

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”)



PROPOSED DISPOSAL OF LEASEHOLD RIGHTS IN THE DELOITTE BUILDING AND WITHDRAWAL OF CAUTIONARY

INTRODUCTION

Shareholders are advised that Attacq Waterfall Investment Company Proprietary Limited (“AWIC”), a wholly-owned subsidiary of Attacq, has entered into a sale agreement (the “**Transaction Agreement**”) in terms of which it will dispose of its 50% undivided share in the leasehold rights derived from and under the notarial lease entered into between the landowner and AWIC (as the notarial lessee), registered under registration number K292/2018L on 31 January 2018, and the written notarial deed of cession and assignment executed between AWIC (the assignor) and Atterbury (the assignee) and registered under registration number K18/293, dated 31 January 2020 (the “**Leasehold Rights**”), in respect of Erf 4525 Jukskei View Extension 89 Township, Registration Division I.R., Province of Gauteng, measuring 2,3695 hectares (the “**Property**”), together with the letting enterprise conducted on the Property, as a going concern, which includes the commercial lease by Deloitte & Touche (the “**Tenant**”) of the building (together with the concomitant parking bays) on the Property (the “**Building**”) conducted in relation thereto (the “**Business**”), to the Government Employees Pension Fund, a fund established in terms of the Government Service Pension Act, 1973 and renamed by the Government Employees Pension Law, 1996, represented by the Public Investment Corporation SOC Limited (the “**GEPF**” or the “**Purchaser**”), subject to the terms of the Transaction Agreement and the satisfaction or waiver of the conditions precedent set out below (the “**Transaction**”).

TERMS OF THE TRANSACTION

The GEPF wishes to become the sole holder of the Business and the Leasehold Rights and therefore has acquired each of AWIC and Dale Creek Investments Proprietary Limited’s (“**Dale Creek**”) respective 50% undivided shares in the Business and Leasehold Rights (the “**Sale Asset**”) in one indivisible transaction. The obligations and liabilities of the Sellers under the Transaction Agreement are provided in proportion to their holdings.

The aggregate Purchase Consideration payable by the GEPF in respect of the Sale Asset is R1 700 000 000 inclusive of VAT at the rate of 0% (the “**Purchase Consideration**”). Attacq’s 50% of the Purchase Consideration amounts to R850 000 000. Each Seller’s share of the Purchase Consideration is payable by the GEPF on the date of transfer.

The Transaction Agreement contains warranties standard for a transaction of its nature. Save for the warranties provided by the Sellers in favour of the GEPF as contained in the Transaction Agreement, the Sale Asset is purchased on the basis that it is taken *voetstoots*.

RATIONALE AND USE OF PROCEEDS

The disposal forms part of Attacq's stated strategy of reducing debt, improving its gearing and increasing its investment capacity. The proceeds will be utilised to settle Rand-denominated debt, of which R580.0 million relates specifically to the Property.

BACKGROUND TO THE TRANSACTION

The transaction is comprised of two parts, namely the Business and the Leasehold Rights.

The Business

The Building was developed as part of a 50/50 joint venture between Attacq (through AWIC) and Atterbury (through Dale Creek) (the "Sellers") and was completed on 31 January 2020. In 2017, AWIC and Dale Creek established a letting enterprise in respect of the Building, entering into a 12-year lease with the Tenant with the lease coming into effect on completion of the Building (the "Tenant Lease").

The Business comprises the letting enterprise owned in equal 50% shares by the Sellers of the Property, as a going concern, which includes:

- i. the fixed and moveable assets (other than the Property);
- ii. the goodwill pertaining to the Tenant Lease;
- iii. the rights, title and interest in and to the Tenant Lease;
- iv. the rights, title and interest in and to all service, maintenance and supply contracts concluded between the Sellers (or their predecessors) and any third parties in respect of the conduct of the Business; and
- v. the rights, title and interest in and to the property management agreement with ATTX Property Services Proprietary Limited.

The Leasehold Rights

The Leasehold Rights includes all of the rights, title and interest and obligations of AWIC and Dale Creek (as the notarial lessees) under and derived from the applicable notarial documents of transfer, including the rights to use, lease and occupy the Property and erect improvements thereon. The Sellers each hold a 50% undivided share in the leasehold rights which are contained in a notarial lease. The notarial lease is registered at the applicable deeds office and is perpetually renewed to a period of 99 years.

CONDITIONS PRECEDENT

The fulfilment of the Transaction remains subject to the fulfilment or waiver of the following conditions precedent:

- a) the Sellers having formally waived their respective pre-emptive rights, tag-along rights or other similar rights, if any, contained in the Co-ownership Agreement entered into between the Sellers on or about 4 December 2017 in terms of which, *inter alia*, the Sellers govern their relationship as co-owners of the Leasehold Rights, in respect of the disposal by the Sellers of their share of the Sale Asset;
- b) the Sellers providing to the Purchaser written consent from the landowner consenting to the cession and assignment of the Sale Asset in accordance with the relevant terms of the notarial lease by no later than 35 days from the last party signing the Transaction Agreement;
- c) the Competition Authorities approving the implementation of this Agreement in terms of the Competition Act, evidenced by the issue of a merger clearance certificate within 120 days from the last party signing the Transaction Agreement;
- d) the Tenant confirms in writing that it is satisfied with the impact of the Transaction (if any) on its procurement spend, by no later than 31 May 2021;

- e) written confirmation from the notary appointed for the transaction or the Sellers' financiers by no later than 31 May 2021 that all consents and permission are in place for the simultaneous cancellation of the Sellers' respective mortgage bonds on registration against payment of the settlement amounts on the transfer date; and
- f) the Sellers providing the Purchaser with written confirmation that the Tenant partner equivalents are bound jointly and severally with the Tenant partners in favour of the landlord by no later than 31 May 2021.

PROPERTY SPECIFIC INFORMATION

Name and geographical location	Sector	Occupied GLA (m ²)	Weighted average rental per m ² (R/m ²)	Net loss for the six months ended 31 December 2020 (R'000)	Valuation (R'000)	Attacq share of valuation (50%) (R'000)	Attacq share of estimated total cost on completion (R'000)	Attacq carrying value at 31 December 2020 (R'000)
Deloitte Building: 5 Magwa Crescent (north-east of the Mall of Africa) Waterfall City	Office	44 265	207.0	8 423	1 711 700	855 850	675 756	834 074

Notes:

- The valuation as per a director's valuation at 31 December 2020, supported by an external desktop valuation performed by Steven Wolffs of Mills Fitchet, an independent external valuer registered in terms of the Property Valuers Profession Act 47 of 2000.
- The "Attacq carrying value" reflects Attacq's share of the valuation adjusted for estimated cost to complete at 31 December 2020.
- Weighted average rental per m² is the weighted average rental for all single tenanted office and mixed use properties as extracted from the annual financial statements of Attacq for the year ended 30 June 2020.

CATEGORISATION OF THE TRANSACTION

In terms of the JSE Listings Requirements, the disposal is classified as a Category 2 transaction for Attacq and is not subject to the approval of shareholders.

WITHDRAWAL OF CAUTIONARY

Shareholders are referred to the cautionary announcement released on SENS on 15 February 2021 and the subsequent renewal thereof on 31 March 2021, and are advised that as a result of the publication of this announcement, the cautionary is withdrawn.

6 May 2021

Sponsor

JAVACAPITAL