

## 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 Attacq Group”)



---

# PROPOSED R2.8 BILLION INVESTMENT BY THE GOVERNMENT EMPLOYEES PENSION FUND (“GEPF”) INCLUDING THE ACQUISITION OF 30% OF ATTACQ WATERFALL INVESTMENT COMPANY PROPRIETARY LIMITED (“AWIC”) AND CAUTIONARY ANNOUNCEMENT

---

## 1. INTRODUCTION

Shareholders are advised that Attacq (“**Seller**”), AWIC and the GEPF (“**Purchaser**”), represented by the Public Investment Corporation (SOC) Limited (“**PIC**”), have concluded a non-binding term sheet (“**Term Sheet**”) in respect of the proposed acquisition by the GEPF of 30% of the ordinary shares and shareholder loans in AWIC for an estimated cash consideration of R2.5 billion and the injection of a further R300 million into AWIC as a shareholder loan (“**Proposed Transaction**”). The Proposed Transaction is subject to the fulfilment of conditions precedent as outlined in paragraph 4 below.

## 2. RATIONALE

AWIC is a wholly owned subsidiary of Attacq, holding Attacq’s completed real estate portfolio and development and leasehold rights in Waterfall City (including developments under construction and leasehold land). Waterfall City represents an exceptional diversified investment and development opportunity, offering a “work, play, live” lifestyle within a smart, safe, sustainable environment.

If implemented, the Proposed Transaction will be transformative in furthering Attacq’s strategic objectives, which include (i) introducing a long-term investment partner to AWIC, thereby securing funding for its ongoing Waterfall City development rollout; (ii) optimising AWIC and the Attacq Group’s capital structure by improving debt metrics and investment capacity; and (iii) enhancing the liquidity position of the Attacq Group.

Attacq estimates that the proceeds of the Proposed Transaction, on implementation, will result in a reduction in the Attacq Group’s gearing from 37.2% at 30 June 2022 to c. 24.0% on a *pro forma* basis.

Should the Proposed Transaction be implemented, Attacq will retain control of AWIC with a majority shareholding of 70%, with the GEPF holding a minority shareholding of 30%. Attacq will continue to provide asset management and administration services to AWIC at market-related fees.

## 3. TERMS OF THE PROPOSED TRANSACTION

### *Acquisition of AWIC shares and consideration*

Pursuant to the Proposed Transaction, the Purchaser will acquire 30% of the ordinary shares in AWIC by way of a combination of (i) a sale of AWIC shares held by Attacq to the Purchaser (“**Sale Shares**”) for cash and (ii) a subscription for new AWIC shares for cash (“**Subscription Shares**”) (collectively, the “**Sale Equity**”). The Purchaser will also acquire from Attacq a corresponding percentage of all amounts owing by AWIC to Attacq on loan account (“**Sale Claims**”) as at the implementation date of the Proposed Transaction (“**Implementation Date**”).

The cash consideration payable by the Purchaser for the Sale Equity and the Sale Claims will be based on the net asset value (“NAV”) derived from the latest available consolidated AWIC management accounts as at the Implementation Date, adjusted for certain agreed items, including expected credit loss adjustments recognised in respect of loans to AWIC subsidiaries and associates and unrecognised profits in respect of bankable residential pre-sales (“**Adjusted AWIC NAV**”). The Purchaser will acquire the Sale Equity and Sale Claims at a c. 10% discount to the value of its proportionate share of the Adjusted AWIC NAV for an estimated cash consideration of R2.5 billion (“**Purchase Price**”), subject to the potential Purchase Price adjustment referred to below.

#### Additional Shareholder Loans

The Purchaser and Attacq will, upon receipt of the Purchase Price by Attacq and AWIC, advance shareholder loans to AWIC in proportion to their post-transaction shareholding (up to a maximum of R1 billion in aggregate) (“**Additional Shareholder Loans**”).

#### Purchase Price adjustment

The parties have agreed to a potential adjustment to the Purchase Price on the second anniversary of the Implementation Date. If, at that date, the aggregate of the Purchase Price and the GEPP’s Additional Shareholder Loan (“**Purchaser’s Initial Investment**”) exceeds the then value of the aggregate of the Purchaser’s proportionate share of AWIC’s NAV adjusted for (i) any equity contributions by or repayments to the Purchaser, (ii) dividends declared to or received by the Purchaser and (iii) the Purchaser’s shareholder loan (“**Remeasured Total Investment**”), Attacq will pay the excess (but limited to a maximum of 5% of the Purchaser’s Initial Investment) to the Purchaser in cash as an adjustment to the Purchase Price.

Similarly, there is a mechanism to adjust the Purchase Price in favour of Attacq, which will be measured on the second anniversary of the Implementation Date. If, at that date, the Remeasured Total Investment is at least 20% higher than the Purchaser’s Initial Investment, the Purchaser will make a cash payment (equal to 5% of the Purchaser’s Initial Investment) to Attacq.

## 4. CONDITIONS PRECEDENT

The Proposed Transaction is subject to certain conditions precedent, including:

- the conclusion of legal agreements between the Seller, AWIC and the Purchaser;
- to the extent applicable, the approval of the Proposed Transaction by the landowner of AWIC’s leased property assets;
- the restructuring of AWIC’s ultimate beneficial shareholding in MAS P.L.C such that it is held elsewhere within the Attacq Group;
- the approval of the Proposed Transaction by AWIC’s existing lenders, to the extent applicable;
- securing the written waiver of any pre-emptive rights held by tenants of the AWIC property portfolio and the Seller in respect of the Proposed Transaction, to the extent required;
- securing the consent of counterparties to AWIC’s material contracts in respect of the Proposed Transaction, to the extent required;
- written confirmation from the Company’s JSE sponsor that Attacq has complied with the JSE Listings Requirements with regard to the Company’s REIT status and that the Company’s REIT status is in force; and
- the approval of all regulatory authorities, as applicable, including, but not limited to, the Competition Authorities, the JSE, and the approval of Attacq’s shareholders, excluding the Purchaser, in general meeting.

## **5. CATEGORISATION OF THE TRANSACTION**

The Proposed Transaction will constitute a Category 1 transaction with a related party in terms of the JSE Listings Requirements given its size relative to the market capitalisation of Attacq and the fact that the Purchaser is a material shareholder in Attacq. Accordingly, the Proposed Transaction will be subject to the approval of a majority of Attacq shareholders, excluding the Purchaser in general meeting.

## **6. FURTHER DETAILS AND CAUTIONARY ANNOUNCEMENT**

Until such time as all legal agreements have been concluded and the Company is able to release an announcement regarding the Proposed Transaction, which contains full disclosure, as required in terms of the JSE Listings Requirements, including the financial effects on Attacq, shareholders are advised to exercise caution when dealing in Attacq shares.

13 February 2023

---

Sponsor and corporate advisor

The logo for JAVACAPITAL, featuring the word "JAVACAPITAL" in a sans-serif font. The letter "J" is significantly larger and stylized, with a blue horizontal line passing through its middle. The remaining letters "AVACAPITAL" are in a smaller, grey font.