GCR RATINGS

**RATING ANNOUNCEMENT**

# GCR affirms Attacq Limited's national scale issuer rating of A+(ZA); Outlook Stable

## Rating action

Johannesburg, 16 October 2025 – GCR Ratings (GCR) has affirmed Attacq Limited's (Attacq or the REIT) national scale issuer ratings of A+(ZA) and A1(ZA) for the long and short term respectively. The Outlook is Stable.

| Rated Entity / Issue | Rating class | Rating scale | Rating | Outlook / Watch |
|---|---|---|---|---|
| Attacq Limited | Long Term Issuer | National | A+(ZA) | Stable Outlook |
| | Short Term Issuer | National | A1(ZA) | |

## Rating rationale

Attacq's ratings factor in its large high-quality South African portfolio of modern, green buildings, which combined with its sizeable development land bank is expected to progressively enhance the quality of its portfolio and cash flows over the medium to long term. The ratings also reflect expectations that the REIT will maintain very conservative leverage and strong liquidity as the ongoing rollout of developments is progressively implemented. These strengths are tempered by high geographic and asset concentration.

The REIT owns and manages a reasonably large, high-quality South African property portfolio valued at c.ZAR23 billion (USD1.3 billion) as at year-end June 2025. The portfolio exhibits a good mix across asset classes, including retail, office, logistics, hotels and data centers, although the geographic and asset concentration is a credit negative. The majority of properties (68%) are located in Waterfall City (a well-located mixed-use city in Gauteng), whilst the marquee retail asset, Mall of Africa, represents nearly 30% of the total portfolio. This is, however, balanced against the exclusive development rights to control the supply, spatial planning, and to maintain the attractiveness of an entire precinct in a large metropolitan city. Further, Attacq's significant but controlled development programme in Waterfall City underpins its long-term organic growth prospects over the next 10-15 years given the advantage of its extensive land bank. The REIT's commitment to new developments over 24 months totals around 4% of its completed portfolio assets, which is low. Underpinning the development planning of Waterfall City is a focus on ensuring high environmental standards, with resource consumption driven outputs being of priority.

Strong demand has underpinned stable occupancy rates of 94% (post financial 2025), a well laddered lease maturity profile (4.2 years), and high proportion of quality tenants. Retail vacancies remain low at 2.8% (Mall of Africa: 1.1%), with strong positive lease reversions of 5.1%. Office vacancies are relatively high but have remained steady at 13%. We believe that Attacq will continue to phase development spend relative to market demand and primarily invest in its logistics zoned land parcels to further drive rental growth over the short to medium term. Most projects are expected to be on a pre-let basis, which reduces the risk. On a like-for like basis, net property income grew by a robust 7.7% in financial 2025 (financial 2025: 7.5%), with above

inflation weighted average lease escalations of 6.9% expected to underpin continued strong cash flow growth.

In view of the concentrated portfolio strategy, we expect Attacq's leverage profile to remain more conservative than similarly rated peers. The LTV was maintained at 26% in financial 2025 as proceeds from divestment in listed MAS P.L.C. provided most of the funding for the acquisition of the remaining 20% interest in Mall of Africa. Positive valuation uplifts on the portfolio also supported the low LTV, but we expect it to start increasing towards 30% over the medium term in line with portfolio expansion. Net interest coverage improved to 2.9x in financial 2025 (financial 2024: 2.3x) on the back of the full effects of the much lower debt levels in the prior year and continued solid income growth, with ample headroom relative to covenants expected to be maintained.

The weighted average debt maturity profile is long term at 4 years, with the next debt maturity only due in financial 2028. Although there is ample time to refinance, financial 2028 does show a relatively high debt concentration of 35%/ZAR2.4 billion. The REIT has also recently broadened its capital access through its first unsecured bond issuance in October 2024 of ZAR760 million, which attracted strong appetite, although we still view Attacq as a less established public bond issuer relative to similarly rated peers.

We view Attacq's liquidity as strong, based on its ratio of liquidity sources to uses of 1.6x over the next 12 months to June 2026. This is based on the absence of large debt maturities for the next two years, moderate projected development capex, and cash and committed credit lines of around ZAR1.6 billion. The REIT also maintains an 80% distribution pay-out, which aids with funding for maintenance spend. As with most South African REIT peers, the high asset encumbrances (c.80%) is viewed to somewhat limit financial flexibility.

## Outlook statement

The Stable outlook reflects GCR's expectation that the REIT will continue delivering a strong operational performance as occupancies improve and newly developed buildings are tenanted. We also expect that Attacq will maintain strong credit ratios over the rating horizon, which have enough headroom to absorb funding needs for the development rollout.

## Rating triggers

We could raise the rating if Attacq continues to meaningfully increase its scale, asset diversity and delivers robust cash flow growth, supported by increasing occupancies of existing assets and new builds over the medium to long term. Additionally, maintenance of very strong key credit ratios; liquidity coverage above 1.5x on a consistent basis, enhanced unencumbered portfolio, smoother debt maturity profile and demonstration of frequent unsecured debt capital access, would also be necessary for an upgrade.

The ratings could be downgraded if 1) operating results or asset quality weakens; and/or 2) liquidity coverage sustains below 1.5x; and/or 3) the LTV trends towards 30-35% and/or fixed charge coverage below 2.3x without maintaining diversified funding sources.

## Analytical contacts


| | | |
|---|---|---|
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## Related criteria and research

Criteria for the GCR Ratings Framework, May 2024
GCR Rating Scales Symbols and Definitions, May 2023
Criteria for Rating Real Estate Investment Trusts and Other Commercial Property Companies, May 2024
GCR Country Risk Score report, October 2025
GCR SA Corporate Sector Risk Score report, July 2025

## Ratings history

| Attacq Limited | | | | | |
|---|---|---|---|---|---|
| Rating class | Review | Rating scale | Rating | Outlook | Date |
| Long Term Issuer | Initial/last | National | A+(ZA) | Stable | August 2024 |
| Short term Issuer | | National | A1(ZA) | | |

## Risk score summary

| Rating Components & Factors | Score |
|---|---|
| **Operating environment** | **13.00** |
| Country risk score | 7.00 |
| Sector risk score | 6.00 |
| **Business profile** | **1.00** |
| Portfolio quality | 1.00 |
| Sustainability | 0.00 |
| **Financial profile** | **0.00** |
| Leverage & capital structure | 0.25 |
| Liquidity | (0.25) |
| **Comparative profile** | **0.00** |
| Group support | 0.00 |
| Peer analysis | 0.00 |
| **Total Risk Score** | **14.00** |

## Glossary

| | |
|---|---|
| Country Risk | The range of risks emerging from the political, legal, economic and social conditions of a country that have adverse consequences affecting investors and creditors with exposure to the country, and may also include negative effects on financial institutions and borrowers in the country. |
| Covenant | A provision that is indicative of performance. Covenants are either positive or negative. Positive covenants are activities that the borrower commits to, typically in its normal course of business. Negative covenants are certain limits and restrictions on the borrowers' activities. |
| Debt | An obligation to repay a sum of money. More specifically, it is funds passed from a creditor to a debtor in exchange for interest and a commitment to repay the principal in full on a specified date or over a specified period. |
| Diversification | Spreading risk by constructing a portfolio that contains different exposures whose returns are relatively uncorrelated. The term also refers to companies which move into markets or products that bear little relation to ones they already operate in. |
| Exposure | Exposure is the amount of risk the holder of an asset or security is faced with because of holding the security or asset. For a company, its exposure may relate to a product class or customer grouping. Exposure may also arise from an overreliance on one source of funding. In insurance, it refers to an individual or company's vulnerability to various risks |
| Downgrade | See GCR Rating Scales, Symbols and Definitions. |
| Fair Value | The fair value of a security, an asset or a company is the rational view of its worth. It may be different from cost or market value. |
| Interest Cover | Interest cover is a measure of a company's interest payments relative to its profits. It is calculated by dividing a company's operating profit by its interest payments for a given period. |
| Issuer | The party indebted or the person making repayments for its borrowings. |
| Leverage | In corporate analysis, leverage (or gearing) typically refers to the extent to which a company is funded by debt. |
| Liquidity | The speed at which assets can be converted to cash. It can also refer to the ability of a company to service its debt obligations due to the presence of liquid assets such as cash and its equivalents. Market liquidity refers to the ease with which a security can be bought or sold quickly and in large volumes without substantially affecting the market price. |
| Loan to value | The principal balance of a loan divided by the value of the property and other investments that it funds. |
| Long Term Rating | See GCR Rating Scales, Symbols and Definitions. |
| Outlook period | See GCR Rating Scales, Symbols and Definitions. |
| Portfolio | A collection of investments held by an individual or institutional investor. These may include (*inter alia*) private/listed stocks, debt securities, futures contracts, options, real estate investments or any item that the holder believes will retain its value. |
| Rating Outlook | See GCR Rating Scales, Symbols and Definitions. |
| REIT | Real Estate Investment Trust. A company that owns, operates or finances income-producing real estate. |
| Refinancing | The issue of new debt to replace maturing debt. New debt may be provided by existing or new lenders, with a new set of terms in place. |
| Short Term Rating | See GCR Rating Scales, Symbols and Definitions. |
| Upgrade | See GCR Rating Scales, Symbols and Definitions. |

## Salient points of accorded rating

GCR affirms that a.) no part of the rating process was influenced by any other business activities of the credit rating agency; b.) the ratings process was based solely on the merits of the rated entity, security or financial instrument being rated; and c.) the ratings process was an independent evaluation of the risks and merits of the rated entity, security or financial instrument.

The credit ratings have been disclosed to the rated entity.

The ratings above were solicited by, or on behalf of, the rated entity.

The rated entity participated in the rating process via in person interaction and/or via online virtual interaction and/or via electronic and/or verbal communication and correspondence. Furthermore, the quality of information received was considered adequate and has been independently verified where possible. The information received from the rated entity and other reliable third parties to accord the credit ratings included:

- Exchange Rate Source: https://www.bloomberg.com/markets/currencies 1USD=17.33ZAR (16 October 2025)
- The audited annual financial statements to 30 June 2025 (plus four years of audited comparative numbers)
- A breakdown of utilised and available debt facilities at June 2025

- Analyst Presentations
- Capex debt forecasts

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