
- Energy use on [page 73](#)
- Water usage on [page 76](#)
- Waste on [page 77](#)

GOVERNANCE

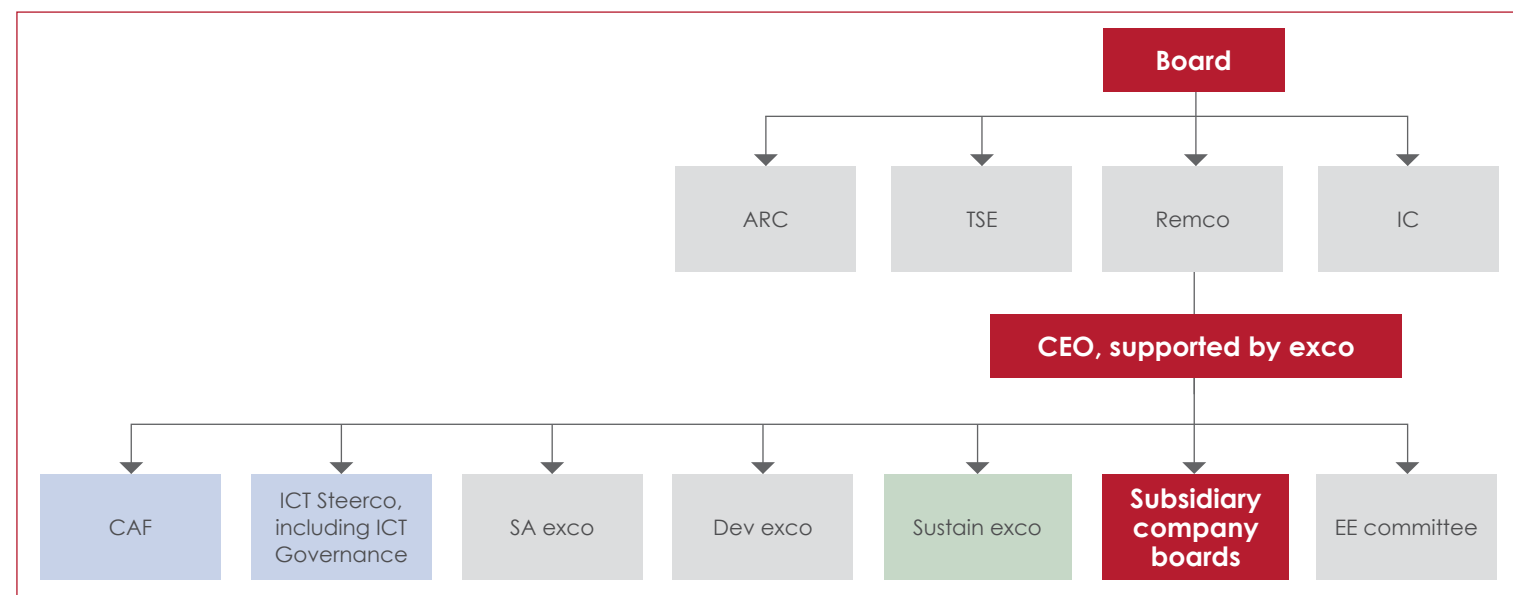


Courtyard Hotel, Nexus Waterfall, Waterfall City

Effective corporate governance is a vital component of and contributor to the long-term sustainability of Attacq. Our commitment to the highest standards of corporate governance is the foundation of our approach to build and maintain trust and create value for all our stakeholders.

A culture of good governance is embedded throughout the organisation and across all occupational levels. Our governance practices and robust risk and compliance framework complement our entrepreneurial approach in conducting business.

Governance framework



The board and executive management are guided by Attacq's values in all their decision-making and their actions are driven by Attacq's purpose: to create smart, safe and sustainable community spaces providing remarkable experiences in our managed hubs.

Our governance structures, processes and practices are regularly assessed by the board to ensure that they remain effective and support the achievement of our business strategy and objectives.

The board therefore regularly monitors, among others, its governance processes relating to legal, risk and compliance management, IT governance, ethics and anti-corruption, effective assurance services, internal financial controls.

The board has constituted a number of sub-committees, being the ARC, TSE, remco and IC to which it has delegated various responsibilities. The board has also delegated to the exco, led by the CEO, responsibility

for the management and implementation of Attacq's strategy, in line with clear KPIs that have been set and that are monitored by remco.

The board is committed to good corporate governance and, as the focal point and custodian of corporate governance within Attacq, ensures adherence to the highest ethical standards. The board remains confident in its effectiveness in fulfilling this role, in line with principle 6 of King IV.

Key elements	Good governance practices	Ethical culture	Remuneration governance	Board and executive management	Transparency and disclosures
Strategic objective	Act to protect the interest of the company, shareholders and other stakeholders				
FY22 intended outcomes and KPIs	Continued compliance with all legislation and regulations	Commence with the roll-out of Ethics Programme for employees and directors	Independent benchmarking of all remuneration	Continue to monitor exco and board succession plan in line with our diversity policy and business requirements	Continue with open communication with stakeholders
FY22 performance	We continued to comply with all legislation and regulations	- Completed Phase 1 of the Ethics Programme (see page 106 for more information) - Reviewed and approved the revised Attacq code of ethics and conduct for employees	Commenced with the benchmarking of remuneration within Attacq and subsequent salary adjustments	Concluded the board and exco culture survey and CEO early impact assessment (see page 108 for more information)	Enhance ESG disclosure and stakeholder engagement through recently introduced ESG roadshow (November 2021)
FY23 intended outcomes and KPIs	- Continue to embed an efficient and effective governance framework and continue to fully comply with all legislation and regulations - Implement targeted digital CRMP integration throughout the business	Complete Phase 2 of the Ethics Programme, focusing on designing and implementing an ethics framework	- See Remuneration report on page 115 for evaluation of AGM voting results - Table proposed changes to the remuneration policy for remco's consideration and subsequent implementation of approved recommendations	- Consider board NED and exco succession planning - Consider new board appointments to meet diversity targets as set out in the board diversity policy - For more detail about board appointments and succession planning, see page 108	- Continue with open communication and transparent disclosures - Assess requirements of the voluntary JSE Sustainability and Climate Disclosure Guidance, June 2022

OUR LEADERSHIP

OUR BOARD

INDEPENDENT NEDs

Pierre Tredoux (65)

Appointed

February 2005, January 2012 (chairperson)

Qualifications

CA(SA)

Committees

IC, Remco

External directorships*

Barnstone Group (executive),
Atterbury Property Holdings
(Pty) Ltd



Hellen El Haimer (48)

Appointed

August 2013, September 2017 (lead independent)

Qualifications

BSocSc, LLB, Hons (strategic management),
Advanced diploma in property investment

Committees

ARC, TSE

External directorships

FM Institute (Pty) Ltd,
Rhyco Risk Projects (Pty) Ltd



Thabo Leeuw (59)

Appointed

February 2021

Qualifications

BCompt (Hons), Management Advancement
Programme

Committee

IC

External directorships

Thesele Group (Pty) Ltd
(executive), Hulamin Ltd,
Rhodes Food Group Ltd,
M&G Investments
South Africa (formerly
Prudential Portfolio
Managers (South Africa)
(Pty) Ltd and Vexila
(Pty) Ltd



Ipeleng Mkhari (48)

Appointed

March 2018

Qualifications

BSocSc (Psychology and Industrial Psychology)

Committees

Remco, TSE

External directorships

Motseng Investment
Holdings (Pty) Ltd (CEO),
Revego Africa Energy
Ltd, iBuild (Pty) Ltd



Stewart Shaw-Taylor (70)

Appointed

November 2012

Qualifications

CA(SA)

Committees

ARC, IC

External directorships

Hypop Investments Ltd,
Newpark REIT Ltd



Allen Swiegers (61)

Appointed

January 2021

Qualifications

CA(SA)

Committees

ARC, TSE

External directorships

South African Rugby
Event Services (Pty) Ltd,
Red Sun Hortitech (Pty)
Ltd and is a council
member and member of
the Audit Committee of
the University of Pretoria



Johan van der Merwe (57)

Appointed

May 2008

Qualifications

CA (SA), MCom (tax), MPhil (finance)

Committee

IC, Remco

External directorships*

Co-CEO of African
Rainbow Capital
Investments Ltd



* For full disclosure of all directorships refer to <https://www.attacq.co.za/our-approach/>

OUR EXECUTIVE MANAGEMENT

EXECUTIVE DIRECTORS

Jackie van Niekerk (39)

CEO

Appointed
April 2017 (COO),
June 2018 (board member), May 2021 (CEO)

Qualifications
BCom (general)

Committees
IC

External directorship
SAPOA



Raj Nana (39)

CFO

Appointed
April 2014, June 2018 (CFO)

Qualifications
CA(SA)

Committees
IC



STANDING INVITEES TO EXCO

Debbie Theron (55)

Head of Property and Asset Management –
Mixed-use and commercial

Appointed
May 2014

Qualifications
BA Law



Lourens du Toit (36)

Head of Sustainability, infrastructure and Land

Appointed
November 2018,
May 2022 (current role)

Qualifications
BEng, MBA



Wyna Modisapodi (48)

Company secretary, legal and
compliance executive

Appointed
June 2022

Qualifications
B Proc, LLB, LLM
and Post Graduate
Diploma in Tax Law
and International
Tax



Michael Clampett (41)

Property and asset management
executive

Appointed
July 2015, July 2021
(current role)

Qualifications
CA(SA), Corporate
innovation certificate
(Stanford GSB)

**External
directorship**
South African
Council of
Shopping
Centres



Janine Palm (39)

Social executive

Appointed
October 2021

Qualifications
BCom Honours
(Industrial and
organisational
psychology)



Peter de Villiers (44)

CIO

Appointed
July 2013

Qualifications
CA(SA), CFA



David Oosthuizen (39)

Development executive

Appointed
June 2017,
May 2022 (current role)

Qualifications
BSc Property
(Honours), MRICS



OUR BOARD

The composition and structure of the board and its committees enables the board to lead ethically and exercise independent judgement to achieve the desired balance of power.

The board consists of nine members, of whom seven are independent NEDs. The board has constituted board sub-committees and an exco, under the leadership of the CEO, and have delegated specifically mandated responsibilities that thereby enable the board to effectively discharge its duties. During the year, the board convened four board meetings, which are scheduled annually in advance. In addition, a two-day board strategy session was held in August 2021 after being deferred due to COVID-19 pandemic lockdown restrictions earlier in 2021, and another two-day strategy session took place in May 2022 for the board to consider the refocused strategy of the organisation in a post-pandemic environment.

Ethical leadership

The board subscribes to the highest standards of ethical behaviour and best practice in monitoring the affairs of Attacq. Strong, ethical leadership is key to our ability to deliver on our value creation commitments. The board is committed to the three principles outlined below:

- **Transparency:** We maintain an environment of openness and transparency that gives confidence to all our stakeholders
- **Integrity and fairness:** These are our hallmarks in dealing with all stakeholders, including fellow directors, shareholders, our employees, our clients, our suppliers, residents in the communities in which we

operate, our JV partners, financiers and other stakeholders

- **Accountability:** We believe our activities must withstand scrutiny by all stakeholders, including shareholders, the communities in which we operate, clients, suppliers, media, our employees, regulatory bodies and other stakeholders

The responsibility for monitoring our ethical culture has been delegated to the TSE, in line with Companies Act requirements and from the perspective of being a good corporate citizen. ARC monitors ethical culture from a risk and compliance perspective. The board is required to adhere to the directors' code of ethics and conduct policy, which is currently being revised to consider changes in legislation, other legal requirements and codes of best practice adopted by Attacq. All board members submit a director's declaration of interest, annually or as necessary, in line with the requirements of the Companies Act. An independent whistle-blowing facility with anonymous tip-off reporting is in place at Attacq.

All employees are required to adhere to the Attacq code of ethics and conduct policy. This policy was revised during the year and reviewed and approved by the TSE. Awareness programmes that promote an ethical culture within Attacq are in place and are monitored through the TSE and ARC committees.

Phase 1 of the Ethics Programme was completed during the year. The board, exco and Sky-riser volunteers were interviewed by Fluid Rock Governance Group, a leading independent corporate governance firm, to further develop and mature ethical practices in Attacq. Phase 2 of the Ethics Programme is planned for completion during FY23 and will entail designing and implementing an ethics framework.

Key leadership roles

There is a clear distinction between the roles of the chairperson of the board and the CEO, as defined in the board charter. This separation of roles promotes an appropriate balance of power and authority on the board to ensure no one director has unfettered powers in decision-making in line with the JSE Listings Requirements, paragraph 3.84(a) and 3.84(b) as well as King IV. In addition, the board sets clear KPIs for the CEO that are aligned with the strategic objectives of Attacq that are monitored through Remco.

The board is led by an independent non-executive chairperson, Pierre Tredoux. In addition, the board has voluntarily elected to appoint a lead independent director in terms of King IV and JSE Listings Requirements, paragraph 3.84(b). Hellen El Haimer was appointed as lead independent director on 7 September 2017.

Chairperson

The chairperson presides over meetings of the board and leads the board to ensure it is effective in setting and monitoring the implementation of Attacq's strategy. Though the chairperson has direct access to the management team, the principal liaison on board matters is the CEO, with support from the company secretary, where deemed necessary. The chairperson remains responsible for upholding the integrity and effectiveness of the board, its committees and board governance processes.

Lead independent director

The lead independent director chairs the board in the absence of the chairperson or if the independence of the chairperson is considered impaired. The lead independent director also leads the performance appraisal of the chairperson.

CEO

The CEO is responsible for the operational management of Attacq, in line with the written Delegation of Authority, and for implementing the strategy and vision, as approved by the board.

The CEO is also the principal liaison between management and the board with the support of the company secretary, where deemed necessary.

Board and committee attendance

The board demonstrated overall meeting attendance of 97.2% (2021: 96.9%), which affirms the board's commitment. The board and committees meet quarterly, except for the IC that meets when necessary. In addition, the board met for a two-day strategy session in August 2021 and a two-day strategy session in May 2022. In October 2021, a combined TSE and ARC meeting was held specifically to approve the integrated report for the year ended 30 June 2021 (not accounted for in the table below).

Name	Board	ARC	TSE	Remco	IC
Meeting attendance (%)	97.2	100.0	100.0	100.0	95.3
P Tredoux	4/4			4/4	8/8
HR El Haimer	4/4	4/4	4/4		
TP Leeuw	4/4				7/8
IN Mkhari	4/4		4/4	4/4	
S Shaw-Taylor	4/4	4/4			8/8
AE Swiegers	4/4	4/4	4/4		
JHP van der Merwe*	3/4			4/4	3/3
JR van Niekerk [#]	4/4				8/8
R Nana [^]	4/4				8/8

* JHP van der Merwe was appointed to the IC committee with effect from April 2022. An apology was received for a board meeting

[#] Standing member of TSE (4/4), ARC (4/4) and Remco (4/4)

[^] Standing member of ARC (4/4) and Remco (4/4)

Board independence

An assessment of the independence of directors serving for a period longer than nine years is conducted annually, as recommended by King IV. Accordingly, the board considered and confirmed the independence of Pierre Tredoux and Johan van der Merwe and confirmed that they remain suitably independent to continue to serve on the board in line with Principle 7 of King IV. As part of our governance process, we continue to review the independence of the following NEDs: Pierre Tredoux, Hellen El Haimer, Stewart Shaw-Taylor and Johan van der Merwe. This will be concluded during FY23.

The board is satisfied it has fulfilled its responsibilities in terms of its charter for the reporting period (a revised board charter was approved on 7 September 2022).

Matters considered by the board during FY22, up to the date of publishing this report

Key matters considered	Key matters resolved and approved
Board mandate (delegation of authority)	Strategy, vision and purpose of the company Attacq to remain a REIT
Alignment of board committees	Interim financial results and annual financial results, including dividend declaration approval
Enhancement of the board committees' respective terms of reference	2021 integrated report approved upon recommendations from the ARC and TSE
Annual assessments of board independence	Asset valuations, including leasehold land, by external property valuers
Board culture feedback by Spencer Stuart (including CEO impact assessment)	Attacq business diversification strategy through the environmental plan Budget for FY23
Group strategy	Cash flow forecast, covenant sensitivities, solvency and liquidity statement and section 45 financial assistance
Board sub-committee feedback	Rebrand of Waterfall City approved Approval of policies: ■ Board diversity policy ■ Remuneration policy ■ Group mandate Approval of the board charter
Group capital structure and allocation of capital	Appointment of company secretary 'Journey to Authenticity' workshop (Ethics Programme Phase 1)
Business update and asset disposal plan	
Insurance cover	
Enterprise risk management reports	
IT governance	
ESG plan	
Procurement and organisational culture sub-committee feedback	
Legislative and regulatory compliance report	
Stakeholder engagement matrix	
Succession planning	

Board leadership and performance

The board applies its collective knowledge and experience to ensure we achieve our strategic objectives and create value over time. The board works with and supports the management team to ensure the successful implementation of the company strategy to deliver long-term sustainable returns to our stakeholders. Furthermore, the board proactively assesses and monitors the risk environment to make informed decisions to ensure the future sustainability and long-term success of Attacq.

The collective efforts of the executive directors and NEDs – with their diverse skills, knowledge and experience – enabled robust board discussions that resulted in identifying innovative new ways to manage the business. The CEO is a board member of SAPOA, which enables her to gain insight from other industry leaders to better understand the risks faced by the real estate sector as a whole. A stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders, in line with principle 16 of King IV, has been adequately considered and implemented.

Board appointments, resignations, retirement and re-election

There were no appointments or resignations to the board during the year. Johan van der Merwe was appointed as a member of the IC with effect from April 2022.

The retirement age for NEDs is 70. The MOI provides that directors who have reached retirement age may remain on the board, subject to annual performance reviews. Due to the anticipated retirement of certain board members in the near future, a staggered approach to ensure a successful handover and to maintain continuity will be implemented. Spencer Stuart has been engaged to develop a board succession plan specifically for this process, particularly as the forthcoming exits will be the board and ARC chairpersons. Board appointments to be made will consider the appropriate mix of skills, experience and diversity in terms of this succession plan.

After due consideration by remco, in a session specifically convened to address board succession, and underpinned by the group's succession planning strategy, the board has recommended following:

- Pierre Tredoux wishes to step down as the chairperson of the board within the next 24 months. Remco will identify the next board chairperson for Attacq and will ensure a smooth transition during this period in accordance with the strategic direction of the company, while maintaining the required knowledge base and diversity within the board. Pierre will continue to serve as a member and chairperson of the IC and Remco, subject to the adoption of ordinary resolution number 2 in respect of his re-appointment as a director of the company, to be proposed at the company's 26th AGM to be convened on Thursday, 17 November 2022.
- Stewart Shaw-Taylor will step down as the ARC chairperson with effect from 18 November 2022, however, he will remain as a director for another calendar year, subject to the adoption of ordinary resolution number 4.3 in respect of his re-appointment as a member of the ARC, to be proposed at the company's AGM, and will continue to serve on the committee and IC.
- Allen Swiegers has been nominated as the new ARC Chairperson with effect from 18 November 2022, subject to the adoption of ordinary resolution number 4.1 in respect of his re-appointment as a member of the ARC, to be proposed at the company's AGM.

In terms of the company's MOI, one-third of directors retire by rotation each year and are eligible for re-election by shareholders at the AGM. After due consideration, the board has recommended the re-election of Pierre Tredoux and Ipeleng Mkari. The tenure of directors, and their period in office as directors of Attacq, is reviewed individually by the board. Re-election of long-serving directors is on the recommendation of remco, following a review of their independence.

Board and committee evaluations

An independent board and committee evaluation is conducted by an independent service provider every three years while every other year, self-evaluations assessments are conducted internally.

Self-evaluation board and committee assessments were conducted in September 2021. The results indicated the board and each of its committees were functioning effectively. Identified improvement areas and progress made to date is listed in the table below.

Improvement areas	Progress made during FY22
Enhance the focus on the strategic direction of the group, including innovation and technology	Increased focus on forward-looking strategic matters, including business diversification (through innovation) and technology. The board is confident that the strategy will underpin the future success of Attacq, see Delivering on our strategy on page 39
Increased discipline in capital allocation, supporting risk and return decision-making	The board has set clear strategic objectives, measured by KPIs, to improve TSR
Clarification and articulation of performance indicators and alignment to the group's strategic objectives	The strategy of the group is structured into strategic pillars, with clear strategic objectives and intended outcomes that are measured by KPIs
Continued monitoring of the succession plan in line with business requirements and diversity policy	During the year, an overall improvement in total ACI employees to 67.9% (2021: 63.9%) was achieved. The structure of the executive team was reviewed to ensure the team has the right skills to deliver on the strategy

An early impact CEO review was conducted in March 2022. The review indicated that there has been a shift in culture since the arrival of the new CEO with positive outcomes at an exco level. The CEO has an inspirational leadership style, collaborates well with and respects others, and is experienced by others as a caring and responsible leader. Jackie has delivered good outcomes in line with expectations, despite the unpredictable operating context and economic climate. She has built a track record of being credible and delivering what was promised. Her inclusive approach drives a culture of innovation, embracing business disruption to create opportunities for business growth. The early impact CEO review included a board culture assessment and the need to remain focused on the organisational culture, to maintain the morale of the individual employees and teams.

There is currently an independent board and committee assessment in progress, with interviews being completed. Feedback to the board and committees is planned for November 2022.

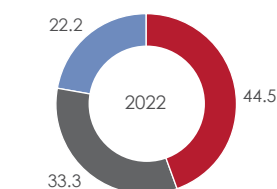
Board diversity

The board has adopted a policy to promote broader diversity at board level, specifically focusing on diversity of gender, race, culture, age, field of knowledge, skills and experience. In support of the commitment of the board to diversity, at least 50.0% of the directors shall be from previously disadvantaged groups and at least 50.0% of the directors shall be female. Notwithstanding the absence of specific targets, the board commitment to diversity extends to all aspects of diversity as mentioned.

The members of the board have sufficient working knowledge of the organisation, its industry, the triple context in which it operates, the capitals it uses and affects, as well as the key laws, rules, codes, and standards applicable to the organisation.

Skills	Financial capital		Manufactured capital		Environmental capital	Human capital		Social capital			Intellectual capital		Governance		
	Financial accounting, reporting, taxation	Financial markets/ funding	Property development	Property management	Environmental sustainability	Human resources	Remuneration and rewards	Corporate social responsibility, transformation	Health and safety	Stakeholder relationships	Technology and cyber-security	Investment and asset management	Risk and opportunity management	Corporate governance	Legal
Board members															
Pierre Tredoux	✓	✓	✓	✓			✓	✓		✓		✓	✓	✓	
Hellen El Haimer			✓	✓	✓	✓		✓	✓		✓		✓	✓	✓
Thabo Leeuw	✓	✓				✓	✓				✓	✓	✓	✓	
Ipeleng Mkhari			✓	✓		✓	✓	✓		✓		✓	✓		
Stewart Shaw-Taylor	✓	✓	✓	✓						✓		✓	✓	✓	
Allen Swiegers	✓	✓				✓		✓					✓	✓	
Johan van der Merwe	✓	✓	✓				✓			✓		✓			
Jackie van Niekerk			✓	✓	✓			✓	✓	✓	✓	✓			
Raj Nana	✓	✓	✓				✓			✓		✓	✓	✓	

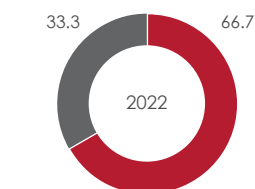
Tenure (%)



■ 0-3 years
■ 4-8 years
■ 9+ years

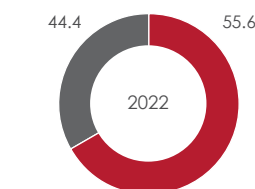
Average 2022
7 years
 (Average 2021: 6 years)

Gender diversity (%)



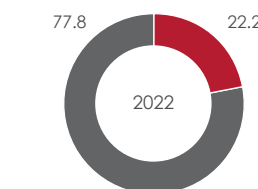
■ Male
■ Female

Racial diversity (%)



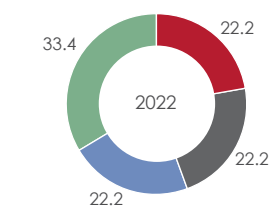
■ White
■ ACI

Independence (%)



■ Executive directors
■ Independent NEDs

Age (%)



■ 35-40 years
■ 41-50 years
■ 51-60 years
■ 60+ years

Average 2022
54.9 years
 (Average 2021: 53.9 years)

Combined assurance

Attacq has adopted a combined assurance model to further strengthen the internal control environment and enhance the assurance obtained from management, and internal and external assurance providers. A combined assurance governance framework is in place. Combined assurance is governed through the CAF, which together with ARC support the board in embedding combined assurance in the business. The terms of reference of CAF are approved by exco. CAF members comprise exco, identified senior management, a representative from internal audit (BDO), and a representative from our external auditor (EY). Attacq's response to risks affecting it is arranged according to the three lines of defence model, as outlined below.

The board is satisfied that the combined assurance model incorporates and optimises the various assurance services and functions so that, taken as a whole, they support the achievement of the objectives for assurance.

The board is also satisfied that the combined assurance model is effective and sufficiently robust for the governing body to be able to rely on the underlying statements about combined assurance the governing body makes concerning the integrity of the organisation's external reports.

The board, on recommendation of ARC, assesses the output of the organisation's combined assurance and the degree to which an effective control environment has been achieved.

The board assumes responsibility for the integrity of external reports issued by the organisation by setting the direction for how assurance of these should be approached and addressed, considering legal requirements in relation to assurance.

Rotation of internal auditors

During the year, to enhance the transparency and independence of our outsourced internal audit function, PwC were replaced after serving a ten-year term by BDO.

Governance of ICT

As an outcome of the refocused strategy, an ICT plan was developed. The board supports the ICT approach and plan adopted by the group. An ICT steering committee, ICT Steerco, was established to develop the implementation framework and ensure its embedment across the business. The progress made on the ICT plan is monitored against the strategy by the board through ARC.

Climate-related risks and opportunities

The board, under the leadership of the board chairperson, is ultimately responsible for climate-related issues. The board's climate-related responsibilities include assessing the identified climate-related risks and opportunities and the effectiveness of the management thereof and reviewing the resilience of the business strategy considering identified climate-related risks and opportunities.

The board, through the TSE, reviews climate-related information at its meetings, including information regarding material risks and opportunities that could result from climate change.

The board delegates responsibility for people matters and ESG issues to executive management who is tasked with monitoring the integration of ESG into daily business practices. The CEO is ultimately responsible for the management of climate-related issues within the group with climate-related responsibilities that include:

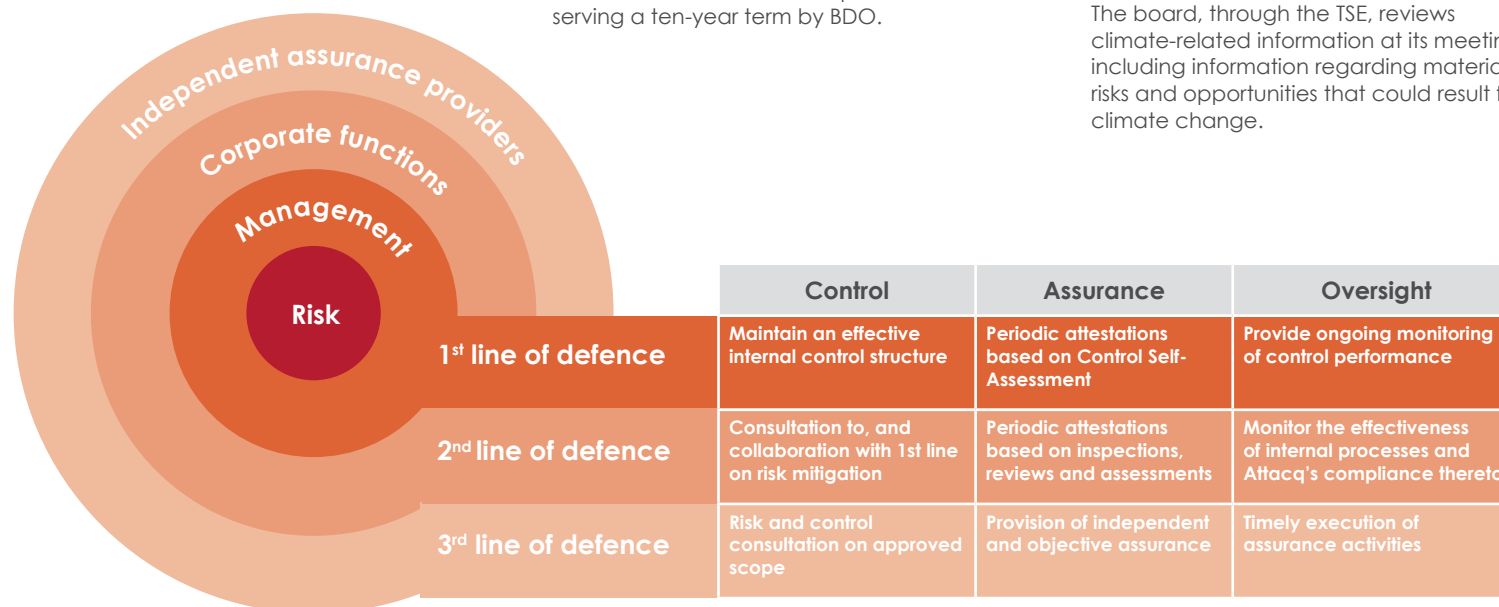
- Oversight of the process to identify and manage climate-related risk and opportunities
- Operationalisation of the business strategy considering the climate-change risks and opportunities
- Oversight of the implementation of the environmental plan

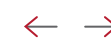
Company secretary

Anda Matwa resigned as a company secretary on 1 December 2021 and was replaced by Bronwyn Baker until the appointment of Wyna Modisapodi, effective from 2 June 2022. Wyna acts as the governance advisor to ensure the board is aware of its fiduciary duties and responsibilities and kept abreast of relevant changes in legislation and governance best practice. In addition, she acts as company secretary to the board and its committees. The board has unfettered access to the company secretary.

Since the newly appointed company secretary took office at the end of FY22, no performance evaluation was conducted by the board.

The certificate that the company secretary is required to issue in terms of section 88(2)(e) of the Companies Act is on our website at <https://www.attacq.co.za/investor-hub/> as part of the AFS.





Compliance with applicable laws

Attacq has remained compliant with all applicable laws, particularly with reference to the incorporation provisions as set out in the Companies Act and has operated in conformity with the company's MOI during the year under review.

Dealing in securities

Attacq has adopted a policy on trading in securities that prohibits directors and employees from trading in its securities during closed periods, cautionary periods and as a result of obtaining non-public, price-sensitive information. Closed periods are in effect from 1 January until the publication of interim results and from 1 July until publication of year-end results. Closed periods also include any period where Attacq is trading under a cautionary announcement. All directors' dealings (including prescribed officers and associate dealings where the director has control of securities as defined in the Financial Market Acts No 19 of 2012 or voting rights) require the prior approval of the chairperson or CFO/CEO.

Annual compliance certificate

Attacq has complied with the JSE Listings Requirements and disclosure requirements prescribed by the JSE. The annual certificate confirming the company's compliance was completed and submitted to the JSE on 17 October 2022.

Sponsor

Attacq is required to appoint a sponsor in terms of the JSE Listings Requirements and management maintain a good working relationship with its sponsor, Java Capital Trustees and Sponsors (Pty) Ltd. The board is satisfied the sponsor continues to fulfill its obligations as per the JSE Listings Requirements for the year under review.

Access to information

Board members have direct access to Attacq's external auditor, internal auditor, company secretary and all members of exco. The MOI, the board charter and committee terms of references provide for any director to obtain independent, external professional advice at the cost of the company on matters within the scope of their duties.

Application and implementation of King IV

Attacq has adopted the principles and recommended practices of King IV. The King IV application register is available on our website (<https://www.attacq.co.za/esg-space/>).

Report on committees of the board

ARC

The ARC is satisfied it has fulfilled its responsibilities in terms of its terms of reference for the reporting period.

Composition: Stewart Shaw-Taylor (chairperson), Hellen El Haimer, Allen Swiegers

Raj Nana and Jackie van Niekerk are standing invitees with no voting powers. Representatives of internal audit (BDO) and external audit (EY) are also standing invitees with no voting powers. Wyna Modisapodi (company secretary) is a standing invitee to all meetings.

Also refer to the ARC report contained in the AFS, which are available on the website: <https://www.attacq.co.za/investor-hub/>.

Matters considered by ARC during FY22, up to the date of publishing this report

Key matters considered	Key matters resolved and approved
Appropriateness of the expertise and experience of the external auditor	Recommended the interim and annual financial results to the board for final approval
Independence of the external auditor	Rotated PwC off as internal auditor and appointed BDO as its replacement
Valuation of investment property, leasehold land and developments under construction	Recommended this integrated report to the board for approval
Significant judgements and estimates	Confirmed to the board the ongoing solvency and liquidity of the company as required from time to time
Going concern and liquidity	Adopted the enterprise risk register and procedures implemented to mitigate risks
Debt exposures and refinancing updates	Approved the internal audit plan, progress reports and budgeted fees
New and existing IFRS statements and guidelines and the impact thereof on the AFS	Approved the scope of work and approach of the external auditor for interim and year end as well as the budgeted fees thereof
OHS Act compliance	Confirmed the suitability of the level of expertise, resources and experience of the company's finance function, as well as the suitability of the expertise of the CFO
IT governance and processes	
Key risks and mitigation strategies and procedures	
Annual meeting with internal and external auditors without the CFO being present	
Internal Financial Controls Framework	
Annual insurance cover including SASRIA cover	
JSE proactive monitoring document	
	Key matters reviewed and recommended to the board for approval
	Recommended the adoption by the board of the valuations carried out by external property valuers on investment property, developments under construction and leasehold land
	Recommended the risk management and combined assurance policy and framework to the board for approval
	Focus for FY23 and beyond
	Continued focus on key matters and financial reporting
	Continued focus on combined assurance plan

TSE

The TSE is satisfied it has fulfilled its mandate in line with its terms of reference for the reporting period.

Composition: Hellen El Haimer (chairperson), Ipeleng Mkhari, Allen Swiegers

Jackie van Niekerk is a standing invitee with no voting powers. Wyna Modisapodi is the secretary of the meeting and attends all meetings.

Note from the chairperson

The TSE has a pivotal role in guiding Attacq in the fulfillment of its purpose to create smart, safe and sustainable community spaces providing remarkable experiences in our managed hubs and our vision to create sustainable value for all stakeholders through our value-based strategy, ensuring a positive impact in our communities and the environment we operate in.

The TSE oversees the governance of environmental, social, and ethical matters relating to the group in addition to its statutory duties. The performance of key activities, some mentioned elsewhere in the integrated report, demonstrate Attacq's commitment to being a responsible corporate citizen. The TSE assists the board in setting the tone for an ethical organisational culture and the ongoing commitment to developing the communities in which Attacq operates.

For this reporting period, the TSE has seen positive results in key focus areas, ranging from the Attacq corporate culture, reporting on Human Capital matters, environmental sustainability matters and the overall transformative agenda and goals within Attacq. We will continue to drive the ESG elements as a key pillar for integration within the business, while ensuring that we continue to uphold our mandate and promote a sustainable future for Attacq and our stakeholders.

Transformation

We continue to explore innovative and positive mechanisms of supporting transformation within Attacq and across our stakeholders. Our genuine commitment to transformation was evidenced by Attacq achieving a B-BBEE Level 1 for FY22 (FY21: Level 3). As the TSE, we are proud of this major achievement (refer to Social capital on [pages 92](#) for more detailed information).

Social

The committee oversees and monitors the implementation of key activities and projects to promote sustainable social investment, ensuring that there is effective positive impact for recipients. Two notable activities for the year under review include our Tertiary Education Support programme (bursaries offered to dependents of qualifying Attacq employees) and building facilities for learners at the Phuthumani Primary School, Thembisa. The TSE has also ensured that monitoring and evaluating the impact of initiatives are introduced for future social projects to promote alignment between Attacq's social responsibility, governance and qualitative value creation (see [pages 91](#)).

Ethics

Attacq has historically adopted a robust and effective legislative compliance awareness process, embedded across the organisation using various tools. This process is monitored by the committee (refer to the Governance report on [page 102](#)). During the year, the committee reviewed and approved the revised Attacq code of ethics and conduct policy for employees.

It is noteworthy that during the year under review, Attacq had one whistleblowing report. This was investigated and adequately addressed by management.

Environment

The TSE welcomed the group's more aligned environmental focus to deepen its continued awareness and acknowledgement of the environment as a critical key stakeholder (see [pages 36](#)), which is supported by the appointment of a dedicated head of sustainability (see [pages 69](#)).

Among the noteworthy achievements, the Attacq Energy initiative is an innovative response to some of the external challenges faced in the environmental sustainability space. It is also a testament to the depth of integration of environmental matters into the fabric of Attacq, its core business and alignment with the current strategy, purpose and vision.

In this report, we have focused on the environment as the future, as the sustainable centre of Attacq's ESG approach.

Matters considered by TSE during FY22, up to the date of publishing this report

Key matters considered	Key matters resolved and approved
Planning, implementing and monitoring the strategy for transformation ■ Monitored SED and ESD spend ■ Monitored corporate social responsibility initiatives	■ Reaffirmed the appointment of the B-BBEE verification agent ■ Approved the SBTi targets ■ Approved the following policies: ■ Intellectual Property Trademarks policy ■ Anti-corruption policy ■ Attacq code of ethics and conduct for employees
Monitoring compliance with legislation ■ Monitored compliance with relevant legislation, regulations and industry codes ■ Monitored Attacq's performance level in terms of the B-BBEE Act ■ Monitor the environmental compliance ■ Monitoring employment equity and fair labour practices ■ Monitored Attacq's standing in respect of the EE Act and EE Plans	Key matters reviewed and recommended to the board ■ Gift policy ■ External whistle-blowing service provider in line with the whistle-blowing policy
Monitoring good corporate citizenship and contribution to the development of communities ■ Monitored compliance with initiatives to combat fraud, bribery and corruption (anti-corruption measures, insider trading, declaration of interest disclosures, ethical corporate culture) ■ Reviewed the performance of the current whistle-blowing external service provider and requested that alternative whistle-blowing support be investigated ■ Monitored compliance with the marketing policy ■ Monitored compliance with the trademark policy	Focus for FY23 and beyond The committee will: ■ Evaluate and monitor initiatives to determine whether value is created for the recipients (our communities around Attacq's assets) ■ Continue to monitor the alignment of governance with the core aspects of the business ■ Oversee the selection and appointment of a new external whistle-blowing service provider ■ Drive transformation and B-BBEE specifically focussing on innovative and collaborative opportunities, and structures with the new proposed B-BBEE sector codes ■ Ensure the continued alignment of the environmental plan with the company strategy, purpose, and vision ■ Continue to monitor the Attacq Ethics Programme ■ Continue to monitor the implementation of key human capital policies to promote an inclusive Attacq culture
Monitor the group sustainability matters ■ Monitored Attacq's environmental sustainability and carbon footprint ■ Monitored Attacq's standing in respect of the OECD recommendations and UNGC 10 principles ■ General discussion on PPA as part of the environmental plan	
Formulating and implementing a green policy ■ Monitored environmental risks and opportunities ■ Reviewed the TCFD statement	

Remco

The remco is satisfied it has fulfilled its responsibilities in terms of its terms of reference for the reporting period.

Composition: Johan van der Merwe (chairperson), Ipeleng Mkhari, Pierre Tredoux

Raj Nana and Jackie van Niekerk are standing invitees with no voting powers. Wyna Modisapodi (company secretary) is a standing invitee to all meetings.

Matters considered by Remco during FY22, up to the date of publishing this report

Key matters considered	Key matters resolved and approved
Reviewed the remuneration policy	Recommended the independently developed board succession plan for approval by the board, focusing on NED and chairperson succession
Diagnostic of the culture of the executive management team and updated executive director development plan independently performed by Spencer Stuart	Reviewed and recommended the NED fees
Annual review of market-related remuneration	Approved the annual GTP for executive directors, prescribed officers and company secretary
Considered the annual re-election of directors retiring by rotation as per the MOI	Approved the STI KPIs for FY22 and FY23
Annual review of market-related NED fees	Approved 2021 and 2022 STIs
Review performance management system	Approved LTIs (actual vesting % for 14 October 2021 and 14 October 2022) and performance conditions for share options to be maturing on 14 October 2024 and 14 October 2025 and the number of share options to be awarded
Impact of proposed Companies Amendment Bill	Approved the EE Plan
	Approved remco reports, which include the remuneration policy and remuneration implementation report) for submission to shareholders at the AGM on the 18 November 2021 and 17 November 2022
	Evaluated the long-term incentive scheme for executive directors after receiving 66.5% of votes endorsing the remuneration policy at the 2021 AGM
	Key matters reviewed and recommended to the board for approval
	Reviewed and recommended the board diversity policy to the board for final approval
	Focus for FY23 and beyond
	Focus on further streamlining all remuneration policies and methodologies throughout the company

For the Remuneration report, see  pages 115

IC

The IC is satisfied it has fulfilled its responsibilities in terms of its terms of reference for the reporting period.

Composition: Pierre Tredoux (chairperson), Stewart Shaw-Taylor, Thabo Leeuw, Johan van der Merwe (appointed from April 2022), Jackie van Niekerk, Raj Nana

Wyna Modisapodi (company secretary) is a standing invitee to all meetings.

Matters considered by IC during FY22, up to the date of publishing this report

Key matters considered	Key matters resolved and approved
Update on South African real estate portfolio's vacancies	Approved the annual Waterfall City infrastructure budget
All investments cases recommended by management	Approved the:
Monitored progress and risks on existing developments	20.0% co-development and sale of an 80% undivided share of phase 2 of Ellipse Waterfall 50.0% co-development and sale of a 50.0% undivided share in the Vantage data centre leasehold rights 50.0% co-development and sale of a 50.0% undivided share in the Plumblink head office and distribution centre 50.0% co-development of Corporate Campus, building 7
Weighted average cost of capital analysis and peer review	Approved the increase in shareholding in Waterfall Junction through Waterfall JVCO 115 (Pty) Ltd to 50.0%
Monitoring the investment in MAS and Rest of Africa	Approved the weighted average cost of capital
Residential strategy	Approved the marketing launch of The Mix residential development
Monitoring the group's debt maturity profile	Approved the installation of 7MWp rooftop PV systems
Monitoring the group's debt reduction plan	Approved the entering into a PPA
	Approved of the amended lease agreement in respect of the recapitalisation of Cell C
	Voting in respect of proposed acquisition of six retail properties by MAS from Prime Kapital
	Key matters reviewed and recommended to the board
	Listing on A2X as a secondary listing
	Focus for FY23 and beyond
	Evaluate opportunities brought to the committee in a balanced manner, giving regard to the approved strategy of the group



Artist impression of the Ellipse Waterfall development



Social team

(Front row: Aniki Mthimunye, Janine Palm, Minah Rantlhwantlwa, Shoky Poto

Back row: Linda Meyburgh, Zanele Sereme, Danny Vermeulen, Lindo Twala and Masakheni Magadla)

REMUNERATION REPORT

This report is presented in three sections:

PART 1: Report from the chairperson of the remuneration committee
(the background and focus areas of remco that influenced the policy and remuneration outcomes in respect of FY22)

PART 2: Overview of our remuneration policy
(governance of the management of the remuneration within the group)

Part 3: Remuneration implementation report
(the implementation and outcomes of the remuneration policy over the course of FY22)

PART 1: Report from the chairperson of the remuneration committee

Dear shareholders

It is pleasing to report that our employees have continued to respond with dedication and commitment, conquering the challenges of yet another demanding year while building a company culture that we are proud of.

Key focus areas and key decisions

The aim of our remuneration policy is to reward employees who embody our values, drive sustainable value creation, and build our company culture. The board, through the remuneration and nomination committee (hereafter remco), ensure that remuneration is aligned with Attacq's strategic objectives and the reasonable expectations of all stakeholders.

We regularly review our remuneration policies and practices to ensure they remain competitive, relevant, fair, responsible and transparent.

As remco, our aim is to maintain strong relationships with our stakeholders to ensure alignment and understanding of the implementation of the group's remuneration policy. Remco reviews the remuneration report disclosures annually in order to enable all shareholders to make informed assessments of the remuneration policy and governance processes.

Remco reviews the remuneration structure annually to ensure that it:

- 1 is performance-based, linking to realistic performance objectives
- 2 is supportive of the group's strategy
- 3 achieves the desired employer of choice status through best practise
- 4 is aligned with shareholder expectations

Voting on the remuneration report and measures taken in response

In line with King IV, the remuneration policy and the remuneration implementation report were presented to shareholders for two separate non-binding advisory votes at the 16 November 2021 AGM. They voted on the remuneration policy and the remuneration implementation plan at the AGM with votes totaling 66.5% (2020: 87.4%) and 75.4% (2020: 96.1%) respectively.

As a result of 33.5% of shareholders voting against non-binding advisory resolution 12.1 at the AGM, Attacq extended an invitation to all dissenting shareholders, as well as shareholders who had not yet engaged with the company, in order to address their concerns on the remuneration policy.

Shareholders were requested to provide their reasons for voting against non-binding advisory resolution 12.1 in respect of the remuneration policy in writing by Friday, 10 December 2021. Attacq thereafter undertook to consider all concerns and, where appropriate, take steps to address any legitimate and reasonable concerns raised by shareholders.

Concerns raised by shareholders

Response from Attacq to address concerns

Retention awards were introduced into the policy on a permanent basis but were previously ad hoc.

Remco approved retention share awards to attract and retain key and critical skills of high-performing employees, particularly in the current skills climate of scarcity and emigration. It is anticipated to last for the medium to long term.

Going forward, the CEO and CFO will only receive performance share awards.

Retention awards are allocated on a discretionary basis. In the case of the CEO, this represents a significant portion of non-performance-based pay.

Remco made the FY21 award upon the CEOs appointment, after due consideration of the importance to retain the CEO and this was factored into her overall remuneration.

The composition of the CEO's package is outlined on [page 125](#).

The CEO received a 10% increase in October 2021 in addition to her 35% increase upon appointment as CEO.

Remco considered the increase appropriate given the CEO's actual performance and benchmarked peer group C-suite salaries. The initial increase of 34.6% was in line with the additional responsibilities attached to her promotion from COO to CEO. The CEO received a further 10.0% increase during the ASR, post an independent market survey. This year the CEO opted for a higher performance share option award, instead of an annual salary increase. See [pages 125 and 126](#) for more information.

The increase of malus and clawback provisions applying to awards in excess of 50 000 share options.

In the past, the malus and clawback provision was annually adjusted as deemed appropriate for that year. Going forward, all share option awards will be subject to the malus and clawback provision.

The malus and clawback provisions are described on [page 120](#).

In terms of FY21 targets, it was observed that there has been a reduction in the level of stretch targets for some performance conditions in comparison to those set for FY20.

Short-term targets were set at levels which remco considered appropriate for the realities of the COVID-19 pandemic and are now being geared towards the post-pandemic recovery.

KPI targets for FY23 are tabled on [page 123](#).

The remuneration policy and the remuneration implementation report will again be presented to shareholders for two separate non-binding advisory votes at the 17 November 2022 AGM. In the event that more than 25% of shareholders vote against either of these resolutions, remco will engage

with the shareholders to understand their objections and concerns, address legitimate and reasonable objections raised and if required, amend the remuneration policy or clarify and/or adjust the remuneration governance, processes or disclosures.

Key decisions taken during FY22 and focus areas for FY23

In keeping with the group's strategy and changing conditions, the performance conditions under the current policy for LTI awards have been revised and are directed towards:

- Total return (relative measured against peers)
- Balance sheet management
- Asset management
- Bulk utilisation/development roll-out in Waterfall City; and
- ESG measures

The table on [page 124](#) outlines the performance conditions for FY23.

Key STI performance deliverables for FY23 have been revised in the context of the group's refocused strategy and short-term priorities as a consequence of the under performing South African economy.

In addition to its remuneration responsibilities, remco has been mandated with certain nomination responsibilities, which include leading the process of board appointments by identifying and nominating suitable candidates for the approval by the board. As disclosed in the governance review, there was adequate focus on the board succession plan during the year under review. It is important for the board to collectively possess the required skills and expertise to discharge their fiduciary duties while maintaining independence.

Refer to the governance report on [page 102](#), for a summary of the key matters considered, resolved or approved during the year under review. Remco's composition and meeting attendance are disclosed on [page 113](#) and [page 107](#).

Use of remuneration consultants

During FY22, the committee approved the benchmarking processes conducted by an external service provider, 21st Century, in relation to GTP, LTIs and STIs. Part of the benchmarking review was to refocus our employee retention strategy to ensure alignment between employees' remuneration packages and the company strategy.

In addition, the committee has taken into consideration the PwC benchmark trend analysis report for NED fees and executive directors' fees.

The committee's view

It is the view of the remco that the remuneration policy achieved its stated objectives. The strategy, purpose and business model, organisational values and culture, targets and objectives have been clearly defined. The employee-related processes, from recruitment to monitoring performance against agreed KPIs, have been aligned.

Future areas of focus

In the coming year, the committee will focus on further streamlining all remuneration policies and processes throughout the company.

My thanks to my colleagues on remco and the board for their support in delivering on our mandate.

Your sincerely

Johan Van Der Merwe

Chairperson of the remuneration and nomination committee
17 October 2022

PART 2:

Overview of our remuneration policy

Key principles underpinning our remuneration policy

As part of the Attacq's Human Capital strategy, our remuneration practices are designed to promote a positive company culture, reward employees who embody our values and support the creation of long-term value.

The following key principles shape our remuneration philosophy:

- The ability to attract, motivate, reward and retain the talent who believe in and live by the organisational values and Attacq culture.
- Promoting an ethical culture and responsible corporate citizenship.
- Promoting responsible business practices incorporating health and safety, environment and governance principles to enable long-term sustainable performance.
- Attacq's remuneration practices are aligned with the company's strategic objectives through group, team and employee KPIs.
- Remuneration is transparent and understandable, both for stakeholders and for internal use and application.
- Remuneration is fair – internally equitable and externally competitive.
- Remuneration adequately balances risk and reward.

Remuneration elements



Our remuneration structure has **three main components**, namely

- 1 Fixed remuneration: Guaranteed total package
- 2 Variable remuneration: Short-term incentives
- 3 Variable remuneration: Long-term incentives

1

Fixed remuneration: Guaranteed total package

Element	Description
Purpose	To remunerate for individual skills at the prevailing market rate for the role To attract and retain high-performing employees with key and critical skills
Participants	All permanent employees
Quantum	GTP is aligned with job requirements as well as the competence, skill set and experience of employees GTP is loosely benchmarked against similar roles in the real estate sector and companies of comparable size and scope, adjusted based on an employee's experience, qualifications, responsibilities, and performance Positioned at the market median, with key and critical skills remunerated at the higher end of median scales
Delivery	GTP is paid monthly in cash remuneration and benefit contributions, calculated on a cost-to-income basis
Standard benefits	Benefits include: ■ annual leave ■ 10 days study leave for approved qualifications ■ four months fully paid maternity leave ■ five days fully paid paternity leave ■ five days family responsibility leave ■ 30 days sick leave over a three-year period ■ membership of a defined contribution pension fund ■ death, disability, funeral and education cover benefits ■ subsidised lunches ■ cellphone and fuel allowances (depending on employment specifications)
Reviews	Increases and reviews are based on the performance and affordability of the company, historic inflation, affordability and the performance of the individual employee and inflation. Salary increases are effective 1 October annually
Approval	GTP is annually approved by remco, based on recommendations from the CEO and human resources department, following a moderated process with the respective senior managers

2 Variable remuneration: Short-term incentives

Elements	Description
Purpose	To recognise and show appreciation to qualifying employees for actual performance
Participants	All permanent employees, based on achieving company, team and individual KPIs Assessing performance over 12 months, coinciding with the group's financial year
Quantum and delivery	Paid annually in October The STI pool will not exceed 50% of annual group GTP Portion of bonus exceeding six months' GTP is deferred and paid in two payments in March and June of the following year Commissions are paid in the month that all requirements are fulfilled in term of the employment contract Employee must be in employment on the date of payment
Performance conditions	The STI KPI targets are structured according to a linear scale with the results measured against a threshold (80%), target (100%) and stretch target (150%) to achieve a target weighting. Certain non-financial performance metrics are capped at a targeted level of 100% STI allocations are based on the achievement of company, team and individual KPIs, aligned to the achievement of short-term strategic objectives In the case of executive directors, achieving a total STI weighting of 100% (target) will equate to 60% of their GTP.
Strategic alignment	Aligned with short-term strategic objectives, together with embracing organisational vision, purpose, culture as well as risk and compliance
KPIs	KPIs include financial and non-financial targets and the measurement of each is based on whether it is quantifiable or subjective/discretionary Group STI KPI targets may vary year-on-year and currently include ■ Shareholder value ■ Capital structure ■ Waterfall City, Rest of South Africa and Other investments ■ ESG

2 Variable remuneration: Short-term incentives – continued

Elements	Description
Malus and clawback	Malus and clawback provisions are applicable to all employees Remco may apply malus on or before STI payments to reduce the quantum – in whole or in part after a trigger event occurs – which, in the judgement of remco, has arisen during the relevant period under review Where remco determines that a trigger event has occurred, it may, at its discretion, reduce the unvested variable compensation already awarded to an employee or, for a period of two years after the vesting of an award, claw back the value thereof from the recipient. Decisions made by remco in this regard are final and binding For more information, see Malus and clawback on  page 120
Approval	The STI pool is based on management recommendations and approved by remco

3 Variable remuneration: Long-term incentives

Elements	Description
Purpose	To attract, retain and award high-performing employees with key and critical skills
Participants	Conditional rights share options are awarded to invited participants based on personal performance Retention share options are awarded to address specific retention risks or sign-on requirements Share appreciation rights are awarded rights to the increase in the value of a certain number of shares between the award date and the vesting date, subject to performance conditions Performance share option conditions: performance of Attacq over the vesting periods, against pre-set performance measures and the employee must be in employment on the date of vesting Retention share option conditions: Employee must be in employment on the date of vesting
Quantum and delivery	LTI awards are determined as a multiple of GTP, depending on the level of an employee Conditional rights share options are annually awarded in October SARs are awarded on an ad hoc basis
Vesting	LTI shares and retention shares are option-type instruments and settlement can occur in cash or equity Linear vesting is applied to performance between the different vesting scales. The vesting scale is: ■ Threshold achievement (minimum level of performance for any incentive to vest) – 50.0% vesting (30.0% vesting for all share options awarded up to FY22) ■ Target achievement (level of performance to pay an on-target incentive) – 100.0% vesting ■ Stretched achievement (exceptional performance in the current business environment) – could attract vesting greater than 100% up to a maximum of 150.0% Participants are not entitled to any shareholder rights prior to exercising their vested share options. If the company is in a closed or prohibited period on the vesting date, exercising these options will be postponed to the first business day after the closed or prohibited period has been lifted An updated LTI methodology was introduced during October 2021, making use of conditional rights to shares in two forms, namely performance shares and retention shares

3 Variable remuneration: Long-term incentives – continued

Elements	Description										
	The number of conditional rights awarded is determined by a multiple of GTP and the market value of an Attacq share on the award date. Shares vest in years three, four and five from grant date and is split 60%:20%:20% LTI vesting cycle: VESTING OUTCOME <table> <tr> <th>Percentage of awards which vest</th><th>Total maximum potential payout</th></tr> <tr> <td>Below threshold</td><td>No vesting</td></tr> <tr> <td>Threshold achievement (50%)</td><td>Total shares due for vesting x 50%</td></tr> <tr> <td>Target (100%)</td><td>Total shares due for vesting x 100%</td></tr> <tr> <td>Stretch target (150%)</td><td>Total shares due for vesting x 150%</td></tr> </table>	Percentage of awards which vest	Total maximum potential payout	Below threshold	No vesting	Threshold achievement (50%)	Total shares due for vesting x 50%	Target (100%)	Total shares due for vesting x 100%	Stretch target (150%)	Total shares due for vesting x 150%
Percentage of awards which vest	Total maximum potential payout										
Below threshold	No vesting										
Threshold achievement (50%)	Total shares due for vesting x 50%										
Target (100%)	Total shares due for vesting x 100%										
Stretch target (150%)	Total shares due for vesting x 150%										
Strategic alignment	Aligned with long-term strategic objectives Based on performance of the company for the rolling three-year period against conditions approved by remco Shares are annually bought from the market, opposed to issuing new shares, and allocated to employees with vesting share options										

3 Variable remuneration: Long-term incentives – continued

Elements	Description
KPIs	The LTI performance conditions include financial and non-financial targets Group LTI KPI targets may vary year-on-year and currently include ■ Shareholder value ■ Other investments ■ Waterfall City ■ ESG
Malus and clawback	Clawback provisions are applicable to all employees Remco may apply clawback to recover variable pay that has vested because of a trigger event, which in the judgement of remco, has arisen during the relevant period under review Remco may apply malus on or before the vesting date of a share option to reduce the quantum – in whole or in part after a trigger event occurs – which, in the judgement of remco, has arisen during the relevant period under review. Malus provisions are applicable to all employees (2021: 50 000 share options) during a specific financial year Where remco determines that a trigger event has occurred, it may, at its discretion, reduce the unvested variable compensation already awarded to an employee or, for a period of two years after the vesting of an award, claw back the value thereof from the recipient. Decisions made by remco in this regard are final and binding For more information, see Malus and clawback on  page 120.
Approval	Based on the strategic objectives of the company, management recommends to the remco meeting after year end, the three-year performance criteria for the LTI options issued during that year. The proposed performance conditions will be in line with projected company growth communicated to the market

3 Variable remuneration: Long-term incentives – continued

Elements	Description
Termination of employment	In exceptional circumstances, remco has discretion to declare a director, company secretary and prescribed officer leaving the company to be a 'good leaver', while exco has the discretion to declare all other employees leaving the company to be a good leaver Bad leavers: if employment terminates by reason of resignation, dismissal, abscondment or any other reason not considered as a good leaver, all unvested performance and/or retention shares shall be forfeited upon the date of termination of employment Good leavers: if employment terminates by reason of death, retrenchment, retirement, ill-health, injury, disability, transferring between companies in the group or other circumstances, a portion of performance and/or retention shares will be pro-rated and accelerated for vesting as at termination of employment. Awards are pro-rated for the extent to which performance has been achieved, if relevant, and the number of months served between the making of the award and termination of employment. The portion of the award which does not vest is forfeited and lapses

Malus and clawback

The malus and clawback provisions are a powerful risk adjustment method, which shows commitment to recovering variable pay where there has been misconduct.

The circumstances under which remco exercises such discretion may include:

- A material misstatement of the annual financial results, resulting in a material decreased restatement of either distributable income or NAV
- Fraud or gross misconduct by an applicable employee which has had, or may have, a significant negative impact on the value or reputation of Attacq or any group company
- Information or performance metric(s) used in determining an incentive paid found to have been materially misstated or based on any material misrepresentation
- Gross negligence by an applicable employee whose conduct would result in KPIs set for the employee not being met or partially met (e.g. health and safety, environment social impact or governance matters)
- Material regulatory breaches.

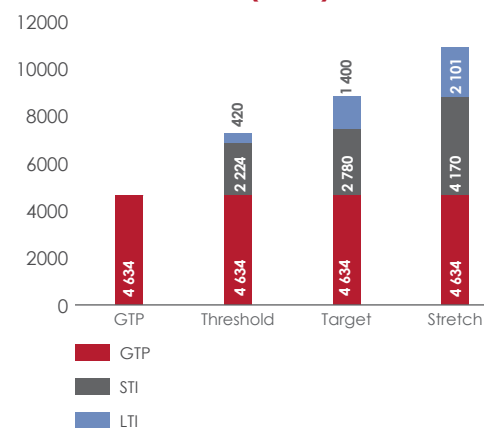
Remuneration of executive directors

Remuneration for our executive directors is structured on a total remuneration basis that includes GTP, STIs and LTIs. The STIs and LTIs are linked to agreed objectives set by the board on an annual basis and designed to support achieving the company's strategy and performance levels. The notice period for the CEO is six months and three months for the CFO. Restraint of trade provisions for executive directors may apply

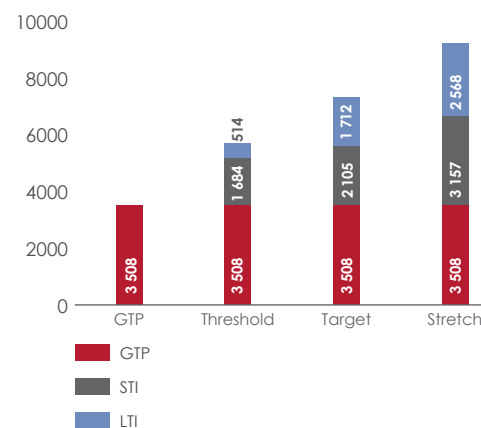
Linking pay to performance

The graphs below illustrate the potential remuneration outcomes for executive directors at threshold, target and stretch levels for awards in FY23 comprising GTP, STI and LTI. In the event that a threshold level of performance is not achieved, only the GTP indicated will be payable.

Jackie van Niekerk (R'000)



Raj Nana (R'000)



Remuneration of independent NEDs

Our aim is to attract and retain NEDs of the right skill set to guide the company strategy in line with Attacq's vision and purpose, creating sustainable shareholder value. In addition, the composition of our board needs to be in line with our diversity policy, notwithstanding the challenges of recruiting the required skill set.

Remuneration is a function of the number of meetings attended in a one-year cycle from the start of each financial period. In line with King IV, NEDs do not participate in any performance-related remuneration and they do not receive any benefits, nor do they participate in any LTI plans.

NEDs do not receive remuneration other than their fees but are entitled to be paid all reasonable travelling, accommodation and other expenses properly incurred in attending meetings of the board, its committees, general meetings or otherwise in connection with the business of the group.

Remco annually reviews NED fees based on benchmarking provided by external service providers. Accordingly, Remco considered the PwC NEDs' fees trend analysis report published for 2021 with a view to conduct a comparative analysis with its peer group. This process was undertaken to ensure that the proposed and recommended NED fees for the year under review are in line with Attacq's remuneration policy and King IV requirements. These recommendations are made to the board which, in turn, proposes the NED fees for approval by shareholders at the AGM.

PART 3:

Remuneration implementation report

During the year under review, there were no deviations from the remuneration policy.

GTP

Salary increases

In determining the increase in GTP, remco considered CPI and current economic conditions, the performance of the company and the affordability of the increased salary cost, as well as market benchmarking data.

The following increases were approved:

GTP increases applied	2022	2021
Executive directors (%)	0.0 – 5.0	6.5 – 10.0
Other employees (%)	5.0 – 8.0	4.9
CPI* (%)	7.6	4.9

* CPI as measured by Statistics South Africa for the previous 12-months ended 31 August 2022/2021

STI

A STI pool of R14.5 million (2021: R15.4 million), excluding the executive directors' STI, was approved in the September 2022 remco meeting and paid during October 2022.

FY22 STI KPIs

The group's STI KPI targets for the 30 June 2022 financial year are disclosed below.

KPI summary	80% Threshold	100% Target	150% Stretch target	Target weighting (%)	Actual	STI weighting (%)
Stakeholder value: Shareholder						
Core DIPS growth versus target (%)	10 below target	Target	20 above target	35	>20 above target	52.4
Waterfall City, Rest of South Africa and Other investments						
New business development (m²)	30 000	35 000	45 000	15	44 852	22.4
Capital structure						
Gearing (%)	≤43.0	≤41.0	≤39.0	15	37.2	22.5
ICR (times)	1.30	1.41	1.60	15	1.58	21.7
ESG						
Environmental – meet targets per plan	Meet	Exceed	Limited to target	7.5	Meet	6.0
Social – transformation scorecard level	5	4	3	7.5	1	11.3
Governance – good practices	Meet	Exceed	Limited to target	5	Meet	4.0
Total				100		140.3

For executive directors, achieving a total STI weighting of 100% (target) will equate to 60% of their GTP. The FY22 STI will be paid to employees in October 2022 (FY23).

FY23 STI KPIs

The STI KPI targets for the 30 June 2023 financial year for the group are disclosed below.

	KPI objective	KPI description	Weighting (%)	Threshold (80%)	Target (100%)	Stretch (150%)
Shareholders value	DIPS growth	Dividend growth from FY22, based on 80% payout ratio (%)	30	8	9	12
		Reduction of overhead cost (R'million)	10	12.5	17.5	22.5
	Debt management	Group ICR (times)	10	1.55	1.65	1.75
		Group gearing (%)	10	39	38	37
		Improvement of cost of debt (new and refinancing debt) against FY22	5	R500 million @ 35bps saving	R1 billion @ 50bps saving	R1.5 billion @ 50bps saving
		Asset and property management	Occupancy %	5	94	95
Waterfall City, Rest of South Africa and Other investments	Waterfall City development	Beneficial occupation of new developments in Waterfall City (measured at 100% level and bulk m²)	10	35 000	45 000	60 000
	ESG	Installed rooftop PV systems (number)	10	3	4	4 and complete FY23 retrofit project
		Transformation* (B-BBEE scorecard level)	10	3	2	1
		Total			100	

* We are expecting further amendments to the Amended Property Sector Codes and Scorecard that will have a negative impact on Attacq's B-BBEE scorecard

For executive directors, achieving a total STI weighting of 100% (target) will equate to 60% of their GTP.



Forest walk, central spine area of Mall of Africa, Waterfall City

FY22 LTI KPI results

The actual performance for the year three-year period ended 30 June 2022 determines the vesting percentage for 20% of the share options awarded during the 2017 and 2018 financial year and 60% of share options awarded during the 2019 financial year. New share options will be awarded as part of the 2022 ASR process.

The vesting date of these LTIs are 14 October 2022 (FY23) with an actual vesting percentage of 84.1% based on the following vesting conditions:

Performance conditions	Threshold 30%	Target 100%	Stretch target 150%	Weighting %	Actual	Weighted vesting (%)
Financial						
Growth in DPS relative to SA REIT index ^{1, 2, 3} (times)	1.0	1.1	1.2	80	1.53	61.4
Total shareholder's return relative to SA REIT index ^{1, 4} (times)	0.9	1.0	1.1	35	0.00	52.5
Average annual development surplus ^{1, 5} (R'million)	50.75	72.0	96.75	35	0.00	0.0
Non-financial						
Average annual development roll-out ¹ (m ²)	50.75	72.0	96.75	10	68.70	8.9
Transformation (based on revised property sector codes) at date of vesting ⁶	29 000	36 000	45 000	20	33 679	17.7
	Level 4	Level 3	Level 2	10	Level 1	7.7
				10	Level 1	15.0
Total				100		84.1

Notes:

1 Calculated over the three-year period ended 30 June 2022

2 Calculated as simple growth in DPS at the end of performance period divided by the DPS of the starting performance period

3 The SA REIT index's DPS decreased by 23.1% versus Attacq's DPS that decreased by 15.0%

4 The SA REIT index's share price decreased by 12.6% versus Attacq's share price that decreased by 22.2%

5 Annual average development surpluses for the three-year period ending at the performance date, excluding surplus on the leasehold land and pre-development capex

6 The B-BBEE level was verified on 29 September 2022

FY23 LTI KPIs, new allocations

The performance conditions for the share options issued in October 2022 are shown below. These conditions will be applied to 60% of the share options allocated with a maturity date of 14 October 2025. Of the share options allocated, 20% will mature on 14 October 2026 and 20% will mature on 14 October 2027 as per conditions previously disclosed.

	KPI objective	KPI description	Weighting (%)	Threshold	Target	Stretch
Shareholders value	Shareholder return	Growth in DIPS relative to peer group (%) ^{1,2}	35	90	100	110
		TSR relative to peer group (%) ^{2,3}	30	90	100	110
 Waterfall City, Rest of South Africa and Other investments	Asset management and capital allocation	Total disposal proceeds for Rest of Africa retail investments (R'million) ³	5	250	350	450
		Average annual total bulk land movement (including completed developments and sale of bulk) for the three-year period ending 30 June 2025 (m ² per annum)	10	45 000	55 000	65 000
 Capital structure	ESG	Attacq Energy: Implement the PPA according to the IC's approval	10	Meet	Exceed	n/a
		Transformation (B-BBEE scorecard level) ^{4, 5}	10	3	2	1
Total			100			

Notes:

1 Calculated as compounded annual growth in DIPS using the DIPS at end of the performance period and the DIPS of the starting performance period

2 Peer group is defined as Emira, Hyprop, L2D, Investec Property Fund, Vukile and SA Corporate

3 Measured as growth in TSR over performance period. The TSR is defined as the growth in the share price of a company over the performance period including the effect of dividends paid and capital events (i.e. dividends are reinvested in the share)

4 Based on the externally verified B-BBEE rating as at date of measurement

5 We are expecting further amendments to the Amended Property Sector Codes and Scorecard that will have a negative impact on Attacq's B-BBEE scorecard



Remuneration of executive directors

For full disclosure of executive directors' remuneration, which is in line with the company's remuneration policy, please see note 14 of the AFS, which is available online at <https://www.attacq.co.za/investor-hub/>.

The GTPs for both executive directors have been reviewed during the October 2022 ASR process, taking market-related remuneration into account. Jackie van Niekerk has opted not to receive a salary increase (2021: 34.6% increase upon appointment as CEO on 1 May 2021 and 10.0% increase during the ASR) and will be granted a higher performance share option award instead. Raj Nana will receive a salary increase of 5.0% from 1 October 2022 (2021: 6.5% increase). Their salaries are reviewed annually by remco.

In line with King IV, we disclose a single view of executive directors' remuneration for 2022, compared to 2021.

			Pension fund contributions R'000	Other benefits R'000	LTI vesting R'000	Total R'000
Total remuneration	GTP R'000	STI R'000				
2022						
Jackie van Niekerk	4 253	1 748	240	122	690	7 053
Raj Nana	3 093	1 878	175	90	459	5 695

			Pension fund contributions R'000	Other benefits R'000	LTI vesting R'000	Total R'000
Total remuneration	GTP R'000	STI R'000				
2021						
Melt						
Hamman	3 401	–	161	69	9 739	13 370
South African MAS	513	–	–	–	–	513
International	143	–	–	–	–	143
Total	4 057	–	161	69	9 739	14 026
Jackie van Niekerk	2 944	729	165	66	563	4 467
Raj Nana	2 950	456	157	72	106	3 741

FY22 STI awards

Actual performance for FY22 was assessed against the group's FY22 STI KPIs.

	% weightings	% achieved	Jackie van Niekerk R	Raj Nana R
Annual GTP*			4 633 525	3 340 700
STI Target (60% of GTP)				
Company performance	80.0	140.0	3 113 729	2 244 950
Individual performance	20.0	100.0	556 023	400 885
Salary sacrifice [^]			(363 144)	–
Gross STI	100.0	112.2	3 306 608	2 645 835
Less: six times monthly salary			(2 316 763)	(1 670 350)
Deferred amount			989 845	975 485
Net STI to be received October 2022			2 316 763	1 670 350

* August 2022 GTP times 12

[^] Jackie opted for a salary deduction to allow for a larger bonus pool for our employees

The FY22 STI will be paid to the directors in October 2022 (FY23).

Total LTI portfolio of executive directors

The tables below summarise share options granted, vested and exercised, forfeited and expired during the year, as well as comparatives.

2022 (000's)	Jackie van Niekerk	Raj Nana	Total
Opening balance as at 1 July 2021	1 314	1 197	2 511
New options granted	1 000	339	1 339
Vested and exercised	(108)	(72)	(180)
Forfeited options	(462)	(452)	(914)
Expired	–	–	–
Unvested options as at 30 June 2022	1 744	1 012	2 756

2021 (000's)	Melt Hamman	Jackie van Niekerk	Raj Nana	Total
Opening balance as at 1 July 2020	1 584	1 432	859	3 875
New options granted	339	395	439	1 173
Vested and exercised	(1 442)	(185)	(35)	(1 662)
Forfeited options	(445)	(26)	(11)	(482)
Expired	(36)	(302)	(55)	(393)
Unvested options as at 30 June 2021	–	1 314	1 197	2 511

The following share options for executive directors are due for vesting or will be forfeited, based on a vesting percentage of 84.1%:

- Jackie van Niekerk: 217 515 share options (2021: 108 344 share options) are due for vesting, 13 263 share options (2021: 461 814 options) will be forfeited owing to performance conditions not being fully met.
- Raj Nana: 145 438 share options (2021: 72 080 share options) are due for vesting, 23 124 share options (2021: 451 560 share option) will be forfeited owing to performance conditions not being fully met.

A total number of 1 580 477 share options (2021: 1 338 534 share options) have been approved and will be allocated as follows:

- Jackie van Niekerk will be awarded 918 356 (2021: 1 000 000 share options). Jackie opted for additional share options this year, instead of an increase in GTP.
- Raj Nana will be awarded 662 121 share options (2021: 338 534 share options).



Lynnwood Bridge precinct - retail, Pretoria



Remuneration of independent NEDs

Below is a summary of fees paid to NEDs for the 2021 and 2022 financial years, as disclosed in note 14 of the AFS.

NED fees	2022 R'000	2021 R'000
P Tredoux	817	1 265
HR El Haimer	644	1 047
TP Leeuw [^] (appointed 10 February 2021)	620	301
IN Mkhari	478	764
BT Nagle (retired on 27 November 2020)	–	813
S Shaw-Taylor [^]	884	1 385
AE Swiegers [^] (appointed 14 January 2021)	661	313
JHP van der Merwe [*]	482	732
Total	4 586	6 620

^{*} Including travel fees for attendance of meetings. Travel fees are added for directors based outside Gauteng and they receive a flat fee per meeting involving travel of R9 600 (2021: R9 600)

[^] Inclusive of value added tax (VAT)

P Tredoux's fees were paid to Tredoux Family Holdings (Pty) Ltd

Except for the above, all NEDs' fees were paid to the individuals in their personal capacity

An increase of 6.0% for NED fees have been proposed for approval by the shareholders at the AGM to be held on 17 November 2022 AGM. The proposed increase is to align the NED remuneration with the median NED remuneration, as benchmarked and takes inflation into consideration. The fees will be payable to NEDs from 18 November 2022 until 17 November 2023 or the next AGM (whichever is first). Amounts exclude VAT, which will be added where applicable.

	Proposed fees FY23 R	Approved fees FY22 R
Annual fees		
Chairperson	587 700	554 400
Lead independent NED	445 900	420 650
Board member	387 500	365 600
ARC chairperson	227 300	214 400
ARC member	145 100	136 900
IC chairperson	121 200	114 350
IC member	96 700	91 250
Remuneration and nominations committee chairperson	75 100	70 850
Remuneration and nominations committee member	59 900	56 550
TSE chairperson	80 900	76 300
TSE member	64 600	60 900
Fees per ad hoc meeting		
Board chairperson	28 900	27 250
Lead independent NED	23 300	22 000
Board member	23 300	22 000
IC chairperson	28 900	27 250
IC member	23 300	22 000
ARC chairperson	28 900	27 250
ARC member	23 300	22 000
Remuneration and nomination committee chairperson	9 600	9 000
Remuneration and nomination member	7 700	7 250
TSE chairperson	9 600	9 000
TSE member	7 700	7 250
Travelling fees		
Travelling fees for members outside of Gauteng	10 200	9 600



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SHAREHOLDER INFORMATION

Beneficial shareholders holding 5% or more of Attacq's issued share capital

	At 30 June 2022		At 30 June 2021	
	Shares held	%	Shares held	%
Coronation	121 887 946	16.2	75 170 954	10.0
Government Employees Pension Fund	72 024 839	9.6	71 565 724	9.5
RBH*	–	–	41 439 525	5.5
Ninety One	44 054 058	5.9	39 027 489	5.2
Total shareholding of 5% or more	237 966 843	31.7	227 203 692	30.3

* The shares held by RBH are directly held by Lisinfo 222.

Beneficial shareholder spread

	At 30 June 2022			At 30 June 2021		
	Number	Shares held	%	Number	Shares held	%
Non-public	10	171 504 605	16.2	9	49 517 430	6.6
>10.0%	1	121 887 946	16.2	–	–	–
Treasury shares	2	46 427 553	6.2	2	46 427 553	6.2
Directors and associates	7	3 189 106	0.4	7	3 089 877	0.4
Public	8 340	580 046 687	77.2	7 638	702 033 862	93.4
Total shareholding	8 350	751 551 292	100.0	7 647	751 551 292	100.0

Summary of trading in Attacq shares

	Year ending 30 June 2022	Year ending 30 June 2021
Number of trades	54 317	77 735
Total number of shares traded	258 799 939	361 996 265
Total value of shares traded (R'000)	1 748 897	1 722 548
High (R)	7.99	7.43
Low (R)	5.34	3.00
Closing price (R)	5.55	6.86

GLOSSARY

ACI	African, Coloured and Indian
AFS	Audited group annual financial statements for the year ended 30 June 2022
AGM	Annual general meeting
ARC	Audit and risk committee
ASR	Annual salary review
Attacq	Attacq Limited and its subsidiaries
AttAfrica	AttAfrica Limited
AWIC	Attacq Waterfall Investment Company (Pty) Ltd
B-BBEE	Broad-based Black Economic Empowerment
BDO	Binder Dijker Otte
BMP	Biodiversity management plan
CAF	Combined assurance forum
capex	Capital expenditure
CDO	Chief development officer
CBD	Central business district
CEO	Chief executive officer
CFO	Chief financial officer
CIO	Chief investment officer
Companies Act	Companies Act 71 of 2008, as amended
CPS	Cents per share
CO2e	carbon dioxide equivalent
COO	Chief operating officer
CP	Conditions precedent
CPI	Consumer price index
CRM	Client relationship management
CRMP	Compliance Risk Management Plan
CSI	Corporate social investment
CX journey	Stakeholder experience journey (internal and external)
Development rights	Leasehold and development rights to develop and register long-term lease agreements against the title deeds of Waterfall City land parcels
Dev exco	Development exco
DIPS	Distributable income per share

DPS	Dividend per share
EAP	Economically active population
ECD	Early childhood development
ECL	Expected credit loss
EE	Employment equity
Effective GLA	Attacq's interest in the GLA, opposed to 100% of the GLA
ESD	Enterprise and supplier development
ESG	Environmental, social and governance
exco	Executive management committee
EY	Ernst & Young Incorporated
FCTR	Foreign currency translation reserve
FY19	Financial year ended 30 June 2019
FY20	Financial year ended 30 June 2020
FY21	Financial year ended 30 June 2021
FY22	Financial year ended 30 June 2022
FY23	Financial year ending 30 June 2023
FY30	Financial year ending 30 June 2030
GBCSA	Green Building Council of South Africa
GHG	Greenhouse gas
GLA	Gross lettable area
GMR	Weighted average gross monthly rental
Green Star	Green rating system by the GBCSA
Gruppo	Gruppo Investments Limited
GTP	Guaranteed total package
IC	Investment committee
ICR	Interest cover ratio
ICT	Information and communications technology
ICT Steerco	ICT steering committee
IFRS	International Financial Reporting Standards
IRAS	Integrated reporting and assurance services
<IR> Framework	International Integrated Reporting Framework
ISSB	International Sustainability Standards Board
IWMP	Integrated Waste Management Plan
JV	Joint venture

King IV	King Report on Corporate Governance for South Africa, 2016™
kVA	Kilo volt amps
kWp	Kilowatt peak
KPI	Key Performance Indicator
JSE	Johannesburg Stock Exchange Limited
LEED	Leadership in Energy and Environmental Design
LTI	Long-term incentive award
LTIP	Long-term incentive plan
MAS	MAS P.L.C.
MOI	Memorandum of Incorporation
MSCI	Morgan Stanley Capital International
MWh	Megawatt hour
MWp	Megawatt peak
NAV	Net asset value
NAVPS	Net asset value per share
NED	Non-executive director
Net Zero Level 1 certification	The building, excluding client fit-outs, has a net zero carbon emission measured over a year
nmf	No meaningful figure
OCI	Other comprehensive income
OHS	Occupational Health and Safety
PDP	Personal development plan
POPIA	Protection of Personal Information Act 4 of 2013
Portstone	Portstone Development (Pty) Ltd
PPA	Power purchase agreement
PV	Photovoltaic
PwC	PricewaterhouseCoopers Incorporated
REIT	Real estate investment trust
remco	Remuneration and nomination committee
RPA	Robotic process automation
SA	South Africa
SAPOA	South African Property Owners Association
SA exco	South African portfolio exco

SA REIT BPR	SA REIT Best Practice Recommendation, second edition
SAR	Share appreciation rights
SASRIA	South African Special Risks Insurance Association
SBTi	Science Based Targets initiative
SDG	Sustainable development goal
SED	Socio-economic development
SENS	Stock Exchange News Service
SLA	Service level agreement
SMME	Small, medium and micro-enterprises
STI	Short-term incentive award
Subsidiary company boards	the board of a company that is directly or indirectly controlled by Attacq through either controlling the majority of the voting rights or controlling the appointment of the majority of the directors
Sustain exco	Sustainability exco
TCFD	Task Force for Climate-related Financial Disclosures
tCO₂e	tonnes carbon dioxide emission
the board	The board of directors of Attacq
the company	Attacq Limited and its subsidiaries
the group	Attacq Limited and its subsidiaries
TSE	Transformation, social and ethics committee
UN	United Nations
UNGC	United Nations Global Compact
VAT	Value-Added Tax
WALE	Weighted average lease expiry
Waterfall City landowner	The owner of the leasehold land, being the Waterfall Islamic Institute
WEMF	Waterfall Environmental Management Forum
year under review	Financial year ended 30 June 2022



COMPANY INFORMATION

Independent NEDs

P Tredoux (chairperson)
HR El Haimer (lead independent)
TP Leeuw
IN Mkhari
S Shaw-Taylor
AE Swiegers
JHP van der Merwe

Executive directors

JR van Niekerk (CEO)
R Nana (CFO)

Company secretary

W Modisapodi

Registered office

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Transfer secretaries

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Rosebank Towers
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Rosebank
2196
(Private Bag X9000, Saxonwold, 2132)

Sponsor

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