



CONDENSED UNAUDITED CONSOLIDATED INTERIM FINANCIAL RESULTS

FOR THE SIX MONTHS ENDED
31 DECEMBER 2022

ATTACQ

Highlights



Dividend declared
of **29.0 cents** per share for the interim period



Distributable income per share
increased by **27.3%** to **35.9 cents**



Interest cover ratio
improved to **1.72 times** from **1.50 times**



Occupancy and collection rates
remain high at **92.0%** and **101.3%**,
respectively



Weighted average annual trading density
growth of **14.7%**



Development activity at Waterfall City
totalling **53 697m²** of gross lettable area, with a
total cost at completion of **R915.4 million**



R2.8 billion investment in Waterfall City
by **strategic investment partner**, Government
Employees Pension Fund, proposed

Commentary

Introduction

Attacq is a Real Estate Investment Trust (REIT) which invests in, manages and develops a dynamic portfolio of real estate assets in collaboration with like-minded partners. The group has prioritised the diversification of its portfolio in South Africa to counter low business confidence and declining economic conditions, as well as to ensure resilience in the face of the uncertain impact of financial, governmental, social and environmental changes.

Attacq's vision is to create sustainable value for all stakeholders through a value-based strategy, ensuring a positive impact in our communities and the environment we operate in. Attacq's strategy is rooted in its purpose of cultivating smart, safe and sustainable community spaces, and enhancing the experience of its clients and shoppers in its managed hubs. The company is well-positioned to deliver on its strategy, which is as much about sustainable stakeholder value as it is about making a positive impact on the communities in which it operates.

Attacq's focused approach is on: (1) Waterfall City, comprising its completed real estate portfolio, developments under construction and leasehold land; (2) Rest of South Africa, comprising the remainder of its South African completed real estate portfolio; and (3) Other investments, comprising a 6.5% interest in MAS P.L.C. (MAS) and its Rest of Africa retail investments. Going forward, business diversification will be the fourth focus area, achieved through investing in opportunities complementary to our real estate portfolio.

General overview

The six months ended 31 December 2022 (interim period) demonstrated the resilience of our portfolio in the face of multiple challenges. Our precinct focused strategy enables us to achieve economies of scale when implementing responses.

Distributable income

Total distributable income per share (DIPS) increased by 27.3% to 35.9 cents per share (cps) for the interim period. The distributable income of the group is closely aligned with cash generated from operations, adjusted to reflect recurring income.

A breakdown of distributable income per focus area and total income is tabled below:

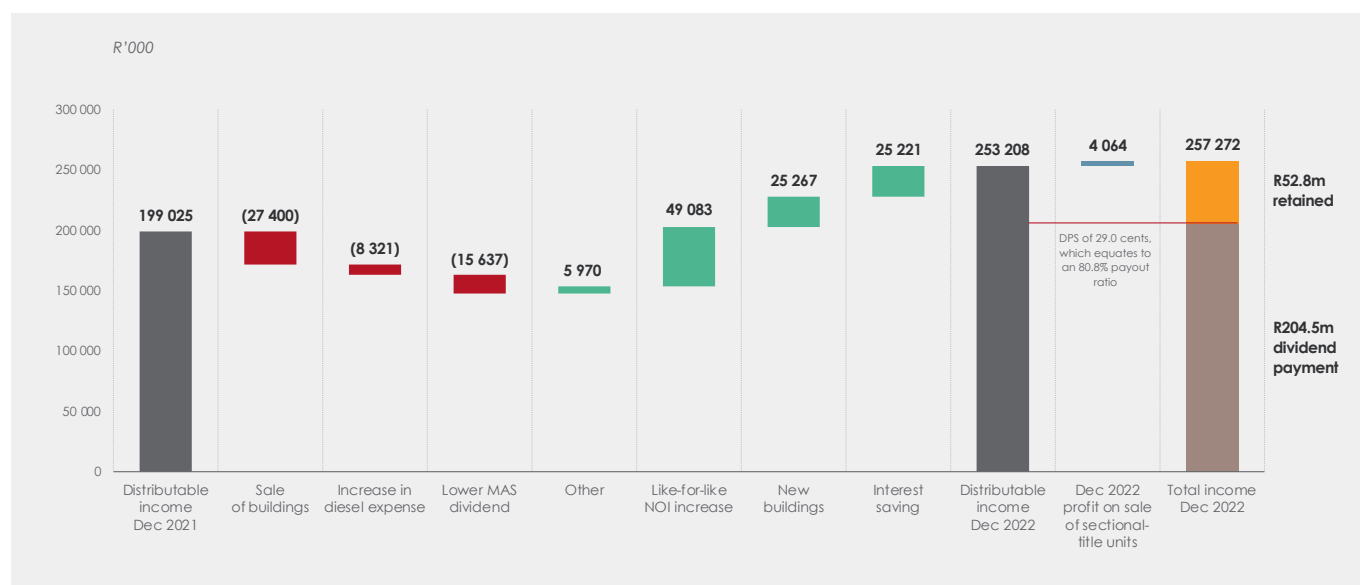
Distributable income	Dec 2022		Dec 2021		Change in cps %
	R'000	cps	R'000	cps	
Waterfall City	148 000	21.0	98 738	14.0	50.0
Rest of South Africa	74 723	10.6	54 165	7.7	37.7
Other investments	30 485	4.3	46 122	6.5	(33.9)
Total distributable income	253 208	35.9	199 025	28.2	27.3
Profit on sale of sectional-title units	4 064	0.6	65 898	9.4	nmf
Total income	257 272	36.5	264 923	37.6	(2.9)

The distributable income from Waterfall City increased by 50.0% to 21.0 cps (31 December 2021: 14.0cps) and the distributable income from the Rest of South Africa increased by 37.7% to 10.6cps (31 December 2021: 7.7cps). These increases are mainly due to higher rental income from newly completed developments and the existing completed portfolio, the Cell C arrears which was settled in cash as well as lower finance costs. The comparative period included rental discounts and once-off debt-settlement costs. This was offset by a decrease in rental income from the sale of buildings and a higher share-based payment expense during the interim period.

The distributable income from Other investments decreased by 33.9% to 4.3cps mainly due to a final dividend received from MAS for the six-month period of R30.5 million compared to the prior interim period (31 December 2021: R46.1 million), which included a MAS dividend for the full year.

Profit earned on the sale of sectional title units at Waterfall City is R4.1 million (31 December 2021: R65.9 million) and is again excluded from distributable income due to its cyclical trading nature.

A graphical period-on-period comparison of the distributable income is depicted below:



Financial performance

Rental income for the group increased by 4.0% to R1.2 billion (31 December 2021: R1.1 billion), mainly due to an increase in rental income from the Mall of Africa. Like-for-like rental income increased by 7.2% (2021: decreased by 1.1%).

Group property expenses, excluding expected credit losses and cost of sales of sectional-title units, increased by 10.4% to R433.7 million (31 December 2021: R392.7 million). The utilisation of our buildings increased as lockdown ended and people returned to the office and to our retail-experience hubs resulting in an increase in variable costs, further impacted by load-shedding. Property expenses increased by 14.8% (2021: increased by 4.5%) on a like-for-like basis.

Group net profit from property operations, excluding the International Financial Reporting Standards (IFRS) adjustment for straight-line leasing and net proceeds from the sale of sectional-title units, increased by 15.4% to R777.2 million (31 December 2021: decreased to R673.3 million). On a like-for-like basis, net operating income increased by 6.2% (31 December 2021: decreased by 4.6%).

Total assets increased by 0.5% to R21.7 billion (30 June 2022: R21.6 billion) and total liabilities increased by 2.2% to R9.5 billion (30 June 2022: R9.3 billion). The group's net asset value decreased by 0.8% to R12.2 billion (30 June 2022: R12.3 billion) and net asset value per share declined to R17.35 (30 June 2022: R17.49 per share).

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

The quality of our real estate portfolio, managed through our internal asset and property management function, is demonstrated in our smart, safe and sustainable precinct spaces. Our retail-experience hubs offer space for our communities to meet, providing the opportunity for social interaction, shopping and enjoying a memorable and convenient experience. Similarly, our collaboration hubs are a response to the evolution of the office environment and ways of working, providing opportunities for physical interaction and collaboration. Our logistics hubs continue to be safe and secure, offering integrated office and warehouse space at a single location.

Response to load-shedding

The interim period was negatively impacted by a significant increase in load-shedding. More than 95.0% of our property portfolio is equipped with back-up energy solutions to ensure our hubs fulfil their purpose as safe spaces for our communities to meet and collaborate. There was an increase in footcount at our retail-experience hubs throughout the interim period, which positively impacted trading densities.

The continuous use of generators due to increased load-shedding introduces an additional cost for Attacq and, while some of these costs are recoverable from our clients, their total cost of occupancy is negatively impacted. Our response has been to reduce our energy consumption and reliance on generators through a number of initiatives: (1) retrofitting lights at our retail-experience hubs; (2) installing generator management systems to shut down generators after hours for specific buildings; (3) adding ±2.3MWp rooftop photovoltaic (PV) systems, with a further ±4.7MWp rooftop PV systems in planning; and (4) planning battery backups for buildings and precincts.

Retail-experience hubs

The weighted average annual trading density for the total portfolio increased by 14.7% (31 December 2021: increased by 8.7%) with Mall of Africa increasing by 22.8%, Lynnwood Bridge increasing by 17.3% and Waterfall Corner increasing by 15.7%.

The turnovers and footcount for all our retail-experience hubs continue to grow. Food Services and Apparel categories reflected 29.9% and 24.1% growth respectively; the highest growth categories in turnovers compared to the prior period. The rent-to-turnover ratio for our super-regional retail-experience hub, Mall of Africa, was healthy at 7.7% (31 December 2021: 9.2%).

Collaboration hubs

The property and asset management teams continued to engage proactively with individual clients across the entire portfolio in order to listen to, and understand, their business needs. A number of early renewals were negotiated during the period to balance retention of clients with the pervasive market rentals in Gauteng. The increase in the utilisation of our collaboration hubs continued as more businesses returned to the office and collaboration spaces were taken up.

Property cost-to-income ratio

The increases in normalised cost-to-income ratios are due to costs associated with load-shedding, the increase in utilisation of our buildings as lockdown ended and the loss of rental income due to Waterfall Circle being vacant for the interim period. The municipal and diesel recovery ratio decreased to 84.8% (31 December 2021: 89.4%).

	Normalised ratios*	
	Dec 2022 %	Dec 2021 %
Property cost-to-income ratio		
Waterfall City		
Net cost-to-income ratio ¹	26.6	21.3
Gross cost-to-income ratio ²	41.8	37.1
Rest of South Africa		
Net cost-to-income ratio ¹	23.9	19.4
Gross cost-to-income ratio ²	40.7	37.9

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 exclude material lease cancellation fees, discounts granted and expected credit losses (ECL) 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.

Occupancy

The 8 932m² of unoccupied retail-experience hub space mainly relates to Brooklyn Mall (1 852m²) and Mall of Africa (1 849m²). The 49 621m² unoccupied collaboration hub space mainly relates to Waterfall Circle (24 354m²), Brooklyn Bridge Office Park (6 946m²), Cell C walk-in centre (4 921m²) and Allandale building (4 756m²). A number of prospective client proposals and tender submissions with concluding dates scheduled for March and April 2023 are under consideration for the Waterfall Circle building.

Subsequent to the interim period, 8 836m² of the 58 553m² total vacancies were filled. A total of 4 731m² of the collaboration hubs has been let, including 1 285m² of the Allandale building, and 4 105m² of the space occupied post interim period relates to the retail-experience hubs.

	Dec 2022				Jun 2022			
	Waterfall City	Rest of South Africa	Total	Occupied gross lettable area (GLA) m ²	Waterfall City	Rest of South Africa	Total	Occupied GLA m ²
Sector occupancy	%	%	%		%	%	%	
Retail-experience hubs	96.3	97.1	96.8	300 476	95.0	97.4	96.5	299 114
Collaboration hubs	79.7	88.3	81.9	220 331	80.8	87.0	82.4	221 659
Logistics hubs	100.0	–	100.0	136 027	100.0	–	100.0	136 027
Hotel	100.0	100.0	100.0	20 405	100.0	100.0	100.0	20 405
Period end portfolio occupancy	90.4	94.9	92.0	677 239	90.5	94.8	92.1	677 205
Add: Occupied post period end	1.5	0.7	1.2	8 836	1.8	0.7	1.4	9 995
Portfolio occupancy post period end	91.9	95.6	93.2	686 075	92.3	95.5	93.5	687 200

Space management

The portfolio's weighted average lease expiry (WALE) increased to 4.6 years (30 June 2022: 3.4 years). Leases totalling 32 592m² of GLA (150 leases) expired during the period, of which 61.8% (or 75.3% based on the number of leases) have been renewed. Renewed leases were signed at a weighted average negative reversion rate of 8.8% (30 June 2022: 3.1%) and a weighted average lease escalation rate of 6.3% (30 June 2022: 5.5%).

	Expired GLA m ²	Client retention rate %	New and renewed leases	
			Gross reversion rate* %	Escalation rate* %
Lease renewals				
Retail-experience hubs	22 108	68.5	(0.9)	6.2
Collaboration hubs	10 484	47.5	(23.7)	6.6
Portfolio	32 592	61.8	(8.8)	6.3

* Based on new and renewed leases that expired during the financial period

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 sustainable stakeholder value, while offering clients a work-live-play lifestyle within a safe and sustainable environment.

Waterfall City is developed on leasehold land with the notarial leasehold rights held by Attacq Waterfall Investment Company Proprietary Limited (AWIC), a 100.0% subsidiary of Attacq. AWIC has until the end of the 2040 calendar year to proclaim its leasehold rights, to the extent that it has not already done so. Proclamation entails the formal government gazetting of leasehold land within a township and is predominantly an administrative process.

At 31 December 2022, the group had 885 475m² (30 June 2022: 900 360m²) of development rights remaining. Attacq is in the process of increasing its stake in Waterfall Junction, (effective share 1 41 420m² of bulk) from 23.57% to 50.0%, soon to be launched on completion of servicing phase 1 (total size 156 000m² of bulk).

Attacq is redesigning Waterfall City's urban space, as a response to ever-shifting client preferences and an evolving economic climate. This is currently underway in conjunction with a development rights optimisation project.

Waterfall City was rebranded in October 2022, incorporating the elements of building a resilient, safe and secure city. To experience the rebranding, click on the following link: <https://www.attacq.co.za/our-spaces/developments-at-waterfall-2>.

Developments under construction

Developments under construction comprised of the following projects:

Developments under construction	Total GLA* (m ²)	Effective GLA* (m ²)	Pre-let/ pre-sold % based on total GLA	Anticipated practical completion date
Waterfall City – Residential				
Ellipse Waterfall, Cassini tower (185 units) [#]	15 434	3 087	>90.0	Q4 FY23
Waterfall City – Logistics hubs				
Plumblink head office and distribution centre ^{**}	14 943	7 471	100.0	Q3 FY23
Amrod expansion ^{**}	3 435	1 718	100.0	Q4 FY23
Midi units logistics development	14 641	14 641	–	Q2 FY24
Waterfall City – Collaboration hubs				
Nexus Waterfall – Building 2 [^]	5 244	–	100.0	Q2 FY24
Total	53 697	26 917	>70.0	

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

** 50.0% effective share.

20.0% effective share; based on number of units of bankable pre-sales; sectional-title units

^ Turnkey development

Ellipse Waterfall

Ellipse Waterfall, located on a prime city gateway site opposite Mall of Africa, is a co-development with Portstone Development Proprietary Limited (Portstone). Ellipse Waterfall will, on completion, comprise four deluxe high-rise towers, named after celebrated astronomers: Newton, Kepler, Cassini and Galileo. The Newton and Kepler towers (Phase 1), a 50/50 undivided share joint venture with Portstone, were completed during FY21 and 251 of the 270 units have been transferred. The completion of the Cassini tower (Phase 2, 185 units) is expected in Q4 FY23 with more than 90.0% of units pre-sold. The sales and marketing launch of Galileo tower (Phase 3, approximately 145 units) was held in November 2022 and to date, 41 units have been pre-sold, of which fifteen are bankable sales. The construction of Phase 3 will commence once a pre-sold hurdle rate of 80.0% has been achieved. Attacq's interest in Phase 2 and Phase 3 is 20.0%. Phase 1 has achieved a four-star Green Building Council of South Africa (GBCSA) multi-unit rating (by design and as built) certification, with the rest of the development targeting the same certification.

Plumblink head office and distribution centre

Attacq entered into a 50/50 undivided share joint venture with Bidvest Property Proprietary Limited 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 R150.9 million. This development, incorporating a PV rooftop system, is located on the last remaining site of LP22 and is expected to achieve a four-star GBCSA certification on completion.

Amrod expansion

The Amrod building (37 938m², land parcel 22) was completed during 2017. The project and building design catered for future expansion at the option of the client and the expansion of the warehouse facility is currently underway, with an expected practical completion date in Q4 FY23. The rental income from the expansion will be based on the final total capital expenditure (capex-linked yield transaction) and will extend the building by 3 435m² of GLA. The Amrod building is held in a 50/50 undivided share joint venture with Equites Limited.

Midi units logistics development

In 2019, the group completed construction of midi units in the Waterfall City logistics hub. These midi units, with a generic design and convenient location, have been successfully let. To meet future market demand, Attacq is developing, speculatively, an additional three midi units (between 4 500m² and 5 500m²), which will include sustainability and cost reduction initiatives such as energy-efficient LED lights, rooftop PV systems, rainwater harvesting and back-up water. These units will extend the logistics hub by a total estimated GLA of 14 641m² and have an expected practical completion date during Q2 FY24.

Nexus Waterfall

The Nexus Waterfall development is an ongoing project with an estimated GLA on completion of 32 550m². Currently, the development comprises City Lodge's Courtyard Hotel (6 715m², completed in FY21) and four collaboration hubs. The first collaboration hub, Nexus Waterfall – Building 1 (7 252m²) was completed in Q4 FY22 and obtained the group's first Net Zero Carbon Level 1 certification through the GBCSA. The second collaboration hub (5 244m²) was designed as a turnkey solution and has been sold to DP World, with an estimated practical completion date of Q2 FY24. The development includes sustainability initiatives targeted at saving water, using less energy and generating clean energy, and is targeting a five-star GBCSA certification on completion. The third and fourth collaboration hubs will be client-led developments.

Valuations

The investment property value of the South African real estate portfolio has remained largely static at R17.6 billion (30 June 2022: from R17.6 billion).

Valuations	Dec 2022 R'000	Jun 2022 R'000	% change
Waterfall City	11 117 355	11 017 612	0.9
Rest of South Africa	6 370 884	6 483 089	(1.7)
Sub-total	17 488 239	17 500 701	(0.1)
Developments under construction	73 728	31 419	134.7
Leasehold land	845 981	905 528	(6.6)
Sub-total investment property	18 407 948	18 437 648	(0.2)
Less: Held for sale	–	(23 700)	(100.0)
IFRS 16: Right-of-use assets	235 123	250 966	(6.3)
Total investment property (excluding straight-lining)	18 643 071	18 664 914	(0.1)
Straight-lining lease debtor	(1 031 051)	(1 079 595)	(4.5)
Total investment property (balance sheet)	17 612 020	17 585 319	0.2
Waterfall Junction	97 203	95 264	2.0
Inventory	62 633	48 834	28.3
Investment property classified as held for sale	35 806	35 806	0.0

Completed buildings

The valuation of the completed buildings portfolio decreased marginally by 0.1% to R17.5 billion (30 June 2022: R17.5 billion). Property valuations at 31 December 2022 are directors' valuations supported by external desktop valuations, using the discounted cash flow (DCF) technique, performed by Mills Fitchet Cape Proprietary Limited (Mills Fitchet), Sterling Valuation Specialists Close Corporation (Sterling) and CBRE Excelerate CRES Proprietary Limited.

Discount and capitalisation rates as at 31 December 2022 remained largely unchanged when compared to 30 June 2022, with actual net operating income growth hampered by the increase in diesel costs. The net result is a negative fair value adjustment of R42.0 million (31 December 2021: positive fair value adjustment of R217.6 million). The amount excludes the IFRS adjustment for straight-line leasing and right-of-use assets classified as investment properties.

The largest negative fair value adjustments were in respect of Lynnwood Bridge precinct (R82.6 million), Gateway West (R17.2 million) and Garden Route Mall (R15.4 million). These were offset by positive fair value adjustments on Mall of Africa (R51.8 million), BMW Group SA Regional Distribution Centre (R33.6 million) and Vantage data centre, phase 1 (R36.2 million).

Commentary continued

The information below is weighted on property values:

Sector	% 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	51.2	12.07	7.64	7.29	28 836	0.2
Collaboration hubs	36.0	12.95	8.64	8.15	23 388	(1.7)
Logistics hubs	9.5	13.00	8.40	8.04	12 286	2.4
Hotel	3.3	13.00	8.75	8.00	28 195	(3.4)
Total portfolio	100.0	12.51	8.11	7.69	23 768	(0.4)

* Compared to 30 June 2022 valuations

Developments under construction

The value of developments under construction at 31 December 2022 is a directors' valuation supported by desktop valuations performed by Mills Fitchet and Sterling, adjusted for costs still to be incurred before final completion.

Leasehold land

The group carries leasehold land, encompassing both development rights and infrastructure, at fair value. The leasehold land valuation decreased by 6.6% to R846.0 million (30 June 2022: decreased by 25.7% to R905.5 million), after accounting for leasehold rights transferred to developments under construction and/or sold to joint venture partners. On a like-for-like basis, leasehold land declined by 1.3% or R9.4 million.

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 directors' valuation is supported by an independent desktop valuation of development rights performed by Vallun Properties Proprietary Limited trading as Valquest Property Valuers.

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

Other investments

Distributable income from Other investments decreased to R30.5 million due to a final dividend received from MAS for the six-month period when compared to the prior interim period (31 December 2021: R46.1 million) which included a MAS dividend for the full year.

Investment in MAS

Attacq holds 46 157 934 shares in MAS representing a 6.5% (30 June 2022: 6.5%) shareholding. The investment in MAS, held for a total return, is classified as an investment and valued at a closing share price of R20.55 per share (30 June 2022: R19.85 per share). The resultant carrying value is R948.5 million (30 June 2022: R916.2 million). A dividend of R30.5 million (30 June 2022: R46.1 million) was received from MAS on 29 September 2022.

Subsequent to period-end, MAS declared an interim dividend of 4.36 euro cps payable to shareholders on 3 April 2023. MAS has further provided updated guidance for total diluted distributable earnings for the 2023 financial year of 8.85 euro cps to 9.34 euro cps, a decrease from the prior range of 9.40 euro cps to 10.10 euro cps. The downward revision is to take into account the potential delay in the administrative process of completing residential sales which may result in a number of residential sales being recorded in the 2024 financial year. The strategic target of distributable earnings per share range of 14.5 euro cps to 15.0 euro cps by the 2026 financial year remains.

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

Rest of Africa retail investments

At 31 December 2022, the value of the Rest of Africa retail investments had increased by 16.6% to R563.0 million (30 June 2022: R482.8 million) due to additional funding of R81.1 million extended to AttAfrica Limited (AttAfrica) to settle external debt and the depreciation of the rand against the dollar, offset by a decrease in underlying property valuations.

Attacq's strategy, which is aligned with that of its co-shareholder, Hyprop Investments Limited, remains to exit these investments by way of an orderly disposal.

The disposal of Ikeja City Mall remains subject to conditions precedent, including the raising of funds which is taking longer than originally anticipated given continued US dollar liquidity constraints in Nigeria. Given the lengthy delay to date in implementing the disposal and the fact that the causes for the delay are out of Attacq's control, the group's interest in Gruppo Investments Limited (Gruppo) is no longer reflected in the statement of financial position as held for sale for IFRS purposes.

The prior discussions for the disposal of the AttAfrica portfolio were terminated. Other disposal opportunities are being pursued.

Attacq does not have any direct debt associated with its Rest of Africa retail investments and future disposal proceeds will be utilised at the group's discretion.

Attacq's Rest of Africa retail investments comprise:

	Dec 2022 R'000	%	Jun 2022 R'000	%
Rest of Africa retail investments				
Cash held by AIH International Limited	4 145	0.7	896	0.2
26.9% interest in AttAfrica, which is invested in three retail properties in Ghana	316 664	56.3	257 319	53.3
25.0% interest in Gruppo, the owner of Ikeja City Mall, Nigeria	242 200	43.0	224 586	46.5
Total	563 009	100.0	482 801	100.0

Capital structure

Liquidity

At 31 December 2022, the group had available liquidity of R1.4 billion (30 June 2022: R1.9 billion), comprising unrestricted cash balances of R541.9 million (30 June 2022: R604.2 million), prepaid access facilities of R513.1 million (30 June 2022: R960.8 million) and undrawn committed facilities of R310.0 million (30 June 2022: R310.0 million). Accordingly, the group has access to adequate facilities and available cash balances to complete developments under construction and pipeline developments.

Interest-bearing borrowings

The group's debt facilities are spread across three South African banks and three South African institutions, with no exposure to bond markets.

The group's total interest-bearing borrowings increased by 2.2% to R8.5 billion (30 June 2022: R8.3 billion). Two term facilities, totalling R306.0 million and the final distribution paid in October 2022 were settled during the interim period from prepaid access facilities. The net result is the increase in the group's total interest-bearing borrowings.

Prior to interim period end, the group successfully refinanced R1.1 billion of debt facilities, R280.0 million of which was related to facilities that matured in November 2022 with the balance an early refinance of existing facilities to take advantage of lower margins. The weighted average term to maturity of the refinanced facilities increased from 1.5 years to 3.2 years. An undrawn revolving credit facility of R150.0 million is the only facility that matures during the 2023 calendar year.

The group interest cover ratio increased to 1.72 times (30 June 2022: 1.58 times), due to the increase in rental income as well as lower finance costs. Gearing increased to 38.0% (30 June 2022: 37.2%) due to the settlement of a full-year dividend during October 2022.

Commentary continued

Liquidity and borrowings	Units	Dec 2022	Jun 2022
Unrestricted cash balances	R'000	541 907	604 224
Prepaid access facilities	R'000	513 130	960 808
Undrawn committed facilities	R'000	310 000	310 000
Available liquidity	R'000	1 365 037	1 875 032
Drawn facilities	R'000	8 460 892	8 281 403
Weighted average loan term	years	3.3	3.6
Interest cover ratio	times	1.72	1.58
Gearing*	%	38.0	37.2

* Gearing is defined 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

Cost of debt

The weighted average cost of debt remained relatively constant at 9.5% (30 June 2022: 9.4%). The repo rate increased by 2.25% from 30 June 2022 to 31 December 2022. The increase in variable rates were offset by reduced margins on refinanced facilities, settlement of term facilities utilising prepaid access facilities which are at a lower all-in interest rate and the maturing of interest rate swaps. The weighted average cost of debt of the R1.1 billion refinanced facilities decreased by 64.0 basis points.

Debt	Units	Dec 2022	Jun 2022
Weighted average cost of debt	%	9.5	9.4
Weighted average floating interest rate	%	8.9	7.0
Premium for hedging	%	0.6	2.4
Total hedged as a percentage of total committed facilities	%	60.9	83.0
Weighted average hedge term	years	2.9	2.6

The group adopts a minimum group hedging policy of 70.0%. In addition, there are financial covenant requirements of a minimum hedging ratio of 70%. Due to the pending transaction with the Government Employees Pension Fund (GEPF), the group obtained approvals from the relevant funders to relax the minimum required hedging ratio to 60.0% until 30 June 2023. The relaxation allows the group to conclude and implement the transaction which will result in a significant reduction in interest-bearing borrowings and will, have the effect of increasing the hedging ratio. The hedge ratio at 31 December 2022 was 60.9% (30 June 2022: 83.0%) and comprises interest rate swaps and interest rate caps. The weighted average hedge term is 2.9 years (30 June 2022: 2.6 years).

Due to higher forward interest rates and maturing interest rate swaps not being replaced, a decrease in other financial liabilities of R43.3 million (30 June 2022: decrease of R392.4 million) was recorded on the mark-to-market valuation of interest rate swaps.

Investment in Waterfall City of R2.8 billion by strategic investment partner GEPF

For details of the proposed transaction in respect of the R2.8 billion investment by the GEPF to acquire 30.0% of AWIC, shareholders are referred to the SENS announcement issued on 13 February 2023.

The rationale for this transaction is to:

- optimise the AWIC and Attacq capital structure by improving debt metrics;
- retain control of AWIC and its assets as the asset, property and development management functions will remain with Attacq;
- significantly de-leverage the AWIC and Attacq statement of financial position to create investment capacity in AWIC and Attacq;
- reduce gearing levels to facilitate the reduction in the cost of debt for AWIC and Attacq; and
- introduce a strategic investment partner with the ability to fund the ongoing roll-out of Waterfall City while Attacq retains its REIT status.

A detailed SENS announcement containing full details in respect of the transaction will be published in due course.

Prospects

The board has approved the declaration of a dividend of 29.0 cents per share to be paid to shareholders, which equates to a payout ratio of 80.8%.

Looking ahead, South Africa faces several headwinds, including energy and water disruptions and shortages, low business confidence, increasing potential social unrest, and rising inflation and interest rates, all of which are likely to restrict economic growth and, as a consequence, the real estate market in general.

Attacq's strategy is proving to be resilient in these challenging conditions and the successful implementation of the GEPF transaction will significantly strengthen the group's capital structure and assist in mitigating the impact of the headwinds referred to above.

The portfolio is expected to continue to generate income growth and given the current capital structure, prudent interest rate hedging, available funding and liquidity, the group's full year DIPS guidance of between 8.0% and 10.0% growth and a pay-out ratio of 80.0% remains unchanged.

This guidance is based on the following key assumptions:

- Uncertainty with load-shedding and the resultant cost increase.
- No material impact on distributable income due to any new acquisitions or disposals.
- Forecasted rental income being achieved based on contractual terms and anticipated market-related renewals.
- No major changes in vacancy rates.
- No significant lockdown restrictions due to COVID-19, other pandemics or an energy crisis.
- No unforeseen circumstances such as major corporate tenant failures or further material deterioration of the macro-economic environment.

The prospects have not been reviewed or reported on by Attacq's auditors.

Declaration of a cash dividend

The board has approved the declaration of an interim gross cash dividend of 29.00000 cents per share, for the six months ended 31 December 2022, out of the company's distributable income.

The dividend is payable to Attacq shareholders in accordance with the timetable set out below:

	2023
Last day to trade <i>cum</i> dividend	Monday, 3 April
Shares trade <i>ex</i> dividend	Tuesday, 4 April
Record date	Thursday, 6 April
Payment date	Tuesday, 11 April

Notes:

1. Share certificates may not be dematerialised or rematerialised between Tuesday, 4 April 2023 and Thursday, 6 April 2023, both days inclusive.
2. Payment of the dividend will be made to shareholders on Tuesday, 11 April 2023. In respect of dematerialised shareholders, the dividend will be transferred to the Central Securities Depository Participant (CSDP) account or broker account on Tuesday, 11 April 2023. Certificated shareholders' dividend will be deposited on or about Tuesday, 11 April 2023.
3. Where the transfer secretaries do not have the banking details of any certificated shareholders, the cash dividend will be held in trust by the transfer secretaries pending receipt of the relevant certificated shareholder's banking details whereafter the cash dividend will be paid via electronic transfer into the personal bank accounts of certificated shareholders.

In accordance with Attacq's status as a REIT, shareholders are advised that the dividend meets the requirements of a "qualifying distribution" for the purposes of section 25BB of the Income Tax Act, No. 58 of 1962 (Income Tax Act). The dividend on the shares will be deemed to be a taxable dividend for South African tax purposes in terms of section 25BB of the Income Tax Act.

Tax implications for South African resident shareholders

The dividend received by or accrued to South African tax residents must be included in the gross income of such shareholders and will not be exempt from income tax (in terms of the exclusion to the general dividend exemption contained in paragraph (aa) of section 10(1)(k)(l) of the Income Tax Act) because it is a dividend distributed by a REIT. This dividend is, however, exempt from dividend withholding tax (dividend tax) in the hands of South African tax resident shareholders, provided that South African tax resident shareholders provide the following forms to their CSDP or broker, as the case may be, in respect of uncertificated shares, or the company, in respect of certificated shares:

- a) a declaration that the dividend is exempt from dividends tax;
- b) a written undertaking to inform the CSDP, broker or the company, as the case may be, should the circumstances affecting the exemption change or the beneficial owner cease to be the beneficial owner; and
- c) both in the form prescribed by the Commissioner for the South African Revenue Service.

Shareholders are advised to contact their CSDP, broker or the company, as the case may be, to arrange for the abovementioned documents to be submitted prior to payment of the dividend, if such documents have not already been submitted.

Tax implications for non-resident shareholders

Dividends received by non-resident shareholders will not be taxable as income and instead will be treated as an ordinary dividend which is exempt from income tax in terms of the general dividend exemption in section 10(1)(k)(l) of the Income Tax Act. Any distribution received by a non-resident from a REIT will be subject to dividend withholding tax at 20.0%, unless the rate is reduced in terms of any applicable agreement for the avoidance of double taxation (DTA) between South Africa and the country of residence of the shareholder. Assuming dividend withholding tax will be withheld at a rate of 20.0%, the net dividend amount due to non-resident shareholders is 23.20000 cents per share.

A reduced dividend withholding rate in terms of the applicable DTA may only be relied on if the non-resident shareholder has provided the following forms to their CSDP or broker, as the case may be, in respect of uncertificated shares, or the company, in respect of certificated shares:

- a) a declaration that the dividend is subject to a reduced rate as a result of the application of a DTA;
- b) a written undertaking to inform their CSDP, broker or the company, as the case may be, should the circumstances affecting the reduced rate change or the beneficial owner cease to be the beneficial owner; and
- c) both in the form prescribed by the Commissioner for the South African Revenue Service.

Non-resident shareholders are advised to contact their CSDP, broker or the company, as the case may be, to arrange for the abovementioned documents to be submitted prior to payment of the dividend if such documents have not already been submitted, if applicable.

The number of shares in issue at 31 December 2022 and the date of this announcement is 751 551 292 ordinary shares of no par value, which includes 46 427 553 treasury shares. Attacq's tax reference number is 9241/038/64/6.

Subsequent events

Declaration of dividend after reporting period

In line with IAS 10: *Events after the Reporting Period*, the declaration of the dividend occurred after the end of the reporting period, resulting in a non-adjusting event that is not recognised in the financial statements.

The board at its meeting held on 8 March 2023 approved a final dividend of 29.0 cents per share for the six months ended 31 December 2022 (31 December 2021: zero cents) amounting to R204.5 million (2021: Nil). The dividend represents a payout ratio of 80.8% based on the group's distributable income and meets the minimum 75.0% payout ratio required by the JSE Listings Requirements for a REIT.

MAS dividend declaration

On 6 March 2023, MAS declared an interim dividend of 4.36 euro cps payable to shareholders on 3 April 2023.

Proposed transaction with GEPP

For details of the proposed transaction in respect of the R2.8 billion investment by the GEPP to acquire 30.0% of AWIC, shareholders are referred to the SENS announcement issued on 13 February 2023.

Commitments

Please refer to developments under construction for future capital commitments. Future commitments will be funded by banking facilities, cash on hand and proceeds from capital recycling activities.

Issue of shares

During the interim period, no shares were issued.

Change in non-executive directors

Ms Fikile De Buck and Dr Gustav Rohde were appointed as independent non-executive directors of Attacq, effective from 1 February 2023. Ms De Buck serves as a member of the Audit and Risk Committee, and Dr Rohde serves as a member of the Transformation, Social and Ethics Committee.

Basis of preparation, changes in accounting policies and change in accounting estimates

The condensed unaudited consolidated interim financial statements for the six months ended 31 December 2022 have been prepared in accordance with IFRS, IAS 34: *Interim Financial Reporting*, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listings Requirements and the requirements of the Companies Act of South Africa. These interim results were compiled under the supervision of R Nana CA(SA), Chief Financial Officer (CFO) of Attacq.

The accounting policies applied in the preparation of the condensed unaudited consolidated interim financial statements are in terms of IFRS and are consistent with the accounting policies applied in the preparation of the previous consolidated annual financial statements for the year ended 30 June 2022, with the exception of the adoption of all the new, revised and amended accounting pronouncements as issued by the International Accounting Standards Board (IASB) which were effective for Attacq from 1 July 2022. The new, revised and amended standards had no material impact on the condensed unaudited consolidated interim financial results.

The condensed interim financial statements have not been audited or reviewed by Attacq's auditors.

On behalf of the board



P Tredoux
Chairperson

14 March 2023



JR van Niekerk
Chief Executive Officer (CEO)

Condensed consolidated statement of profit or loss and other comprehensive income

	31 December 2022 R'000	31 December 2021 R'000	30 June 2022 R'000
Gross revenue	1 121 161	1 392 384	2 521 573
Rental income	1 151 065	1 106 873	2 172 184
Straight-line lease income adjustment	(48 546)	21 394	64 624
Sale of sectional title units	18 642	264 117	284 765
Gross property expenses	(388 396)	(631 748)	(1 038 896)
Property expenses	(433 719)	(392 722)	(791 607)
Expected credit losses on trade and other receivables	59 901	(40 807)	(30 625)
Cost of sales of sectional title units	(14 578)	(198 219)	(216 664)
Net profit from property operations	732 765	760 636	1 482 677
Other income	12 539	185 059	204 097
Reversal of expected credit losses on loans to associates and guarantees	8 592	11 322	47 925
Other	3 947	173 737	156 172
Operating expenses	(96 216)	(104 470)	(190 094)
Expected credit losses on loans to associates, guarantees and other	(32 914)	(789)	(13 125)
Other expenses	(19 264)	(31 866)	(85 097)
Operating profit	596 910	808 570	1 398 458
Fair value adjustments	39 466	300 714	647 424
Investment properties	(3 609)	168 003	254 975
Other financial assets and liabilities / derivative financial liabilities	43 075	132 711	392 449
Net (loss) income from associates and joint ventures	(56 894)	306	(23 735)
Investment income	64 725	81 104	138 521
Finance costs	(404 966)	(432 728)	(828 586)
Profit before taxation	239 241	757 966	1 332 082
Income tax expense	(40 527)	(54 178)	(152 522)
Profit for the year	198 714	703 788	1 179 560
Attributable to:			
Owners of the holding company	198 714	703 788	1 179 560
Other comprehensive profit			
Items that will not be reclassified subsequently to profit or loss			
Profit on fair value through other comprehensive income assets	32 310	131 550	77 084
Items that will be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations	19 757	(70 716)	(21 104)
Total comprehensive profit for the year	250 781	764 622	1 235 540
Attributable to:			
Owners of the parent	250 781	764 622	1 235 540
Earnings per share			
Basic (cents)	28.2	99.8	167.3
Diluted (cents)	27.6	98.4	165.1

Condensed consolidated statement of financial position

	31 December 2022 R'000	31 December 2021 R'000	30 June 2022 R'000
Assets			
Non-current assets			
Property and equipment	12 381	12 942	11 949
Investment properties	17 612 020	17 371 835	17 585 319
Per valuation	18 643 071	18 408 201	18 664 914
Straight-line lease debtor	(1 031 051)	(1 036 366)	(1 079 595)
Straight-line lease debtor	1 031 051	1 036 366	1 079 595
Deferred initial lease expenditure	6 369	3 874	5 214
Investment in associates and joint ventures	318 972	288 165	295 777
Loans to associates and joint ventures	242 200	–	–
Other financial assets	1 328 246	1 335 046	1 271 038
Deferred tax assets	1 242	1 553	1 109
Total non-current assets	20 552 481	20 049 781	20 250 001
Current assets			
Taxation receivable	529	1 571	467
Trade and other receivables	303 078	179 785	232 363
Inventory	62 633	42 005	48 834
Loans to associates and joint ventures	97 204	104 397	95 265
Other financial assets	25 377	32 005	21 485
Cash and cash equivalents	655 454	950 300	717 121
Total current assets	1 144 275	1 310 063	1 115 535
Non-current assets held for sale	35 806	218 016	260 746
Total assets	21 732 562	21 577 860	21 626 282
Equity and liabilities			
Equity			
Stated capital	6 499 090	6 499 090	6 499 090
Distributable reserves	5 145 967	4 818 831	5 294 688
Fair value through other comprehensive income reserve	489 957	512 113	457 647
Share-based payment reserve	82 736	89 532	82 212
Foreign currency translation reserve	15 255	(54 114)	(4 502)
Total equity	12 233 005	11 865 452	12 329 135
Non-current liabilities			
Long-term borrowings	8 360 876	8 017 442	7 709 883
Deferred tax liabilities	241 422	104 843	200 765
Other financial liabilities	8 163	170 839	1 087
Cash settled share-based payments	53	87	72
Lease liability	210 006	175 362	227 830
Total non-current liabilities	8 820 520	8 468 573	8 139 637
Current liabilities			
Other financial liabilities	23 530	207 836	76 583
Lease liability	29 615	24 022	28 955
Loans from associates	4 261	4 009	4 082
Cash settled share-based payments	76	226	193
Trade and other payables	490 499	397 199	458 603
Provisions	31 040	17 775	17 575
Short-term portion of long-term borrowings	100 016	592 768	571 519
Total current liabilities	679 037	1 243 835	1 157 510
Total liabilities	9 499 557	9 712 408	9 297 147
Total equity and liabilities	21 732 562	21 577 860	21 626 282

Condensed consolidated statement of cash flows

	31 December 2022 R'000	31 December 2021 R'000	30 June 2022 R'000
Net cash generated from operating activities	351 206	366 568	612 132
Cash generated from operations	634 229	727 717	1 312 821
Interest income	33 389	35 013	69 917
Dividend income	42 177	46 091	68 604
Interest paid	(357 251)	(441 471)	(836 523)
Finance costs capitalised	(1 272)	(782)	(782)
Taxation paid	(66)	–	(1 905)
Net cash generated from investing activities	(165 927)	1 075 066	932 435
Expenditure to maintain operating capacity			
Property and equipment acquired	(2 867)	(504)	(2 258)
Property and equipment disposed	–	13	–
Expenditure to expand operating capacity			
Investment properties developed	(79 361)	(341 930)	(489 602)
Investment properties disposed	–	101 225	29 591
Waterfall leasehold land rights disposal	–	–	114 628
Additional shares acquired in associates*	(81 095)	–	–
Loans to associates and joint ventures advanced	(2 905)	–	(24 679)
Other financial assets repaid (advanced)	1 717	(1 039)	(6 590)
Additions to deferred initial lease expenditure	(1 416)	–	(1 312)
Cash flow relating to non-current assets held for sale	–	1 317 301	1 312 657
Net cash utilised in financing activities	(246 918)	(1 588 292)	(1 920 416)
Dividends paid	(352 562)	–	–
Repayment of lease liability	(17 281)	(10 744)	(26 576)
Long-term borrowings raised	1 017 087	–	150 000
Long-term borrowings repaid	(894 162)	(823 048)	(1 285 670)
Loans to associates and joint ventures advanced to	–	(1 212)	–
Cash flow relating to non-current liabilities held for sale	–	(753 288)	(758 170)
Total cash movement for the year	(61 639)	(146 658)	(375 849)
Cash at the beginning of the year	717 121	1 092 915	1 092 915
Forex effect on cash and cash equivalents	(28)	4 043	55
Cash and cash equivalents at the end of the year	655 454	950 300	717 121

* Additional shares acquired in AttAfrica. The effective share in AttAfrica of 26.9% remains unchanged.

Condensed consolidated statement of changes in equity

	Stated capital	FVOCI reserve	Distributable reserves	Share-based payment reserve	Foreign currency translation reserve	Equity attributable to owners of the holding company
Figures in R'000s						
Balance at 30 June 2021	6 499 090	380 563	4 104 170	107 821	16 602	11 108 246
Issue of shares	-	-	-	-	-	-
Total comprehensive profit (loss)	-	131 550	703 788	-	(70 716)	764 622
Profit for the year	-	-	703 788	-	-	703 788
Other comprehensive profit (loss)	-	131 550	-	-	(70 716)	60 834
Transfer between reserves on expiry	-	-	10 873	(14 363)	-	(3 490)
Recognition of share-based payment reserve	-	-	-	(3 926)	-	(3 926)
Balance at 31 December 2021	6 499 090	512 113	4 818 831	89 532	(54 114)	11 865 452
Issue of shares	-	-	-	-	-	-
Total comprehensive (loss) profit	-	(54 466)	475 857	-	49 612	471 003
Profit for the year	-	-	475 857	-	-	475 857
Other comprehensive (loss) profit	-	(54 466)	-	-	49 612	(4 854)
Transfer between reserves on expiry	-	-	-	-	-	-
Recognition of share-based payment reserve	-	-	-	(7 320)	-	(7 320)
Balance at 30 June 2022	6 499 090	457 647	5 294 688	82 212	(4 502)	12 329 135
Total comprehensive profit	-	32 310	198 714	-	19 757	250 781
Profit for the year	-	-	198 714	-	-	198 714
Other comprehensive profit	-	32 310	-	-	19 757	52 067
Foreign currency translation reserve	-	-	-	-	-	-
Transfer between reserves on expiry	-	-	5 127	(9 222)	-	(4 095)
Dividends	-	-	(352 562)	-	-	(352 562)
Recognition of share-based payment reserve	-	-	-	9 746	-	9 746
Balance at 31 December 2022	6 499 090	489 957	5 145 967	82 736	15 255	12 233 005

Notes

Segmental reporting

Operating segments are reported on in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the reportable operating segments, has been identified as the group executive committee. Operating segments reported are based on the group's different investment portfolios.

Figures in R'000s

	31 December 2022		
	Rest of South Africa		
	Retail-experience hubs	Collaboration hubs	Hotel
STATEMENT OF FINANCIAL POSITION			
Investment property	4 344 674	1 512 534	236 198
Waterfall developments	-	-	-
Developments under construction	-	-	-
Leasehold land	-	-	-
Straight-line lease debtor	95 774	175 669	14 852
Investments in associates and joint ventures	575	1 684	-
Other financial assets	1 703	-	-
Loans to associates and joint ventures	-	-	-
Trade and other receivables	33 605	8 368	1 697
Cash and cash equivalents	37 287	17 235	-
Inventory	-	-	-
Non-current assets held for sale	-	-	-
Deferred tax assets	-	-	-
Other assets	-	2 165	-
Total assets	4 513 618	1 717 655	252 747
Long-term borrowings	-	-	-
Other financial liabilities	-	-	-
Loans from associates	-	-	-
Deferred tax liabilities	-	-	-
Trade and other payables	97 089	35 593	757
Lease liability	-	8 473	-
Other liabilities	-	-	-
Total liabilities	97 089	44 066	757
STATEMENT OF COMPREHENSIVE INCOME			
Rental income	312 733	123 835	15 154
Straight-line lease income adjustment	28	2 656	2 618
Sale of sectional title units	-	-	-
Property expenses / property management fee income	(121 146)	(47 484)	(3 819)
ECL on trade and other receivables	4 742	139	60
Cost of sales of sectional title units	-	-	-
Net profit from property operations	196 357	79 146	14 013
Other income	-	-	-
Operating expenses	(11 179)	(4 426)	(681)
ECL on loans to associates, suretyships and other	-	-	-
Other expenses	-	-	-
Operating profit (loss)	185 178	74 720	13 332
Fair value adjustments	(33 525)	(70 278)	(23 988)
Net loss from associates	-	-	-
Investment income	1 773	872	89
Finance costs	-	240	-
Profit (loss) before tax	153 426	5 554	(10 567)
Taxation	-	-	-
Profit (loss) for the year attributable to owners	153 426	5 554	(10 567)

31 December 2022

Waterfall City					Head office SA	Total South African portfolio	Other	Total
Retail-experience hubs	Collaboration hubs	Logistics hubs	Hotel	Developments				
4 410 285	4 313 673	1 566 734	308 187	-	-	16 692 285	-	16 692 285
-	-	-	-	919 735	-	919 735	-	919 735
-	-	-	-	73 754	-	73 754	-	73 754
-	-	-	-	845 981	-	845 981	-	845 981
141 635	400 598	175 803	26 720	-	-	1 031 051	-	1 031 051
-	-	-	-	-	48	2 307	316 665	318 972
-	357 634	6 081	-	-	34 786	400 204	953 419	1 353 623
-	-	-	-	97 204	-	97 204	242 200	339 404
37 667	26 761	6 519	1 694	1 438	185 142	302 891	187	303 078
33 542	56 876	26 616	511	21 012	458 231	651 310	4 144	655 454
-	11 520	-	-	51 113	-	62 633	-	62 633
35 806	-	-	-	-	-	35 806	-	35 806
-	-	-	-	-	1 242	1 242	-	1 242
-	-	-	-	-	17 114	19 279	-	19 279
4 658 935	5 167 062	1 781 753	337 112	1 090 502	696 563	20 215 947	1 516 615	21 732 562
-	-	-	-	-	8 460 892	8 460 892	-	8 460 892
-	-	-	-	-	31 693	31 693	-	31 693
-	-	-	-	-	-	-	4 261	4 261
-	-	-	-	-	241 422	241 422	-	241 422
80 125	156 637	19 417	9 058	16 530	75 293	490 499	-	490 499
38 852	105 487	71 314	10 648	-	4 847	239 621	-	239 621
-	-	-	-	28 524	2 645	31 169	-	31 169
118 977	262 124	90 731	19 706	45 054	8 816 792	9 495 296	4 261	9 499 557
290 857	283 638	99 847	20 924	-	4 077	1 151 065	-	1 151 065
4 909	(103 888)	40 386	4 745	-	-	(48 546)	-	(48 546)
-	18 642	-	-	-	-	18 642	-	18 642
(135 197)	(94 629)	(26 045)	(6 658)	-	1 259	(433 719)	-	(433 719)
2 005	52 992	-	-	-	(37)	59 901	-	59 901
-	(14 578)	-	-	-	-	(14 578)	-	(14 578)
162 574	142 177	114 188	19 011	-	5 299	732 765	-	732 765
-	202	-	-	-	4 766	4 968	7 571	12 539
(4 344)	(9 760)	(4 575)	(763)	-	(59 397)	(95 125)	(1 091)	(96 216)
-	(31 148)	-	-	-	(1 766)	(32 914)	-	(32 914)
-	(3 069)	(84)	-	(12 714)	(3 397)	(19 264)	-	(19 264)
158 230	98 402	109 529	18 248	(12 714)	(54 495)	590 430	6 480	596 910
42 166	59 259	34 894	(17 415)	5 278	42 323	38 714	752	39 466
-	-	-	-	-	(23 899)	(23 899)	(32 995)	(56 894)
1 035	19 807	526	47	-	9 224	33 373	31 352	64 725
(1 435)	(7 532)	(8 131)	(531)	-	(387 577)	(404 966)	-	(404 966)
199 996	169 936	136 818	349	(7 436)	(414 424)	233 652	5 589	239 241
-	-	-	-	-	(40 527)	(40 527)	-	(40 527)
199 996	169 936	136 818	349	(7 436)	(454 951)	193 125	5 589	198 714

Notes continued

	31 December 2021		
	Rest of South Africa		
	Retail- experience hubs	Collaboration hubs	Hotel
Figures in R'000s			
STATEMENT OF FINANCIAL POSITION			
Investment property	4 374 409	1 571 349	258 444
Waterfall developments	–	–	–
Developments under construction	–	–	–
Leasehold land	–	–	–
Straight-line lease debtor	97 642	169 416	8 970
Investments in associates and joint ventures	36 171	1 971	–
Other financial assets	6 243	–	–
Loans to associates and joint ventures	–	–	–
Trade and other receivables	43 154	8 423	3 760
Cash and cash equivalents	41 530	17 328	–
Inventory	–	–	–
Non-current assets held for sale	–	–	–
Deferred tax assets	–	–	–
Other assets	–	2 852	–
Total assets	4 599 149	1 771 339	271 174
Long-term borrowings	–	–	–
Other financial liabilities	–	–	–
Loans from associates	–	–	–
Deferred tax liabilities	–	–	–
Trade and other payables	116 994	37 854	1 229
Lease liability	339	6 063	–
Other liabilities	–	–	–
Total liabilities	117 333	43 917	1 229
STATEMENT OF COMPREHENSIVE INCOME			
Rental income	295 935	116 553	17 543
Straight-line lease income adjustment	(12 775)	4 054	297
Sale of sectional title units	–	–	–
Property expenses / property management fee income	(118 918)	(43 032)	(3 453)
ECL on trade and other receivables	(2 630)	1 336	(58)
Cost of sales of sectional title units	–	–	–
Net profit from property operations	161 612	78 911	14 329
Other income	–	–	–
Operating expenses	(12 334)	(4 412)	(598)
ECL on loans to associates and suretyships	–	–	–
Other expenses	–	(5)	–
Operating profit (loss)	149 278	74 494	13 731
Fair value adjustments	(100 989)	(36 236)	28 282
Net income (loss) from associates	–	–	–
Investment income	809	663	508
Finance costs	–	226	–
Profit (loss) before tax	49 098	39 147	42 521
Taxation	–	–	–
Profit (Loss) for the year attributable to owners	49 098	39 147	42 521

31 December 2021

Waterfall City					Head office SA	Total South African portfolio	Head office Global	Other	Total
Retail-experience hubs	Collaboration hubs	Logistics hubs	Hotel	Developments					
4 177 120	3 994 760	1 138 457	296 576	-	-	15 811 115	-	-	15 811 115
-	-	-	-	1 560 720	-	1 560 720	-	-	1 560 720
-	-	-	-	459 241	-	459 241	-	-	459 241
-	-	-	-	1 101 478	-	1 101 478	-	-	1 101 478
129 775	490 591	123 969	16 003	-	-	1 036 366	-	-	1 036 366
-	-	-	-	-	50	38 192	-	249 973	288 165
513	335 963	6 358	31	-	47 241	396 349	-	970 702	1 367 051
-	-	-	-	103 126	1 271	104 397	-	-	104 397
18 031	30 673	(70)	3 835	37 718	34 155	179 679	106	-	179 785
58 406	150 440	45 925	6 627	17 053	574 540	911 849	38 451	-	950 300
-	17 936	-	-	24 069	-	42 005	-	-	42 005
-	-	16 339	-	-	-	16 339	-	201 677	218 016
-	-	-	-	-	1 553	1 553	-	-	1 553
-	-	-	-	-	15 536	18 388	-	-	18 388
4 383 845	5 020 363	1 330 978	323 072	1 742 686	674 345	20 116 951	38 557	1 422 352	21 577 860
-	-	-	-	-	8 610 210	8 610 210	-	-	8 610 210
-	-	-	-	-	378 675	378 675	-	-	378 675
-	-	-	-	-	-	-	-	4 009	4 009
-	-	-	-	-	104 843	104 843	-	-	104 843
69 396	117 857	16 102	9 886	243	27 638	397 199	-	-	397 199
37 755	104 619	32 799	10 783	-	7 026	199 384	-	-	199 384
-	-	-	-	15 059	3 029	18 088	-	-	18 088
107 151	222 476	48 901	20 669	15 302	9 131 421	9 708 399	-	4 009	9 712 408
253 324	297 115	98 483	20 499	-	7 421	1 106 873	-	-	1 106 873
(548)	22 847	4 337	3 182	-	-	21 394	-	-	21 394
-	264 117	-	-	-	-	264 117	-	-	264 117
(116 976)	(80 091)	(27 556)	(5 469)	-	2 773	(392 722)	-	-	(392 722)
(5 479)	(33 256)	-	(720)	-	-	(40 807)	-	-	(40 807)
-	(198 219)	-	-	-	-	(198 219)	-	-	(198 219)
130 321	272 513	75 264	17 492	-	10 194	760 636	-	-	760 636
-	2	43 152	-	-	11 829	54 983	-	130 076	185 059
(10 224)	(16 251)	(3 415)	(646)	-	(56 590)	(104 470)	-	-	(104 470)
-	(17)	-	-	-	(772)	(789)	-	-	(789)
-	(4 980)	-	-	(22 077)	(3 180)	(30 242)	-	(1 624)	(31 866)
120 097	251 267	115 001	16 846	(22 077)	(38 519)	680 118	-	128 452	808 570
252 207	45 792	(2 451)	(1 464)	(17 802)	132 711	300 714	-	-	300 714
-	-	-	-	-	1 650	1 650	-	(1 344)	306
1 184	19 784	466	352	-	11 216	34 982	-	46 122	81 104
(1 360)	(5 508)	(2 154)	(503)	-	(423 197)	(432 496)	(232)	-	(432 728)
372 128	311 335	110 862	15 231	(39 879)	(316 139)	584 968	(232)	173 230	757 966
-	-	-	-	-	(54 178)	(54 178)	-	-	(54 178)
372 128	311 335	110 862	15 231	(39 879)	(370 317)	530 790	(232)	173 230	703 788

Notes continued

	30 June 2022		
	Rest of South Africa		
	Retail- experience hubs	Collaboration hubs	Hotel
Figures in R'000s			
STATEMENT OF FINANCIAL POSITION			
Investment property	4 365 777	1 584 825	260 185
Waterfall developments	–	–	–
Developments under construction	–	–	–
Leasehold land	–	–	–
Straight-line lease debtor	95 747	173 012	12 235
Investments in associates and joint ventures	35 956	1 913	–
Other financial assets	3 901	–	–
Loans to associates and joint ventures	–	–	–
Trade and other receivables	38 815	4 753	3 261
Cash and cash equivalents	33 798	30 541	–
Inventory	–	–	–
Non-current assets held for sale	–	–	–
Deferred tax assets	–	–	–
Other assets	–	2 510	–
Total assets	4 573 994	1 797 554	275 681
Long-term borrowings	–	–	–
Other financial liabilities	–	–	–
Loans from associates	–	–	–
Deferred tax liabilities	–	–	–
Trade and other payables	–	–	–
Lease liability	134 694	28 276	632
Other liabilities	–	8 351	–
Total liabilities	134 694	36 627	632
STATEMENT OF COMPREHENSIVE INCOME			
Rental income	591 336	236 341	31 935
Straight-line lease income adjustment	(14 669)	7 651	3 562
Sale of sectional title units	–	–	–
Property expenses / property management fee income	(252 939)	(87 598)	(6 849)
ECL on trade and other receivables	10 507	1 818	902
Cost of sales of sectional title units	–	–	–
Net profit from property operations	334 235	158 212	29 550
Other income	–	–	–
Operating expenses	(24 220)	(8 812)	(1 266)
ECL on loans to associates and suretyships	–	–	–
Other expenses	–	–	–
Operating profit (loss)	310 015	149 400	28 284
Fair value adjustments	(169 390)	(28 078)	29 744
Net income (loss) from associates	–	–	–
Investment income	1 929	1 453	586
Finance costs	–	460	–
Profit (loss) before tax	142 554	123 235	58 614
Taxation	–	–	–
Profit (loss) for the year attributable to owners	142 554	123 235	58 614

30 June 2022

Waterfall City					Head office SA	Total South African portfolio	Head office Global	Other	Total
Retail-experience hubs	Collaboration hubs	Logistics hubs	Hotel	Developments					
4 359 946	4 238 807	1 526 732	312 100	–	–	16 648 372	–	–	16 648 372
–	–	–	–	936 947	–	936 947	–	–	936 947
–	–	–	–	31 419	–	31 419	–	–	31 419
–	–	–	–	905 528	–	905 528	–	–	905 528
136 725	504 485	135 417	21 974	–	–	1 079 595	–	–	1 079 595
–	–	–	–	–	46	37 915	–	257 862	295 777
512	327 013	6 260	–	–	38 602	376 288	–	916 235	1 292 523
–	–	–	–	95 265	–	95 265	–	–	95 265
27 152	37 607	8 952	2 464	3 643	105 637	232 284	79	–	232 363
50 916	54 377	21 255	247	30 819	494 272	716 225	896	–	717 121
–	11 520	–	–	37 314	–	48 834	–	–	48 834
35 806	–	–	–	–	–	35 806	–	224 940	260 746
–	–	–	–	–	1 109	1 109	–	–	1 109
–	–	–	–	–	15 120	17 630	–	–	17 630
4 611 057	5 173 809	1 698 616	336 785	1 103 988	654 786	20 226 270	975	1 399 037	21 626 282
–	–	–	–	–	8 281 402	8 281 402	–	–	8 281 402
–	–	–	–	–	77 670	77 670	–	–	77 670
–	–	–	–	–	–	–	–	4 082	4 082
–	–	–	–	–	200 765	200 765	–	–	200 765
67 372	96 301	13 082	9 356	1 068	107 822	458 603	–	–	458 603
48 597	109 992	72 866	10 816	–	6 163	256 785	–	–	256 785
–	–	–	–	15 059	2 781	17 840	–	–	17 840
115 969	206 293	85 948	20 172	16 127	8 676 603	9 293 065	–	4 082	9 297 147
514 426	569 683	175 194	39 938	–	13 331	2 172 184	–	–	2 172 184
6 403	36 739	15 785	9 153	–	–	64 624	–	–	64 624
–	284 765	–	–	–	–	284 765	–	–	284 765
(231 226)	(158 332)	(46 358)	(10 938)	–	2 633	(791 607)	–	–	(791 607)
5 043	(50 541)	–	–	–	1 646	(30 625)	–	–	(30 625)
–	(216 664)	–	–	–	–	(216 664)	–	–	(216 664)
294 646	465 650	144 621	38 153	–	17 610	1 482 677	–	–	1 482 677
–	1 038	18 893	–	–	37 903	57 834	–	146 263	204 097
(14 408)	(25 109)	(7 379)	(1 357)	–	(107 543)	(190 094)	–	–	(190 094)
–	–	–	–	–	(13 125)	(13 125)	–	–	(13 125)
–	(4 461)	(1 060)	–	(37 595)	(41 981)	(85 097)	–	–	(85 097)
280 238	437 118	155 075	36 796	(37 595)	(107 136)	1 252 195	–	146 263	1 398 458
452 051	102 839	27 962	12 725	(172 878)	392 449	647 424	–	–	647 424
–	–	–	–	–	1 373	1 373	–	(25 108)	(23 735)
1 129	43 441	1 211	438	–	19 767	69 954	–	68 567	138 521
(5 121)	(10 637)	(21 076)	(1 016)	–	(759 189)	(796 579)	(32 007)	–	(828 586)
728 297	572 761	163 172	48 943	(210 473)	(452 736)	1 174 367	(32 007)	189 722	1 332 082
–	–	–	–	–	(152 522)	(152 522)	–	–	(152 522)
728 297	572 761	163 172	48 943	(210 473)	(605 258)	1 021 845	(32 007)	189 722	1 179 560

Notes continued

Notes to the condensed consolidated statement of profit and loss and other comprehensive income

Sale of sectional title units and cost of sales

Sale of sectional title units of R18.6 million (31 December 2021: R264.1 million) and cost of sales of R14.6 million (31 December 2021: R198.2 million) relates to the sale of 14 Ellipse Waterfall sectional title units (31 December 2021: 221 Ellipse Waterfall and two Waterfall Point sectional title units) that were transferred during the period.

Other income

Other income of R12.5 million includes the impairment reversal of the Gruppo loan of R7.5 million. Other income reduced from prior period (31 December 2021: R185.1 million) which included a profit on disposal of Investment property of R43.1 million and foreign exchange gains of R122.0 million.

Expected credit losses on loans to associates, suretyships and other

Expected credit losses increased to R32.9 million (31 December 2021: R0.8 million) and mainly relates to the expected credit loss on the loan to Cell C of R31.1 million.

Other expenses

Other expenses decreased to R19.3 million (31 December 2021: R31.9 million) and includes a loss on disposal of investment property of R2.9 million (31 December 2021: R4.9 million) and landholding cost of R12.2 million (31 December 2021 R17.5 million).

Fair value adjustments

	31 December 2022 R'000	31 December 2021 R'000	30 June 2022 R'000
Completed buildings	6 619	196 329	448 088
Right-of-use asset	(15 842)	(9 508)	(23 683)
Developments under construction	4 587	(3 000)	(30 655)
Waterfall leasehold land	1 027	(15 818)	(138 775)
Other financial assets and liabilities	43 075	132 711	392 449
Total	39 466	300 714	647 424

Investment income

	31 December 2022 R'000	31 December 2021 R'000	30 June 2022 R'000
Dividend income	30 469	46 091	68 604
Loans to associates	867	–	–
Bank	12 817	12 459	24 636
Other interest*	20 572	22 554	45 281
Total	64 725	81 104	138 521

* Other interest relates mainly to interest earned from PwC Waterfall Property Partnership.

Finance cost

	31 December 2022 R'000	31 December 2021 R'000	30 June 2022 R'000
Long-term borrowings	(323 564)	(264 205)	(520 615)
Derivative financial liabilities	(70 751)	(158 328)	(285 884)
Lease liability	(10 650)	(10 170)	(21 919)
Other	(1)	(25)	(168)
Total	(404 966)	(432 728)	(828 586)

Headline earnings per share

	31 December 2022 R'000	31 December 2021 R'000	30 June 2022 R'000
Reconciliation between profit for the year and headline earnings			
Profit for the year	198 714	703 788	1 179 560
Headline earnings adjustments	62 682	(206 500)	(252 057)
Profit on disposal of associates and other assets	(800)	–	–
Loss (Profit) on disposal of investment property	2 979	(38 191)	(14 369)
Net impairment reversal of investment in associates	–	–	(6 448)
Fair value adjustments	3 609	(168 003)	(254 975)
Net loss (income) from associates and joint ventures	56 894	(306)	23 735
Headline earnings	261 396	497 288	927 503
Number of shares in issue*	705 123 739	705 123 739	705 123 739
Weighted average number of shares in issue*	705 123 739	705 123 739	705 123 739
Diluted weighted average number of shares in issue*	718 967 727	715 114 390	714 427 113
Headline earnings per share			
Basic (cents)^	37.1	70.5	131.5
Diluted (cents)#	36.4	69.5	129.8

* Excludes 46 427 552 treasury shares as at 31 December 2022 (31 December 2021: 46 427 552; 30 June 2022: 46 427 552)

^ Basic earnings per share is calculated by dividing the basic earnings attributable to shareholders by the weighted average number of shares excluding treasury shares

Headline earnings per share is calculated by dividing the headline earnings by the weighted average number of shares in issue during the period, excluding treasury shares

Notes continued

Notes to the condensed consolidated statement of financial position

Investment property

The R17.6 billion of investment properties (30 June 2022: R17.6 billion) includes:

- negative fair value adjustments of R3.6 million (30 June 2022: R254.9 million positive fair value adjustment); and
- capital expenditure of R78.0 million (30 June 2022: R522.1 million).

Investments in associates and joint ventures and non-current assets held for sale

The Gruppo loan of R242.2 million previously disclosed as non-current assets held for sale has been reclassified to loans to associates and joint ventures during the interim period.

Inventory

Inventory increased to R62.6 million (30 June 2022: R48.8 million) due to the construction of Ellipse Waterfall, Phase 2 (Cassini Tower), offset by the 14 units sold at Ellipse Waterfall Phase 1 (Newton and Kepler towers).

	31 December 2022 R'000	31 December 2021 R'000	30 June 2022 R'000
Opening balance	48 834	216 336	216 336
Additions	28 377	23 888	49 162
Disposals	(14 578)	(198 219)	(216 664)
Balance at the end of the year	62 633	42 005	48 834

Fair value disclosure

The group's investment properties are valued internally by the directors at interim reporting periods and externally by independent valuers for year-end reporting. In terms of IAS 40: Investment Property and IFRS 7: Financial Instruments: Disclosures, the group's investment properties are measured at fair value and are categorised as level 3 investments. The valuation of investment properties requires judgement in the determination of future cash flows from leases and an appropriate capitalisation rate. In terms of IFRS 9: Financial Instruments and IFRS 7: Financial Instruments: Disclosure, the group's interest rate derivatives, as well as the equity derivative, are measured at fair value through profit or loss and are categorised as level 2 investments. Listed investments are measured at fair value, being the quoted closing price at the reporting date, and are categorised as level 1 investments. Unlisted investments are categorised as level 3. The fair value of balances is determined with reference to the carrying value and the net asset value of the underlying investments. There were no transfers between levels 1, 2 and 3 during the period. The valuation methods applied are consistent with those applied in preparing the previous consolidated annual financial statements.

Completed developments and developments under construction

	Rate range %	Decrease of 50.0 basis points results in R'000	Increase of 50.0 basis points results in R'000
Dec 2022			
Exit capitalisation rate	6.75 – 10.00	608 101	(535 965)
Discount rate	11.50 – 14.50	484 719	(464 520)
Dec 2021			
Exit capitalisation rate	6.75 – 11.00	552 200	(485 760)
Discount rate	11.50 – 14.00	451 859	(433 922)
Jun 2022			
Exit capitalisation rate	6.75 – 9.75	605 150	(559 494)
Discount rate	11.50 – 13.55	486 358	(496 654)

Serviced leasehold land

	Rate range %	Increase of 1 000.0 basis points results in R'000	Increase of 100.0 basis points results in R'000
Dec 2022			
Discount rate	12.27% – 14.50%	not applicable	8 900
Serviced land prices	R1 000/m ² to R3 200/m ²	106 800	not applicable
Estimated capital outlays	not applicable	(7 700)	not applicable
Dec 2021			
Discount rate	12.20% – 14.50%	not applicable	10 700
Serviced land prices	R1 000/m ² to R3 400/m ²	132 200	not applicable
Estimated capital outlays	not applicable	(8 200)	not applicable
Jun 2022			
Discount rate	12.27% – 14.50%	not applicable	9 000
Serviced land prices	R1 100/m ² to R3 200/m ²	107 000	not applicable
Estimated capital outlays	not applicable	(7 400)	not applicable

Changes in the capitalisation rate attributable to changes in market conditions can have a significant impact on property valuations. An increase (weakening) in the capitalisation rate will decrease the value of investment properties. A decrease (improvement) in the capitalisation rate will increase the value of investment properties. Changes in the discount rate attributable to changes in the underlying risk profile associated with the property portfolio can have a significant impact on property valuations. An increase (weakening) in the discount rate will decrease the value of investment properties. A decrease (improvement) in the discount rate will increase the value of investment properties.

Changes in the discount rate attributable to changes in the underlying risk profile associated with the leasehold land portfolio can have a significant impact on leasehold land valuations. An increase (weakening) in the discount rate will decrease the lease liability which will in turn increase the leasehold land value. A decrease (improvement) in the discount rate will increase the lease liability which will in turn decrease the leasehold land value. Changes in the serviced land prices attributable to changes in market conditions can have a significant impact on leasehold land valuations. An increase (improvement) in the serviced land prices will increase the leasehold land value. A decrease (weakening) in the serviced land prices will decrease the leasehold land value. Changes in the capital outlays estimation attributable to changes in market conditions can have a significant impact on leasehold land valuations. An increase (weakening) in the estimated capital outlays will decrease the leasehold land value. A decrease (weakening) in the serviced land prices will increase the leasehold land value.

Fair value hierarchy

	Carried at fair value	Level 1*	Level 2*	At amortised cost
Dec 2022				
Assets				
Other financial assets	982 177	948 546	33 631	371 445
Trade and other receivables	–	–	–	292 031
Loans to associates and joint ventures	–	–	–	339 404
Cash and cash equivalents	–	–	–	655 454
Total financial assets	982 177	948 546	33 631	1 658 334
Liabilities				
Long-term borrowings	–	–	–	8 460 892
Other financial liabilities	31 692	–	31 692	–
Lease liability	–	–	–	239 621
Loans from associates	–	–	–	4 261
Trade and other payables	–	–	–	459 188
Total financial liabilities	31 692	–	31 692	9 163 962
Dec 2021				
Assets				
Other financial assets	1 010 212	970 702	39 510	356 696
Trade and other receivables	–	–	–	174 503
Loans to associates and joint ventures	–	–	–	104 397
Cash and cash equivalents	–	–	–	950 300
Total financial assets	1 010 212	970 702	39 510	1 587 467
Liabilities				
Long-term borrowings	–	–	–	8 610 210
Other financial liabilities	362 633	–	362 633	16 042
Lease liability	–	–	–	199 384
Loans from associates	–	–	–	4 009
Trade and other payables	–	–	–	389 090
Total financial liabilities	362 633	–	362 633	9 218 735
Jun 2022				
Assets				
Other financial assets	948 445	916 236	32 209	344 078
Trade and other receivables	–	–	–	226 016
Loans to associates and joint ventures	–	–	–	95 265
Cash and cash equivalents	–	–	–	717 121
Total financial assets	948 445	916 236	32 209	1 382 480
Liabilities				
Long-term borrowings	–	–	–	8 281 402
Other financial liabilities	77 465	–	77 465	204
Lease liability	–	–	–	256 785
Loans from associates	–	–	–	4 082
Trade and other payables	–	–	–	435 824
Total financial liabilities	77 465	–	77 465	8 978 297

* Measured on a recurring basis.

Annexure to the interim financial results

SA REIT Association Best Practice Recommendations' financial ratios

The second edition of the SA REIT Association Best Practice Recommendations (SA REIT BPR) was issued in November 2019 and is effective for reporting periods commencing on or after 1 January 2020. The principles encompassed in the calculations below are aligned with the SA REIT BPR and do not comply with IFRS.

The reconciliation of profit to funds from operation is a non-IFRS financial measure and does not form part of the condensed financial statements for the periods presented.

	Unaudited 31 December 2022 R'000	Unaudited 31 December 2021 R'000	Unaudited 30 June 2022 R'000
SA REIT Funds from operations (SA REIT FFO) per share			
Profit per IFRS statement of comprehensive loss attributable to the parent	198 714	703 788	1 179 560
Adjusted for:			
Accounting / specific adjustments:			
Fair value adjustments to:			
■ Investment property	3 609	(1 68 003)	(254 975)
■ Debt and equity instruments held at fair value through profit or loss	(43 075)	(132 711)	(392 449)
Depreciation of an administrative nature and amortisation of intangible assets	2 564	1 802	4 721
Asset impairments and ECL (excluding goodwill) and reversals of impairments and ECLs			
■ Net impairments (reversal of impairments) and ECLs on associates, other investments and loans	24 525	(10 533)	(25 409)
■ ECL on guarantees	(203)	–	(15 839)
Deferred tax movement recognised in profit or loss	40 523	55 174	151 540
Straight-line lease income adjustments	48 546	(21 394)	(64 624)
Adjustment arising from investing activities:			
Gains and losses on disposal of:			
■ Loss (profit) on disposal of investment property	2 979	(38 191)	(14 369)
■ Profit from sectional title units	(3 930)	(65 898)	(65 996)
■ Profit on disposal of other assets	(800)	–	–
Foreign exchange and hedging items:			
■ Amortisation of interest rate cap	(3 021)	–	(164)
■ Net foreign exchange gains relating to capital items – realised and unrealised	(28)	(120 361)	(79 379)
Other adjustments:			
Adjustments made for equity-accounted entities [#]	64 179	3 274	19 002
SA REIT FFO	334 582	206 947	441 620
Number of shares outstanding at end of period (net of treasury shares)			
■ Number of shares in issue*	705 123 739	705 123 739	705 123 739
SA REIT FFO per share (cents)	47.5	29.3	62.6
SA REIT FFO	334 582	206 947	441 620
Company-specific adjustments:			
Non-cash income from associates	(7 284)	(3 580)	4 733
Adjustment to the Cell C ECL to reflect rental income received in cash	(45 059)	–	(10 944)
Depreciation in respect of property operations and amortisation of letting commission and tenant installations	2 953	7 823	15 882
Interest on lease liability	10 650	10 170	21 919
Rental paid	(27 778)	(20 768)	(48 193)
Net reduction in lease receivables through higher collections	–	(9 397)	–
Net non-cash property owners association income	845	357	2 624
Lease cancellation fee	982	7 474	14 947
Prescribed utility accruals	(15 816)	–	–
Unsustainable cash interest received	(867)	–	–
Distributable income	253 208	199 025	442 587
Distributable income per share (cents)	35.9	28.2	62.8
Dividends	204 486	–	352 562
Interim	204 486	–	–
Final	–	–	352 562
Dividend per share (cents)	29.0	–	50.0
Interim	29.0	–	–
Final	–	–	50.0

[#] Adjustments made for equity-accounted entities are based on publicly available information
^{*} Adjusted for 46 427 553 treasury shares

Annexure to the interim financial results continued

	Unaudited 31 December 2022 R'000	Unaudited 31 December 2021 R'000	Unaudited 30 June 2022 R'000
SA REIT net asset value (NAV) per share			
Reported NAV attributable to the parent	12 233 005	11 865 452	12 329 135
Adjustments:			
Dividends to be declared	(204 486)	–	(352 562)
Fair value of derivative financial instruments	(1 939)	323 125	45 257
Deferred tax	240 180	103 290	199 656
SA REIT NAV	12 266 760	12 291 867	12 221 486
Number of shares outstanding at end of period (net of treasury shares)			
Number of shares in issue*	705 123 739	705 123 739	705 123 739
Effect of dilutive instruments (options, convertibles and equity interests)	13 843 988	9 990 651	9 303 374
Diluted number of shares in issue*	718 967 727	715 114 390	714 427 113
SA REIT NAV per share (Rand)	17.06	17.19	17.11
* Adjusted for 46 427 553 treasury shares			
SA REIT cost-to-income ratio			
Expenses			
Operating expenses per IFRS income statement (includes municipal expenses)	373 818	433 529	822 232
Administrative expenses per IFRS income statement	96 216	104 470	190 094
Exclude			
Depreciation expense in relation to property, plant and equipment of an administrative nature	(2 564)	(1 802)	(4 721)
Operating costs	467 470	536 197	1 007 605
Rental income			
Contractual rental income per IFRS income statement (excluding straight-lining)	863 220	846 042	1 659 351
Utility and operating recoveries per IFRS income statement	287 845	260 831	512 833
Gross rental income	1 151 065	1 106 873	2 172 184
SA REIT cost-to-income ratio (%)	40.6	48.4	46.4
SA REIT administrative cost-to-income ratio			
Expenses			
Administrative expenses per IFRS income statement	96 216	104 470	190 094
Administrative cost	96 216	104 470	190 094
Rental income			
Contractual rental income per IFRS income statement (excluding straight-lining)	863 220	846 042	1 659 351
Utility and operating recoveries per IFRS income statement	287 845	260 831	512 833
Gross rental income	1 151 065	1 106 873	2 172 184
SA REIT administrative cost-to-income ratio (%)	8.4	9.4	8.8

Annexure to the interim financial results continued

	Unaudited 31 December 2022 R'000	Unaudited 31 December 2021 R'000	Unaudited 30 June 2022 R'000
SA REIT loan-to-value (LTV)			
Gross debt	8 460 892	8 610 210	8 281 402
Adjustments:			
Cash and cash equivalents	(541 907)	(848 152)	(604 224)
Derivative financial instruments	(1 939)	323 125	45 257
Net debt	7 917 046	8 085 183	7 722 435
Total assets	21 732 562	21 577 860	21 626 282
Adjustments:			
Cash and cash equivalents	(541 907)	(848 152)	(604 224)
Derivative financial assets	(33 631)	(39 510)	(32 209)
Trade and other receivables	(303 078)	(179 785)	(232 363)
Carrying amount of property-related assets	20 853 946	20 510 413	20 757 486
SA REIT LTV (%)	38.0	39.4	37.2
SA REIT net initial yield			
Investment property	18 643 071	18 408 201	18 664 914
Less:			
Properties under development	(73 754)	(459 241)	(31 419)
Leasehold land	(845 981)	(1 101 572)	(905 528)
Grossed up property value	17 723 336	16 847 388	17 727 967
Property income			
Contractual cash rentals	1 681 364	1 533 570	1 680 768
Add:			
<i>Notional rent for rent-free periods, discounted rentals, stepped rentals and lease incentives</i>	-	-	-
Less:			
<i>Non-recoverable property expenses</i>	(370 248)	(339 286)	(357 590)
Annualised net rental	1 311 116	1 194 284	1 323 178
Net initial yield (%)	7.4	7.1	7.5
SA REIT GLA vacancy rate			
Gross lettable area of vacant space (m ²)	58 553	56 683	58 215
Gross lettable area of total property portfolio (m ²)	735 792	711 016	735 240
SA REIT GLA vacancy rate (%)	8.0	8.0	7.9
SA REIT cost of debt (%)			
Variable interest-rate borrowings			
Floating interest rate plus weighted average margin	9.2	5.9	7.0
Fixed interest-rate borrowings			
Weighted average fixed rate	-	10.5	10.5
Pre-adjusted weighted average cost of debt	9.2	6.0	7.1
Adjustments:			
Impact of interest rate derivatives	0.5	3.5	2.3
Interest of cross-currency interest rate swaps	-	-	-
Amortised transaction costs imputed into the effective interest rate	0.1	0.1	0.1
All-in weighted average cost of debt	9.8	9.6	9.5

Company information

Attacq Limited

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

Independent non-executive directors

P Tredoux (chairperson)
HR El Haimer (lead independent director)
FFT De Buck (effective 1 February 2023)
TP Leeuw
IN Mkhari
GT Rohde (effective 1 February 2023)
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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Sponsor

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