

## **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”)



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## **JUNE 2020 PRE-CLOSE UPDATE AND TRADING STATEMENT**

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Subsequent to the SENS announcements published on 1 April 2020, 15 April 2020 and 15 May 2020, Attacq wishes to provide a further update on the COVID-19 impact on its business, prior to entering a closed period on 1 July 2020.

### **Liquidity and interest-bearing debt**

As at 31 May 2020, available resources total R1.1 billion, comprising R741.0 million of cash and R310.0 million of committed liquidity facilities with banks. The group’s debt facilities are spread between five South African banks and four South African institutions with no exposure to the bond markets.

Attacq has group covenants relating to loan to value (“LTV”) and net asset value as well as portfolio LTV and interest cover ratio (“ICR”) covenants in place with its lenders. Covenant measurements are reported bi-annually in March and September each year, based on the most recent December interim and June full year financial results respectively. No group or portfolio covenant breaches are anticipated for the covenant reporting period ending 30 June 2020 to be measured in September 2020.

In its results for the interim period ended 31 December 2019, Attacq reported that R1.2 billion of its interest-bearing debt was due for repayment by 31 December 2020, with a further R3.5 billion due by 30 June 2021. Given the economic impact of COVID-19 and the uncertain outlook created by it, Attacq pro-actively approached its lenders requesting the extension of any debt maturing prior to 30 September 2021 as well as relaxations of its portfolio ICR covenants in the form of reduced covenant levels or waivers of the covenants, as the case may be.

Attacq’s requests were well received by the lenders with credit approval obtained for all debt maturities to be extended to beyond 30 September 2021 and for the relaxation of its portfolio ICR covenants for the 31 December 2020 measurement period to be reported in March 2021. In line with Attacq’s focus to preserve liquidity in these uncertain times, Attacq agreed with its lenders to not declare a final distribution for the financial year ending 30 June 2020 or an interim distribution for the six-month period ending 31 December 2020.

Attacq’s capital structure, and in particular its group ICR, has been an area of continued focus, with Attacq’s group ICR improving to 1.91 times as reported in its 31 December 2019 results. The onset of COVID-19 will increase the focus on Attacq’s capital structure with the aim of achieving meaningful debt reductions by utilising the proceeds from the disposal of assets.

It is worth noting that Attacq does not have any funded or guaranteed B-BBEE shareholding structures in place.

### **South African portfolio**

The property and asset management teams continue to proactively engage and assist individual tenants across the entire portfolio (retail, offices, industrial and hotels) to ensure the long-term sustainability of Attacq’s tenants. The overall occupancy rate remained consistent with a 0.2% decrease from 94.0% as at 31 December 2019 to 93.80% as at 31 May 2020. Unoccupied space at year end mainly relates to 2 Eglin, Brooklyn Bridge Office Park and The Ingress - building 2.

Collection of rentals is the key property fundamental. The quality and diversity of Attacq's tenant base is evident from the collection rates achieved to date. Rentals are invoiced monthly in advance with rentals typically due on the first day of the month.

The table below provides the pre-COVID-19 March collections and the extent of relief granted for April, May and June 2020, as a percentage of rental:

<b>Collection percentage* before discounts and deferrals</b>	<b>Total (%)</b>	<b>Retail (%)</b>	<b>Non-retail (%)</b>
March	98.0	97.7	99.2
April and May (average)	70.5	49.9	89.5
June	79.6	66.0	91.7
12 months average - Jul 2019 to Jun 2020	92.0	87.3	96.8
<b>Collection percentage* after discounts and deferrals</b>			
March	n/a	n/a	n/a
April and May (average)	82.5	64.3	96.5
June	84.5	72.1	95.0
12 months average - Jul 2019 to Jun 2020	94.5	90.7	98.3

\* Data updated 23 June 2020

The health and safety of our shoppers and tenants remains our top priority. We are aware of the need in our communities and have to date, through the Attacq Cares initiative, donated R574 064 in food parcels, reaching 4 138 families.

### **Developments at Waterfall**

During the financial year eight buildings were completed in Waterfall with a total primary gross lettable area ("PGLA") of 66 672m<sup>2</sup> and an effective PGLA of 42 657m<sup>2</sup>. There are currently four developments under construction, as detailed in the table below. All sites have reopened for development. The impact of COVID-19 on the practical completion and lease commencement dates has been assessed and programmes have been adjusted.

<b>Buildings under construction</b>	<b>Total PGLA m<sup>2</sup></b>	<b>Effective PGLA m<sup>2</sup></b>	<b>% Let</b>	<b>Practical completion date*</b>
<b>Waterfall City</b>				
Waterfall Corporate Campus – Building 4	4 976	2 488	Under negotiation	Q3 FY21
Nexus Waterfall, Courtyard Hotel (168 keys)	6 273	6 273	100.0	Q2 FY21
Ellipse Waterfall, Newton and Kepler towers (269 units)	17 044	8 522	81.0 sold	Q1 FY22
<b>Waterfall Logistics Hub</b>				
Nespresso warehouse	4 757	4 757	100.0	Q1 FY21
<b>TOTAL</b>	<b>33 050</b>	<b>22 040</b>	<b>&gt;80.0</b>	

\* The impact of COVID-19 on practical completion and lease commencement dates has been assessed and programmes have been adjusted

### **Investment in MAS Real Estate Inc (“MAS”)**

For an update on the impact of COVID-19 on MAS’ business, please refer to the voluntary trading statement published by MAS on SENS on 27 May 2020 and available at [www.masrei.com](http://www.masrei.com), wherein, inter alia, MAS informed its shareholders of its decision not to declare a final dividend for the six months ending 30 June 2020. This has been taken into account in managing Attacq’s liquidity position.

### **Rest of Africa retail investment**

As at 31 December 2019, the Rest of Africa retail investment represented 2.2% of Attacq’s total gross assets. Attacq’s stated strategy is to exit this investment in an orderly fashion. Attacq does not have any debt against this investment and future proceeds will be utilised to reduce interest-bearing debt elsewhere in the group. Progress is being made on the disposal of Ikeja City Mall, Nigeria.

To improve alignment between the AttAfrica Limited (“AttAfrica”) shareholders, the minority shareholding in AttAfrica was acquired for a nominal consideration by Attacq and Hyprop Investments Limited. The rights in respect of the AttAfrica shareholder loans are now *pari passu* and Attacq has a 26.9% share of all cash flows. Shareholders expect to implement a portfolio-level debt refinance in the near future which should result in interest savings.

COVID-19 lockdowns in Ghana (Accra Mall, West Hills Mall, Kumasi City Mall) and Nigeria (Ikeja City Mall) adversely impacted trade and foot count. The situation has started to improve with the easing of lockdowns in these countries.

### **Trading statement**

Attacq has elected distribution per share (“DPS”) as its relevant measure of financial performance. In terms of the JSE Listings Requirements, the company is required to publish a trading statement as soon as it is satisfied that a reasonable degree of certainty exists that the DPS for the period to be reported upon next will differ by at least 15% from that of the prior corresponding period.

Given the uncertainty regarding the economic outlook as a result of COVID-19, the need to preserve liquidity and ensure compliance with funding requirements, the board has resolved not to pay a final distribution for the year ending 30 June 2020 or an interim distribution for the six-month period ending 31 December 2020.

Consequently, Attacq will not be declaring a final distribution for the financial year ending 30 June 2020 and shareholders are advised that Attacq’s DPS will decline by 44.8% from the total DPS of 81.5 cents per share for the year ended 30 June 2019 (as reported) to 45.0 cents per share, being the interim distribution for the period ended 31 December 2019.

Notwithstanding the above, Attacq expects that it will satisfy the REIT requirements set out in the JSE Listings Requirements with regards to its year ending 30 June 2020.

Attacq will update shareholders regarding its anticipated distributable earnings for the year ending 30 June 2020 in due course once a reasonable degree of certainty exists in this regard.

### **Corporate calendar**

Shareholders are invited to join management for the pre-close presentation at 14h00, 30 June 2020. A copy of the presentation is available on [www.attacq.co.za](http://www.attacq.co.za) and the recording of the presentation will be available shortly afterwards on the Attacq website.

Attacq’s annual results presentation is scheduled on Tuesday, 22 September 2020.

The information contained in this announcement, including the trading statement, has not been reviewed or reported on by Attacq's external auditors.

30 June 2020

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Sponsor

