



INTEGRATED REPORT

2021

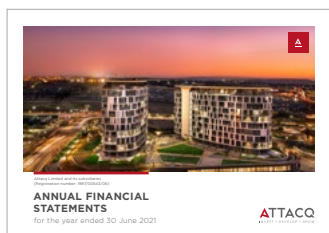
ATTACQ
INVEST • DEVELOP • GROW

Navigating our report

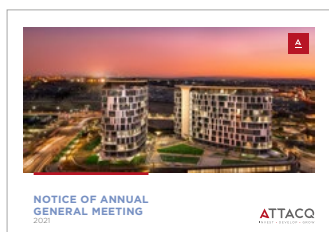
Our reporting suite for FY21



Integrated report



Annual financial statements



Notice of annual general meeting



Indicates that additional information and or information not prioritised for the integrated report can be found on the Attacq website – www.attacq.co.za.



Indicates a **page reference** for further information which can be found elsewhere in this reporting suite



Indicates our progress against focus areas outlined in our 2020 integrated and sustainability reports, under headings labelled '2021 looking ahead'

The icons below are used throughout this report to visually indicate the integration of our strategic pillars, material matters and business model to achieve desired outcomes.

Strategic pillars



Waterfall City, Rest of South Africa and Other investments



Capital structure



Our employees



ESG



Innovation



Technology

Material matters



Employee wellness, development and retention



Operational and financial sustainability



Technological advancements, innovation and disruption



Contribution to a smart, safe and sustainable community



External operating environment

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Year at a glance



MooiRivier Mall, Potchefstroom

Stakeholder value

DIPS

35.9% decline ▼

June 2020: 10.5% decline

DPS

0.0cps ▼

June 2020: 45.0cps

B-BBEE

Level 3

June 2020: Level 3

Waterfall City, Rest of South Africa and Other investments

Collections

101.5% ▲

June 2020: 92.5%

Occupancy

95.2% ▲

June 2020: 93.6%

Effective GLA completed

22 325m² ▼

June 2020: 42 751m²

Capital structure

Capital recycling

R2.8 billion ▲

June 2020: R265.5 million

Gearing

43.3% ▼

June 2020: 45.7%

Interest cover ratio

1.41 times ▼

June 2020: 1.68 times



Allandale building, Waterfall City



About this report

A

Materiality

The principle of materiality is applied in assessing what information is to be included in our integrated report. This report focuses particularly on those issues, opportunities and challenges that may materially impact on Attacq and its ability to be a sustainable business that consistently delivers value to shareholders and our stakeholders. Our material matters, as described from [page 32](#), influence our strategy and inform the content in this report.

Assurance

We use a combined assurance model ([page 34](#)) to manage various aspects of our operations, including external reporting. These assurances are provided by management, our internal auditors (outsourced to PwC), our newly appointed external auditors (EY), other external assurance providers (outsourced ICT service provider, CyriskCo Advisory (Pty) Ltd), as well as oversight by our board of directors.

For more information on the scope of services performed by our external auditors, refer to our AFS on our website: www.attacq.co.za. Specific non-financial elements – such as natural capital data, adherence to water-use licence conditions and occupational health and safety – are externally assured and/or audited to ensure legal compliance or adherence to our governance standards. GCX Sustainable Business Specialists was appointed to assure our carbon footprint, including the assurance of key elements (water, waste, energy) used in the calculation. See [pages 72 to 75](#).

The board, assisted by the ARC and TSE, is satisfied with the effectiveness of the group's internal controls and assurance for the year in review.

Forward-looking statements

This integrated report contains forward-looking statements that, unless indicated otherwise, reflect the group's expectations as at 20 October 2021. Actual results may differ from our expectations. The group cannot guarantee that any forward-looking statement will materialise and, accordingly, readers are cautioned not to place undue reliance on them. The group disclaims any intention and assumes no obligation to revise any forward-looking statement, even if new information becomes available, other than as stipulated by the JSE Listings Requirements and other applicable regulations.

Feedback

We value your feedback as we continuously strive to improve our reporting. For feedback and enquiries regarding our reporting suite and information contained therein, please contact:

Brenda Botha
Head of investor relations

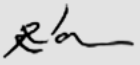
Email: brenda@attacq.co.za
Tel: +27 (0)12 010 3457

Approval of the FY21 integrated report

The board, supported by the ARC and TSE, acknowledges its responsibility to ensure the integrity of the 2021 integrated report. Members of the ARC and TSE committees have applied their minds to the content of this report and, in their opinion, this integrated report addresses all material matters and offers a balanced view of Attacq's strategy and how this relates to its ability to create and preserve value in the short, medium and long term. The report adequately addresses the use of, effects on, and availability of our capitals as well as how these impact the group's strategy and business model. The board believes this report has been prepared in accordance with the <IR> Framework and authorised it for release on 20 October 2021.


Executive directors


Jackie van Niekerk
Chief executive officer


Raj Nana
Chief financial officer

Non-executive directors


Pierre Tredoux
Independent non-executive chairperson


Hellen El Haimer
Lead independent non-executive director


Thabo Leeuw
Independent non-executive director


Ipeleng Mkhari
Independent non-executive director


Stewart Shaw-Taylor
Independent non-executive director


Allen Swiegers
Independent non-executive director


Johan van der Merwe
Independent non-executive director



Nexus, Waterfall City



Introducing Attacq

- 8 Who we are
- 8 Our investment case
- 11 Our smart, safe and sustainable hubs
- 13 Our journey
- 14 Our leaders

Who we are

Attacq is a South African-based REIT, with a vision to create sustainable value for all stakeholders through a value-based strategy, ensuring positive impact in our communities and environment we operate in. Attacq is well-positioned to deliver its purpose to create smart, safe and sustainable community spaces providing remarkable experiences in our managed hubs.

Attacq's strategic approach is to think differently about real estate through our quality hubs. Trends in online shopping and work-from-home continue to change the way Attacq interacts with real estate. Our approach influences the way we shape our real estate hubs and our service offerings. Shopping malls must be more than just retail spaces – they are retail-experience hubs.

Office spaces must become collaboration hubs, providing opportunities for physical

interaction and collaboration, in response to the evolution of the office environment. Our logistics and distribution centres continue to be safe, secure urban logistics hubs, fully integrating office and warehouse requirements into a single location, resulting in a hybrid asset class. This is demonstrated in the development of Waterfall City into a smart, safe and sustainable city, where we put people first, embrace business disruptions and find value creating opportunities.

Historically Attacq's strategy was based on four drivers:

- 1 South African portfolio;
- 2 Developments at Waterfall;
- 3 Investment in MAS; and
- 4 Rest of Africa retail investments.

During the year, in execution of its debt reduction strategy, Attacq reduced its shareholding in MAS from 20.7% to 6.5% and reaffirmed its exit strategy for the Rest of Africa retail investments.

Attacq has since refocused its approach:

- 1 Waterfall City, that comprises its completed real estate portfolio, developments under construction and leasehold land.
- 2 Rest of South Africa, that comprises the remainder of its South African completed real estate portfolio.
- 3 Other investments, that comprises the remaining investment in MAS and Rest of Africa retail investments.

Our investment case

A diversified client base and portfolio provide the building blocks for resilience.

Investment diversification through different asset classes and geographies.

Smart, safe and sustainable spaces, dominant in their precincts, underpin a quality real estate portfolio.

Waterfall City represents an unrivalled development pipeline in central Gauteng, South Africa's economic heartland.

Agility, control and alignment of interests is assured through our internalised asset, property and development management.

Invest, engage and collaborate with the communities around our assets to create sustainable community spaces with remarkable experiences that create destinations of choice.

Support and uplift the communities in which we operate via the Attacq Foundation by investing in education, training, providing essential goods and contributing to economic development.

Broad skills and expertise at executive management level are supported by an **active committed and diverse board of directors.**

Our purpose

To create smart, safe and sustainable community spaces providing remarkable experiences in our managed hubs.

Our vision

To create sustainable value for all stakeholders through our value-based strategy, ensuring positive impact in our communities and environment we operate in.

We think differently about real estate through our quality spaces, including the development of Waterfall City into a smart, safe and sustainable city. We drive the enhancement of what we do by putting people first and embracing business disruptions by exploring the new opportunities.

Our spaces, collectively called hubs

Retail-experience
hubs

Collaboration
hubs

Logistics
hubs

Our values

Integrity

Around here,
we do what
we say.



#BELIKEKATE

Collaboration

Around here,
we have each
other's back.



#GREETLISTENSHARE

Accountability

Around here,
stuff gets done.



#SEEITSAYITSORTIT

Creativity

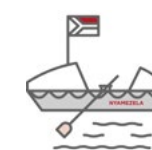
Around here,
everyone's ideas
matter.



#KAIZEN 改善

Sustainability

Around here,
we focus on
our future.



#DREAMPLANPROCESS

Waterfall City, Rest of South Africa and Other investments at a glance

at 30 June 2021

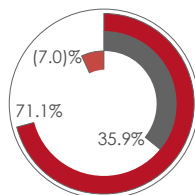


Waterfall City		Rest of South Africa		Other investments	
DIPS	Value of portfolio	DIPS	Value of portfolio	DIPS	Value of portfolio
33.3cps	R14.2 billion	16.8cps	R7.1 billion	(3.3)cps	R1.3 billion
FY20: 25.5cps	FY20: 14.2 billion	FY20: 15.4cps	FY20: R7.3 billion	FY20: 32.1cps	FY20: R3.1 billion
% of group DIPS	% of total assets	% of group DIPS	% of total assets	% of group DIPS	% of total assets
71.1	63.0	35.9	31.3	(7.0)	5.7
FY20: 35.0%	FY20: 57.8%	FY20: 21.1%	FY20: 29.8%	FY20: 43.9%	FY20: 4.4%

Total

DIPS

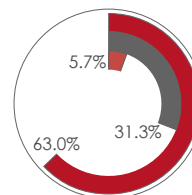
46.8cps
(2020: 73.1cps)



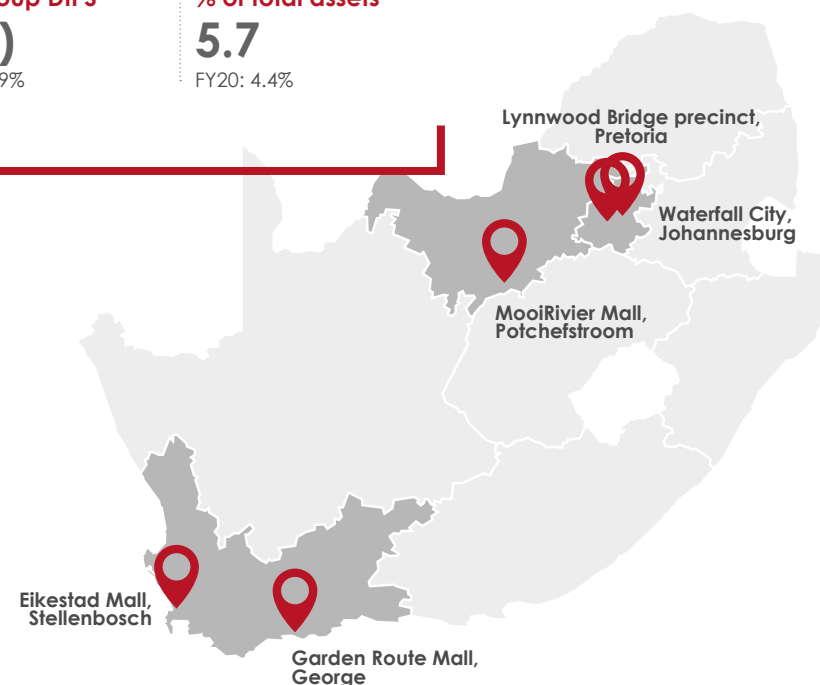
Waterfall City	33.3cps
Rest of South Africa	16.8cps
Other investments	(3.3)cps

Value of portfolio

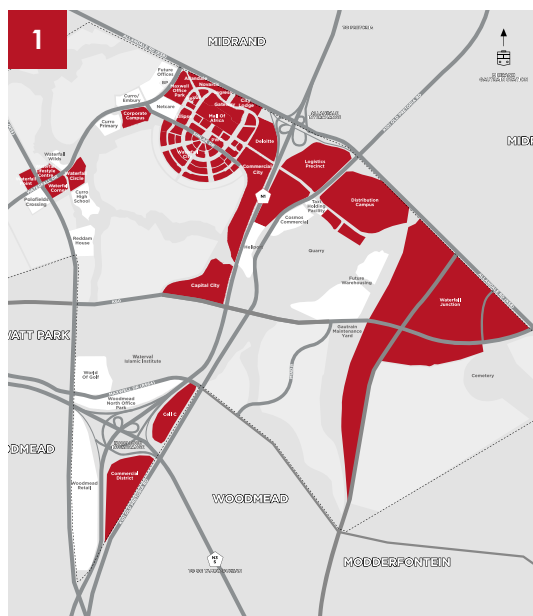
R22.6 billion
(2020: R24.6 billion)



Waterfall City	R14.2bn
Rest of South Africa	R7.1bn
Other investments	R1.3bn



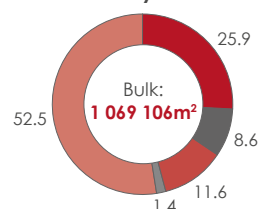
Our smart, safe and sustainable hubs*



Waterfall City, Johannesburg

Total GLA
505 680m²

Developments
at Waterfall City



- Completed – held
- Completed – sold
- Bulk – sold
- Under construction
- Total remaining bulk

Valuation
R14.2 billion

Classification Precinct

Anchor buildings Mall of Africa
PwC
Massbuild
distribution
centre

PV system
5 178kWp

Mall of Africa is South Africa's award-winning** super-regional mall in the heart of Waterfall City. 13 generators with an installed capacity of 7 860kVA operate during power outages, ensuring that the retail-experience hub remains operational. This covers 99.8% of GLA. The building has two days' emergency water supply to operate during water outages.

We are in the process of certifying Waterfall City with a Green Star sustainable precinct rating from GBCSA in terms of sustainable governance, liveability, economic and environmental attributes already in place and planned.

A 'new concept' four-star Courtyard Hotel in Nexus Waterfall opened for trade on 1 March 2021, in addition to the existing City Lodge Hotel.

** 'Coolest' mall in South Africa by the Sunday Times Gen Next survey for the fourth year running (September 2021)



Lynnwood Bridge precinct, Pretoria

Total GLA
81 992m²

Interest



Valuation
R2.3 billion

Classification Precinct

Anchor clients Dis-Chem, Planet
Fitness, Shoprite
Checkers, Safari and
Outdoor Warehouse,
Woolworths

PV system
852kWp

Lynnwood Bridge is a unique mixed-use precinct, home to the Atterbury Theatre. Attacq-owned buildings include Adams & Adams, Auditor-General and a City Lodge Hotel.

Six generators with an installed capacity of 2 500kVA operate during power outages, ensuring the retail-experience hub remains operational.

The precinct has two days' emergency water supply to operate during water outages.

* Refer to section on Managing our capitals, [page 46](#), for more information on smart, safe and sustainable

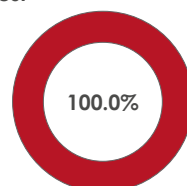


3

Garden Route Mall, George

Total GLA
53 767m²

Interest



Valuation
R1.4 billion

Classification Regional mall

Anchor clients Dis-Chem,
Game, Pick n
Pay, Woolworths

PV system
1 416kWp

Garden Route Mall is the dominant regional mall in the southern Cape. The retail client mix stretches from the national iStore to the local community butcher and deli, Van Rensburgs Foods.

12 generators with an installed capacity of 5 200kVA operate during power outages, ensuring that the retail-experience hub remains operational.

The building has two days' emergency back-up water to operate during water outages.

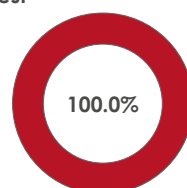


4

MooiRivier Mall, Potchefstroom

Total GLA
49 696m²

Interest



Valuation
R1.1 billion

Classification Regional mall

Anchor clients Checkers, Game,
Dis-Chem,
Woolworths

PV system
1 004kWp

MooiRivier Mall is the retail gateway to the North West, close to the Gauteng border in Potchefstroom.

Nine generators with an installed capacity of 2 375kVA operate during power outages, ensuring that the retail-experience hub remains operational.

The building has two days' emergency water supply to operate during water outages.

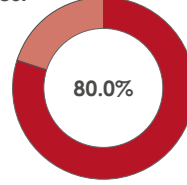


5

Eikestad Mall, Stellenbosch

Total GLA
47 784m²

Interest



■ Attacq shareholding
■ Minority shareholding

Valuation
R819.6 million

Classification Regional mall

Anchor clients Checkers,
Game, Food
Lover's Market,
Woolworths

Eikestad Mall is in the heart of Stellenbosch, well-known as a student and tourist town, and hosts the headquarters of some companies in South Africa.

Eight generators with an installed capacity of 3 360kVA operate during power outages, ensuring that the retail-experience hub remains operational.

The building has two days' emergency water supply to operate during water outages.

Our journey

YEARS

2005

2008



- Attacq Limited was formed as an investment holding company in the Atterbury stable

- Acquired 75.0% of the Waterfall City development rights

- Internalised development management function
- Confirmed as a FTSE4Good constituent and included in the JSE/FTSE Responsible Investment Index (J113)

- SAPOA award for best retail development: Mall of Africa

- Rated "Excellent" in EY's 2018 Excellence in Integrated Reporting Awards

2017

2018

- Converted to a REIT on 29 May 2018



- SAPOA awards for best corporate development (PwC Tower) and best industrial development (BMW Group SA Regional Distribution Centre)

2019

- Confirmed as a FTSE4Good constituent and included in the JSE/FTSE Responsible Investment Index Top 30 (J110)

- SAPOA award for best industrial development for Cummins South Africa regional office

- 2018 MSCI South Africa Direct Property Investment Awards for the top-performing portfolio in the office (4th consecutive year) and industrial (3rd consecutive year) sector based on three-year annualised total return

2020

- Rated "Excellent" in EY's 2020 Excellence in Integrated Reporting Awards



- Mall of Africa voted 'coolest' mall in South Africa by the Sunday Times Gen Next survey for the 3rd consecutive year (September 2020)



- Commenced with the development of our first residential unit in Waterfall City, The Ellipse

2013

2014

2016

- Listed on JSE and internalised the property and asset management functions



- Acquired AWIC minority shareholding

- Mall of Africa opened as the largest first-phased mall development in South Africa

- SAPOA award for best industrial development: Hilti

■ Attacq Limited ■ Developing Waterfall City

Our leaders

Our board

Independent non-executive directors



Pierre Tredoux (64)
Independent non-executive chairperson

Appointed
February 2005, chairperson 2012

Qualification
CA(SA)

Committees
Investment; Remuneration and Nomination

External directorships
Barnstone Group (executive), Atterbury Property Holdings (Pty) Ltd



Hellen El Haimer (47)
Lead independent non-executive director

Appointed
August 2013

Qualifications
BSocSc, LLB (hons) (admitted attorney), advanced diploma in property investment and strategic management

Committees
Audit and Risk; Transformation, Social and Ethics

External directorships
FM Institute (Pty) Ltd, Rhyco Risk Projects (Pty) Ltd



Thabo Leeuw (58)
Independent non-executive director

Appointed
February 2021

Qualification/s
BCompt (Hons) Management Advancement Programme

Committee
Investment

External directorships
Thesele Group (Pty) Ltd (executive), Hulamin Ltd, Rhodes Food Group Ltd, Prudential Portfolio Managers (South Africa) (Pty) Ltd



Ipeleng Mkhari (47)
Independent non-executive director

Appointed
March 2018

Qualification
BSocSc (Psychology and Industrial Psychology)

Committees
Transformation, Social and Ethics; Remuneration and Nomination

External directorships
Motseng Investment Holdings (Pty) Ltd (CEO), KAP Industrial Holdings Ltd, Revego Africa Energy Ltd



Stewart Shaw-Taylor (69)
Independent non-executive director

Appointed
November 2012

Qualification
CA(SA)

Committees
Investment; Audit and Risk

External directorships
Hyprop Investments Ltd, Newpark REIT Ltd



Allen Swiegers (60)
Independent non-executive director

Appointed
January 2021

Qualifications
CA(SA)

Committees
Audit and Risk; Transformation, Social and Ethics

External directorships
South African Rugby Event Services (Pty) Ltd, Red Sun Hortitech (Pty) Ltd and is a council member and member of the Audit Committee of the University of Pretoria



Johan van der Merwe (56)
Independent non-executive director

Appointed
May 2008

Qualifications
CA(SA) MCom (tax), MPhil (finance)

Committee
Remuneration and Nomination

External directorships
Co-CEO (executive) of African Rainbow Capital Investments Ltd

Our executive management

Our board (continued)

Executive directors



Jackie van Niekerk (39)

CEO

Appointed
April 2017 (COO), June 2018 (board member), May 2021 (CEO)

Qualification
BCom (general)

Committees
Executive management, Investment

External directorship
SAPOA



Raj Nana (39)

CFO

Appointed
April 2014, June 2018 (CFO)

Qualification
CA(SA)

Committees
Executive management, Investment

Company secretary



Anda Matwa (38)

Company secretary

Appointed
March 2020

Qualifications: BCom (politics, philosophy and economics); MSc corporate governance and management (UK); HDip tax law, PGDip corporate law, FCG and currently studying towards LLB

Committees
Executive management, company secretary to the board and all board committees



Janine Palm (38)

Social executive

Appointed
October 2021

Qualifications: BCom Honours (Industrial and organisational psychology) and currently studying towards MPhil (corporate strategy)

Committee
Executive management



Peter de Villiers (43)

CIO

Appointed
July 2013

Qualifications
CA(SA), CFA

Committee
Executive management



Giles Pendleton (48)

CDO

Appointed
March 2018

Qualification
National HDip building

Committee
Executive management

External directorship
Chairperson for the Green Building Council of South Africa



Michael Clampett (40)

Property and asset management executive

Appointed
July 2015, July 2021 (exco member)

Qualification
CA(SA), Corporate innovation certificate (Stanford GSB)

Committee
Executive management

External directorship
South African Council of Shopping Centres



Exco management standing: Michael Clampett, Giles Pendleton, Anda Matwa. Sitting: Raj Nana, Jackie van Niekerk, Pieter de Villiers.



Leadership reviews

- 17 Chairperson's review
- 20 CEO's review

Chairperson's review



Pierre Tredoux,
Chairperson

Attacq's purpose

All of us have been faced by many new and unique challenges during the year under review. We all have had to adapt to a new way of life and doing business. This provided us with the opportunity to reflect on Attacq's purpose: To create smart, safe and sustainable community spaces by providing remarkable experiences in our managed hubs. We are acutely aware of the importance of connecting with others, to harness our collective strengths and build resilience – physically, mentally and emotionally. Safety is key to stimulating economic growth and strengthening our levels of trust and interaction as a society. By aligning our purpose with the three key aspects of live, work and play, we create holistic experiences that contribute to our own long-term sustainability.

The external environment

Our economic environment remained under significant pressure during the year, exacerbated by the ongoing impact of the pandemic. The downgrading of South Africa to sub-investment grade by rating agencies, together with impact of the lockdown restrictions on economic activity, adversely affected all sectors of the economy. Attacq will be challenged to demonstrate its value for stakeholders, however, our strategy of strengthening the balance sheet and focusing on the development of a high-quality, diversified portfolio at Waterfall City enables us to proactively respond to these challenges and deliver value to our stakeholders.

Opportunities presented by our operating environment

Our operating environment is changing rapidly, but our innovative and entrepreneurial spirit enables us to see this disruption as an opportunity rather than a threat. We are excited to be part of the disruption and believe we can take advantage of the new trends. The way space is used and viewed by our clients is changing. Attacq embraces these changes, and we are working with our clients on an approach where space can also be a service and not only a product. Our design approach has always been responsive to our clients' needs and we remain focused on understanding how they are changing, including issues such as incorporating social distancing requirements and space to collaborate into office design.

The rise in online shopping offers us a different way to connect and understand our clients and customers. The successful launch of our SHÖPING app provides us with valuable information that allows us to offer an even more compelling value proposition. Another innovation driven by technological disruption is our MyBuildings app. Through MyBuildings, we continued to ensure that our spaces were safe for all our stakeholders, maintaining our vigilance in health and safety protocols for the protection of our employees, clients and customers.

Sustainable value creation

Sustainability is a key component of our purpose to create smart, safe and sustainable community spaces, strengthened and enabled by innovation and technology. Sustainability considerations are embedded in our approach to creating value. They support the development of higher quality and more efficient buildings that attract higher quality clients and reduce negative impacts on our environment. Sustainability considerations also support the attraction and retention of diversity in our employee complement, which stimulates innovation and deeper insight into our stakeholder needs, risk appetite, strategy and governance approach. Much of our success is due to our ability to develop partnerships and relationships with our stakeholders.

Our strong ESG credentials and green building ratings are the result of our commitment to sustainability, which in turn enables us to reduce our costs of funding as it also contributes to reducing our risk profile. We are actively focused on increasing our investment in natural resources to supply our basic resource needs, reduce our environmental footprint and improve operational efficiencies.

Understanding our clients' needs has positioned us well for the future. Our clients increasingly demand quality and convenience, which fits well into our approach as we focus on new developments, incorporating best practices and the latest technology, underpinned by a focus on sustainable development. As a result, our portfolio quality remains high, and we attract high-quality clients.

Attacq's leadership and governance approach

Our values and culture inform our governance approach, which in turn protects Attacq against the risks of governance failures which would adversely affect our sustainability. In addition, by anchoring our approach in values and culture, we reduce costs associated with compliance. We owe much of our success over the past year to the strength of our leadership, both at board and executive management level. Changes to our strategy have been nuanced and focused on deepening our connection to our stakeholders, by focusing more on creating experiences and space as a service, and not only a product. We took a proactive approach to responding to COVID-19, reviewed our strategy early on and took the necessary steps. Thus, we have been able to focus on execution and delivery. There will always be a question of whether to remain a REIT or revert to being a capital growth fund. There are pros and cons to both, and as a board, we are seriously considering the implications of this for Attacq and our stakeholders.

Our board reflects a combination of talent and experience; agility and measured decisions; innovation and commitment to leadership fundamentals. This diversity has enabled us to grapple with important questions and make decisions with confidence and boldness. The board and executive management team work well together. Debates are robust, with a strong focus on implementation of decisions. We have navigated leadership changes in key positions without disruption, reflecting our commitment to ensuring leadership continuity. Our leadership strength has deepened because of our succession planning, and we have identified technology and sustainability skills as key areas of focus, to ensure that we deepen our skills and respond to our ever-changing environment.

Performance highlights

This year, property markets and REITs experienced high levels of volatility, owing to a range of factors including COVID-19. Our strong relationships with our stakeholders and communities, have bolstered our resilience. We recycled capital and refinanced our debt facilities to improve the strength of our balance sheet, reducing our debt levels. We are pleased that we concluded these transactions during COVID-19 at market or close-to-market values. Our key metrics in terms of property fundamentals and our development pipeline have shown robustness and we have delivered performance results, under difficult conditions, that we can be proud of. We had great success with our movement into the residential property market, with our new developments attracting significant interest during peak COVID-19 periods, indicating a compelling value proposition. We also continued to build diversity in the organisation, promoting from within, because of our commitment to employee development. The majority of these promotions have been women.

Pierre Tredoux and Jackie van Niekerk



Outlook

Even through the current uncertainty, we remain sure of the relevance of our value proposition. The coming period will be challenging as our economy will still face major challenges and our macroeconomic indicators will remain under pressure, notwithstanding the likelihood of an economic rebound supported by increasing vaccination levels. We remain supportive of government efforts to bring the situation under control and are ready to assist them where possible. At Attacq, one can feel the excitement and optimism in our managed hubs. Our purpose gives us clarity, our culture continually supports and renews our drive, and the opportunities we are seizing further stimulate our drive to be innovative and agile. We will continue to implement our strategy, fulfil our commitments to our stakeholders and work towards achievement of our purpose. We have taken the necessary steps to put us in the right position to do so, and now we look forward to the coming year, with a healthy development pipeline, quality portfolio, engaged and energised management and people, and stronger relationships with our stakeholders.

Our shared success

A special word of gratitude to Melt Hamman, our previous CEO, who retired at the end of April 2021. Melt has been central to Attacq's growth, first as CFO and then as CEO. His strong leadership and relentless focus on our key drivers – amid the challenges brought about by the COVID-19 pandemic – have enabled Attacq to successfully execute our strategic focus and address our capital structure. Melt developed a strong management team with a performance-driven culture, and this enabled a seamless transition to the new leadership team under Jackie van Niekerk. We thank Melt for his unique contribution to Attacq and wish him well in his future endeavours.

At the centre of our results are our employees. They deserve real credit and praise for the resilience they have shown and the way they have demonstrated our values and culture to our stakeholders. Our executive management, led by Jackie, have shown their leadership capacity and we are very confident in the team that leads Attacq, as well as the future leaders who have put up their hands to be counted. To my fellow board members, my thanks for your insights, challenges, leadership and commitment to our success. Our clients and our suppliers have worked hand in hand with us to stay ahead of the curve. The level of information sharing, collaboration and partnership have shown us that we are more than landlords and they are more than clients – we are partners in creating cities of the future. To our communities, we thank you for working with us to protect what we have built and look forward to creating stronger partnerships that benefit us all. I close with a message of solidarity and empathy, with all those who have lost loved ones during this period. Our thoughts and prayers are with you during these difficult times.

A handwritten signature in black ink, appearing to read 'Pierre Tredoux'.

Pierre Tredoux
Chairperson

20 October 2021

CEO's review

FY21 will be remembered as a year of learning to adapt to uncertainty. Looking back over the year at what Attacq has achieved, I am proud and honoured to be part of this team, which has executed our disposal strategy to ensure a healthy and optimal capital structure – particularly during the pandemic and its effects on the business.



Jackie van Niekerk,
CEO

We have reflected on our relevance to stakeholders in this changed environment and have embraced a new approach to ensure a sustainable shareholder return on investment. We have assessed the lessons learnt in the last 18 months and have transitioned from a company in survival mode. We are now positioned for long-term sustainability and profitability.

Real estate portfolio and Waterfall City development

Our real estate portfolio focuses on smart, safe and sustainable community spaces in our managed hubs. We maintain a quality development pipeline, unlocking unique opportunities within Waterfall City. There is increasing demand for safe, quality buildings that function efficiently and are well located. Attacq's Waterfall City development meets these requirements perfectly, focusing on developing new buildings to optimise value growth.

As a testament to our execution capabilities during a challenging year, our development rollout continued to attract client-led development opportunities in FY21. We completed five buildings within Waterfall City, with a further five buildings under construction. Attacq continues to attract quality light industrial clients to Waterfall City's logistics hub, with additional light industrial leasehold rights providing an opportunity to increase our light industrial portfolio. Once developed, this will complement our existing quality portfolio.

Recent disposals of the Deloitte head office, Massbuild distribution centre and Amrod building, at close to their valuations, demonstrates the quality of our real estate portfolio, even in a market under severe pressure.

Our South African portfolio continued to perform to expectations. The rental income for the group was in line with the prior year at R2.2 billion, despite having again provided significant rental relief in the form of rental discounts and deferrals. Our rental collections rate improved to 101.5% compared with 92.5% for FY20. We retained 85.0% of our clients during this tough period. Highlights of our leasing activity was that Garden Route Mall, where 56 leases expired, was fully let from November 2020, and Mall of Africa, which went through its first five-year renewal cycle, was 97.4% occupied. Our overall occupancy rate increased slightly to 95.2%.

We are incredibly proud of the completion of phase 1 of Ellipse. Transfer of the first 196 units took place post-year end, with a further 27 units pending transfer. The total number of units of Phase 1 is 269.

Capital structure

Our balance sheet is healthy, following several initiatives that boosted liquidity levels and reduced debt. Attacq has made meaningful progress in improving its gearing and liquidity position through a R2.8 billion disposal programme.

We used much of the disposal proceeds to improve our debt profile, including fully settling our euro-denominated debt. In addition to repaying some debt, Attacq also successfully refinanced about R5.4 billion of debt. Attacq has healthy and improved liquidity levels of R1.7 billion, including R1.4 billion of cash and prepaid facilities. Following asset disposals and repayment of debt, our gearing level has reduced to 43.3% from 45.7%.

ESG

Part of our vision in Attacq is to ensure that we positively impact our communities and the environment in which we operate. Our ESG plan has been developed to ensure that we live up to this vision.

We continued to make progress in integrating our environmental plan in to the value chain within Attacq. Our focus is on reducing our impact on climate change, integrated into our decision-making with the development of a climate change adaptation plan and the establishment of baselines, which will enable us to set targets for the coming years. We added 160 556m² of green-certified effective GLA during the past year.

Our colleagues have been the foundation of Attacq's success during the year under review. Their efforts to meet the uncertain demands of this year were inspiring, functioning as a team and going beyond expectations to ensure stakeholders' needs were addressed. We proudly launched the Attacq Sky-risers culture programme during the year to further strengthen engagement, company values, collaboration and innovation within Attacq.

We continue to support our communities through the Attacq Foundation. During FY21 we provided support of R15.4 million, which benefited 2 359 people through our initiatives. Protecting company and stakeholder interests is always a key priority, and our skilled, diversified and independent board achieved 96.9% board attendance during the year.



Waterfall City

Innovation and technology

Over the last 18 months, the real estate industry globally has been impacted by rapid and sweeping changes. We have adopted a strategy to strengthen Attacq's agility through innovation and technology, improving our operational management and ensuring seamless customer experiences for our clients and shoppers.

To provide a frictionless service for our clients and customers and stay in line with the trend towards the omnichannel experience, we launched our SHôPING app during the year. User uptake among retailers and customers has been encouraging, and we plan to extend the app across our footprint of retail-experience hubs.

During the year, we also rolled out phase II of the MyBuildings app, our software management tool that streamlines various operational and facilities management functions. We believe our business needs to leverage all collected data to underpin proactive business decisions. Our team has embarked on building a modern data platform to ensure seamless data collection from all data points – from building to company level.

Creating stakeholder value

Our stakeholder relationships have strengthened overall. Working together to solve challenges arising from the COVID-19 pandemic has brought us closer to many of our stakeholders, and we will continue to build and leverage the improved relationship. The return on community investment can be difficult to quantify at times, but this year we saw how much our communities value our contribution through their support and actions to keep our properties safe. This contributed significantly in avoiding potentially significant damage to property.

Looking ahead

Our fundamental performance metrics reflect that we are a strong business that can preserve and create value for its stakeholders. Our prospects for the future are healthy. We see encouraging green shoots in spending patterns, and over the medium to long term, economic recovery will stimulate development demand.

Optimising our capital structure will remain a key focus as it sets the foundation for longer-term growth and funding of developments. We will maintain focus on our South African portfolio, including Waterfall City, to develop smart, safe and sustainable hubs. Our quality development pipeline will also continue to unlock unique opportunities within Waterfall City.

We view investing in our employees and focusing on embedding our company culture, as critical enablers of success. Likewise, we will continue to build operational resilience by improving resource efficiency in water, energy and waste. Harnessing technology to enhance decision-making and stimulating innovation to unlock opportunities to create value will accelerate our growth trajectory.

The rethinking of our value offering as a service and not a product, our customers as clients (and not tenants), our spaces as retail-experience, collaboration, and logistics hubs (as opposed to retail, offices and light industrial), will further embed a culture of innovation and customer focus. The year ahead will undoubtedly continue to bring challenges, but I am confident that we will be up to the task, given the strength within our business.



Appreciation

Thank you to all our employees, who continue to rise to the challenge! To our board, who continues to support and guide the management team, we thank you for your continued leadership and wisdom. A special thanks to Melt Hamman, not only for the first 10 months of FY21, but also for your contribution to Attacq's success over the years!

Jackie van Niekerk
CEO

20 October 2021



Waterfall Circle, Waterfall City

Our operating context

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- 26 Our key relationships

Our external operating environment

Operating environment

- Weak domestic economy and decline in gross domestic product growth
- Civil unrest
- Business failures due to COVID-19-related lockdown restrictions
- High and increasing unemployment rate
- Poor municipal service delivery by utilities
- Introduction of carbon tax

Trends in the real estate sector

Pre-pandemic market trends

- Preference for shared office spaces
- New online-only entrants to the retail market
- Showroom effect of browsing in-store and buying online

Short-term lockdown impact

- Accelerated uptake of online shopping, including grocery delivery services
- Brick-and-mortar retail sales declined due to lockdown restrictions limiting trade activities
- Accelerated trend toward remote working
- Additional safety requirements due to COVID-19 pandemic

Long-term change

- Demand for office space impacted by remote-working preference, with a focus on collaboration spaces
- Sales by brick-and-mortar retailers impacted as online shopping increases, with a focus on omnichannel experiences
- Focus on logistics hubs and last-mile distribution to support omnichannel retail

Attacq's response

RESPONSE	MORE DETAIL	STRATEGIC PILLAR
Introduction of retail-experience hubs, collaboration hubs and logistics hubs	Refer to Manufactured capital, (page 55)	
CX journey implemented	Refer to Social and relationship capital, (page 89)	
Rental relief through rental discounts and deferrals	Refer to Financial capital, (page 47)	
Focus on reducing carbon emission and cost of occupancy	Refer to Natural capital, (page 68)	
Developing smart, safe and sustainable and green-certified buildings, including corporate consolidations	Refer to Manufactured capital, (page 55) and Natural capital, (page 68)	
Recycling capital to optimise capital structure	Refer to Financial capital, (page 47)	
Launch Innovation Growth programme to unlock adjacent strategic opportunities.	Refer to Intellectual capital, (page 101)	

Our ESG environment

Our commitment to ESG

As a purpose-led business, we strive to act in the interests of the broader South African society and our natural environment. We focus on effective measures to address ESG risks and endeavour to improve our standing in external assessments.

Attacq's approach to ESG is underpinned by the imperative that ESG must create and preserve value for stakeholders, including financial value. ESG is integrated into Attacq's strategy as three of the company's strategic pillars, supported by strategic objectives and intended outcomes.

Refer to Natural capital ([page 68](#)), Human capital ([page 78](#)), Social and relationship capital ([page 89](#)) and Corporate governance ([page 106](#)).

The board and exco are committed to accurate and meaningful ESG reporting and KPIs for executive management are in place to ensure ESG remains an integral part of our business strategy.

To ensure focus, collaboration and execution of our ESG operational plan, three members of exco are tasked with the responsibility for every element of ESG. These include the CDO, supported by the sustainability manager; our CEO, supported by the Transformation department and the Human Capital department; as well as the company secretary, with the support of the group risk and compliance officer. Our approach and progress are overseen by the board and its subcommittees. We believe this approach will create value for all our stakeholders.

FTSE Russell ESG rating

In June 2021, FTSE Russell assessed our ESG rating as 3.6 (2020: 4.2) out of 5.0. We continue to learn and focus on improving our reporting against this framework, in both the underlying categories and our overall rating. A five-year breakdown of our FTSE Russell ESG rating is detailed below.

	Environment	Social	Governance	Overall
2021	2.6	3.5	4.7	3.6
2020	3.3	4.4	5.0	4.2
2019	3.1	4.1	5.0	4.1
2018	2.5	3.2	5.0	3.5
2017	2.7	2.6	3.9	3.0



The strategic objectives of our integrated ESG plan are to: reduce our environmental footprint, increase our community impact, and continue to increase our social engagement throughout our business value chain.

We consider the UNGC's 10 principles.

UNGC's 10 principles

Human rights

Principle 1 Principle 2

Labour

Principle 3 Principle 4 Principle 5 Principle 6

Environment

Principle 7 Principle 8 Principle 9

Anti-corruption

Principle 10

In addition, we also consider targets listed under the following 11 SDGs as indicated throughout the report:

SDGs



Our key relationships

In collaboration with our stakeholders, we have successfully navigated through the challenges of the pandemic and strengthened our foundation for future growth.

From the inception of Attacq, we have built strong relationships with our stakeholders that, over this challenging year, stood us in good stead. It is a testament to our team that their management of the uncertain and unfamiliar circumstances resulting from the pandemic has further strengthened our stakeholder relationships.

As part of our Sky-risers programme, we committed to mapping the moments that matter for our key stakeholders, to ensure their Attacq Experience enhances our relationships and connects our community. Our Sky-risers:

CX journey team focuses on improving the experience of all our stakeholders while the Sky-risers Culture, Fun and Growth teams are responsible for enriching our internal stakeholders: our employees. Refer to Human capital ([page 83](#))

We engage regularly with key stakeholder groups integral to our business and continually review our engagement matrix to ensure Attacq's relationships are as inclusive as possible. Our stakeholder engagement policy was approved by the TSE during FY19 and will be updated during FY22.

We classify our relationships into **five categories**:

One-way relationships: one-way communication	Developing relationships: relationship still in its infancy; initiating two-way communication	Connected relationship: two-way communication; company acts independently of stakeholder	Good relationship: collaborative engagement with joint learning, decisions and actions	Strong relationships: integrating stakeholder into governance, strategy and operations management through meaningful collaboration
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▲ Quality of the relationship improved in 2021

▼ Quality of the relationship deteriorated in 2021

► Quality of relationship remained stable in 2021

Key stakeholders

Shareholders

7 647 shareholders, predominantly based in South Africa, an increase of 12.8% in our shareholder base

Quality of the relationship ▲ Good Ongoing market updates and engagements with fund managers regarding the impact of COVID-19 on Attacq's business and assets	Frequency and method of engagement <ul style="list-style-type: none">Regular one-on-one meetings, results presentations, AGM, integrated report, ESG engagements, website, SENS announcements and newsletters and pre-close updates	
Enhancing value through engagement	Main discussion points	Our response to needs, concerns and expectations
<ul style="list-style-type: none">Retain and increase investment in Attacq, creating a larger, more diverse shareholder base to increase share liquidityShareholders are a potential source of capitalEnhance the market's understanding of Attacq's business	<ul style="list-style-type: none">Change in leadershipSale of targeted assets, MAS shares and debt refinanceCapital structure, with specific reference to ICR, gearing and debt covenantsImpact of COVID-19 on real estate fundamentals, corporate failures and rent relief offered to our clientsClient behavioural changes in retail and office sectorsOur Waterfall development pipeline demand and speculative developmentsDistributions and REIT statusIntegrating ESG into the Attacq strategy	<ul style="list-style-type: none">Clarity on the strategic direction of the companyQuestions raised addressed by direct feedback, including one-on-one meetings with excoVirtual tour of the Waterfall City precinct

2022 Looking ahead

- Host a site visit of Waterfall City precinct that includes a presentation on ESG matters
- Continued engagements to explain Attacq's long-term strategy and progress



▲ Quality of the relationship improved in 2021

▼ Quality of the relationship deteriorated in 2021

► Quality of relationship remained stable in 2021



Funders

Seven South African-based funders

Quality of the relationship ▲ Strong

Ongoing open and transparent communication regarding the impact of COVID-19 on Attacq's business and assets, as well as industry trends

Frequency and method of engagement

- Ad hoc meetings, request for proposals to fund new development opportunities and refinancing of existing facilities, communicating compliance with financial covenants, biannual one-on-one meetings after results presentations, integrated report, ongoing communication relating to rental collections and liquidity forecasts, sharing of insight into consumer behaviour

Enhancing value through engagement	Main discussion points	Our response to needs, concerns and expectations
<ul style="list-style-type: none"> • Access to debt capital, trust in management, supportive of our business and funding plan, understanding business results and financial risks 	<ul style="list-style-type: none"> • Change in leadership • Impact of COVID-19 on business as usual, real estate fundamentals (specifically rental collections), credit quality of our clients and client behavioural changes in retail-experience hubs and collaboration hubs • Waterfall City development pipeline demand and funding opportunities • Understanding ESG in Attacq with the possibility of sustainability-linked funding • Attacq's credit quality including liquidity forecasts, debt capacity, serviceability and covenants 	<ul style="list-style-type: none"> • Providing clarity on the strategic direction of the company • Increased transparency through regular provision of information to demonstrate the performance of our properties and our continuing ability to meet obligations (debt covenants, gearing, ICR)

2022 Looking ahead

- Continue with frequent engagements, sharing insights and building on existing strong relationships
- Assess ESG impact on funding opportunities

Our employees

158 employees across five offices

Quality of the relationship ▲ Good to strong

All our employee engagements are well attended. The results of our wellness survey were positive (see [page 81](#)).

With the recent launch of Sky-risers (see [page 83](#)) – an employee-driven initiative that includes 30 volunteers – the quality of this relationship is expected to improve even more during FY22

Frequency and method of engagement

- Monthly updates from the CEO
- One-on-one meetings with line manager to discuss and implement employee PDP
- Annual 360° feedback
- Various employee surveys
- Sharing of regularly updated human capital policies

Enhancing value through engagement	Main discussion points	Our response to needs, concerns and expectations
<ul style="list-style-type: none"> • Healthy organisational culture that motivates employees to perform, improves engagement, fosters collaboration and inclusivity, and strengthens commitment to embrace our values and strategic objectives 	<ul style="list-style-type: none"> • Employee wellness (including work-life balance) • Flexibility in the workplace and working remotely • Market-related remuneration and benefits • Transformation and improving our diversity • Living and embracing our values • Safe and congenial work environment • Recognition and rewards • Personal and professional development 	<ul style="list-style-type: none"> • Launch of Sky-risers CX journey, Culture, Fun and Growth • Implementation of a variety of wellness activities throughout the year, focusing on all aspects of wellness • Training initiatives to bring relief to work-life, financial, physical and mental balance

2022 Looking ahead

Our activities for FY22 are described in more detail under Human capital, from [page 88](#)





▲ Quality of the relationship improved in 2021

▼ Quality of the relationship deteriorated in 2021

► Quality of relationship remained stable in 2021

Clients

>1 000 clients

Quality of the relationship ▲
Good to strong

Support through rental relief, flexible leasing solutions, client support groups (e.g. Attacq retail forum) and our 'vouchers for waiters' initiative via the Attacq Foundation

Frequency and method of engagement

- Onsite support team
- Website
- Roadshows
- MyBuildings app
- One-on-one meetings
- Newsletters

Enhancing value through engagement	Main discussion points	Our response to needs, concerns and expectations
<ul style="list-style-type: none"> • Tenants are our primary clients, providing the rental income that underpins our business • Client retention and expansion • Convert potential tenants to actual tenants • Improving our collection rate • Clients are the core of our communities within our hubs. 	<ul style="list-style-type: none"> • Cost of occupancy • Client experience • Partnering with clients to restructure leases and provide flexible leasing terms • Attracting new tenants with lease-related incentives 	<ul style="list-style-type: none"> • Closer relationships with our clients to identify early renewal potential and address risk proactively, where possible • Creative and agile deal-making with focus on leasing initiatives to retain and attract new clients • We continuously invest in cost-saving initiatives related to energy and water consumption • We remain committed to smart, safe sustainable and green building principles in our existing and new developments • Client support groups, e.g. Attacq retail forum • Introduced 'Vouchers for waiters' initiative during lockdown • Rental relief in the form of rental discounts and rental deferrals

2022 Looking ahead

- We follow a strategic approach in negotiating leases to navigate short-term market uncertainty while protecting long-term value
- Continue to listen, collaborate, offer a multi-channel approach and experiment, embedding the 'client journey' experience

Shoppers

>40 million shoppers visit our six retail-focused hubs annually

Quality of the relationship ►
Connected

Mall of Africa was voted 'coolest' mall in South Africa by our shoppers for the fourth year running in the Sunday Times Gen Next survey

Frequency and method of engagement

- SHÔPING app
- Social media
- Retail-experience hubs websites
- Help desks and complaints line
- Media house partnerships

Enhancing value through engagement	Main discussion points	Our response to needs, concerns and expectations
<ul style="list-style-type: none"> • Understand and minimise the impact of COVID-19 through health and safety in our shopping environment • Understand shopping patterns, consumer experience and requirements and the impact of online/omni-channel shopping, as well as other relevant retail competitors in each region • Consumer behaviour affects client turnover and therefore future sustainable rental income, with an indirect impact on the value of our buildings 	<ul style="list-style-type: none"> • Remaining relevant in a competitive environment and structural shift in retail by introducing new experiences and enhancing convenience • Investigation of click-and-collect retail points to ease access of online shopping pick-up points • Changing the way in which we communicate with shoppers, e.g. via the SHÔPING app • Health and safety measures embedded in our policies and procedures 	<ul style="list-style-type: none"> • Health and safety measures embedded in our policies and procedures • Adjust client mix and marketing initiatives based on shopper behaviour, customer or mystery shopper feedback • Monitor shopper behaviour through technology and share insight with retailers to improve offering and understand shopper needs • Launched the SHÔPING app at the Mall of Africa • Shifting retail sector towards retail-experience hubs

2022 Looking ahead

- Digital communication and shopper loyalty through the implementation of the SHÔPING app
- Creating experiential spaces, drawing shoppers back to our malls



▲ Quality of the relationship improved in 2021

▼ Quality of the relationship deteriorated in 2021

► Quality of relationship remained stable in 2021

Community

Communities in our South African portfolio's retail-experience hubs

Quality of the relationship ▲ Good

The safekeeping of the Waterfall City precinct during the July 2021 civil unrest was also thanks to the support of local communities, working together with taxi associations, local law enforcement and private security

Frequency and method of engagement

- Outreach programmes
- CSI initiatives
- Enterprise and supplier development

Enhancing value through engagement	Main discussion points	Our response to needs, concerns and expectations
<ul style="list-style-type: none"> • Interacting with our communities gives us the opportunity to understand their needs and further align our business with those needs to remain relevant • Job creation, social upliftment and investing in our communities • By investing in the community, we directly benefit from the support of its members 	<ul style="list-style-type: none"> • Include Midrand-based small and medium enterprises in the procurement process in developments at Waterfall City • Community projects launched through Attacq Cares, see Social and relationship capital, page 92 	<ul style="list-style-type: none"> • Launched a targeted local economic development programme incorporating enterprise development aimed at businesses around Waterfall City • Three-year SED agreement reached with the Phuthumani Primary School situated in Thembisa (community around Mall of Africa) • Evolving partnerships from Property Point intake to supplier, e.g. Jesse Creations design services and Greendesign South Africa • Community projects launched through Attacq Cares, see Social and relationship capital, page 92

2022 Looking ahead

- Continue to invest in and develop the capabilities of small and medium enterprises through the local economic development programme
- Continue to offer support to our communities

Waterfall City landowner

Waterfall City precinct

Quality of the relationship ► Strong

We maintained a strong relationship through continued frequent engagements

Frequency and method of engagement

- Ad hoc one-on-one engagement
- Monthly monitoring meeting
- Urban design committee
- Waterfall Environmental Management Forum (WEMF)

Enhancing value through engagement	Main discussion points	Our response to needs, concerns and expectations
<ul style="list-style-type: none"> • Retain and build the relationship 	<ul style="list-style-type: none"> • Roll-out and management of Waterfall City precinct and urban design • Monthly leasehold payments • Approvals for proposed developments • Approval of the monthly leasehold costs payable by Attacq 	<p>Monthly monitoring meetings to ensure the following:</p> <ul style="list-style-type: none"> • Alignment of approaching in rolling out and managing the Waterfall City precinct • Proactive management of the Waterfall City precinct to ensure a smart, safe and sustainable offering for the entire Waterfall City community <p>Common services agreement signed to ensure the collective maintenance of the landscaping and city common areas</p>

2022 Looking ahead

- Continue with frequent engagements, maintaining our strong relationship



▲ Quality of the relationship improved in 2021

▼ Quality of the relationship deteriorated in 2021

► Quality of relationship remained stable in 2021

Suppliers and contractors

Over 90 goods and service providers

Quality of the relationship ►

Good

We continued to have frequent and open discussions

Frequency and method of engagement

- One-on-one engagement
- SLAs
- Performance evaluations

Enhancing value through engagement	Main discussion points	Our response to needs, concerns and expectations
<ul style="list-style-type: none"> • By maintaining good relationships and open communication with our suppliers and service providers, we benefit from high service levels that enhance our service to clients and shoppers 	<ul style="list-style-type: none"> • Fair and transparent tender processes • Compliance with terms and conditions of SLAs • Competitive pricing, ensuring Attacq receives value for money • Maintaining preferential procurement targets 	<ul style="list-style-type: none"> • We apply effective processes in selecting suppliers and service providers • We have paid all suppliers and contractors on time, as per Attacq's vendor payment policy • Revised procurement policy and process approved, including the Attacq Procure portal to further enhance our supplier management

2022 Looking ahead

- Continue with frequent engagement, negotiating competitive rates and high-service levels
- Minimum procurement targets assist us in maintaining our B-BBEE scorecard level

Government, municipality and regulators

South African government, five municipalities in our communities, and regulators

Quality of the relationship ►

Developing

We continued to engage as necessary

Frequency and method of engagement

- Ad hoc, formal reports as required

Enhancing value through engagement	Main discussion points	Our response to needs, concerns and expectations
<ul style="list-style-type: none"> • Streamline approval process • Comply with laws and regulations as a good corporate citizen • Municipalities: providing utilities and services as well as building approvals 	<ul style="list-style-type: none"> • Local council: timely receipt of approvals 	<ul style="list-style-type: none"> • We remain committed to ensuring compliance with all legislation • We engage regularly with government, regulators and improvement districts to ensure our developments are supported by the appropriate infrastructure. This includes detailed traffic impact assessments • We are represented on industry bodies to help as a collective in our engagement with the municipalities

2022 Looking ahead

- Continue with engagement as necessary



Mall of Africa interior, Waterfall City



Managing our business

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- 40 Our value creation process
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Determining materiality and material matters

Our determination of materiality is based on the <IR> materiality determination process. Exco identified relevant matters for inclusion in the integrated report, taking into account material matters discussed in our 2020 integrated report, stakeholder engagements, peer analysis, changes in our external operating environment, matters discussed by the board and its committees and through multiple discussions, facilitated by an external service provider.

The relative importance of each identified material matter was assessed by evaluating magnitude of effect and likelihood of occurrence. Exco then ranked each issue against potential impact on the following:

- Financial performance and returns for shareholders
- Regulatory compliance of the business and cost thereof
- Stakeholder expectations and the overall reputation of the company
- Innovation, growth or competitiveness of the business

Exco prioritised matters based on this ranking and submitted this to the board for review. The following material matters were approved.

Material matters

1 Employee wellness, development and retention

Our employees are at the heart of long-term value creation for our stakeholders. Their attributes and behaviours differentiate Attacq in engaging with our stakeholders and shaping our reputation. Our employees' knowledge, skills and experience drive the sustainability, efficiency and relevance of our real estate portfolio.

Strategic pillars	Related risks	Stakeholder
Our employees ESG	<ul style="list-style-type: none"> • COVID-19 impact on health and safety • Transformation targets 	<ul style="list-style-type: none"> • Our employees • Government, municipality and regulators

2 Operational and financial sustainability

Our operational sustainability is underpinned by the quality and sustainability of our real estate portfolio, our approach to real estate management and development, as well as a keen focus on our clients' and shoppers' experiences. Attacq operates from a strong foundation of value-creating governance. Financial stability, prudent capital management, resilience of our business model and operational efficiency determine our sustainability in the short, medium and long term. We acknowledge and balance the expectation of our shareholders to receive dividend payments while managing our financial position and assisting our clients with rental relief.

Strategic pillars	Related risks	Stakeholder
Waterfall City, Rest of South Africa and Other investments Capital structure ESG Technology Innovation	<ul style="list-style-type: none"> • Availability of capital • Protection of property rights • Evolving space utilisation • Cybersecurity • Legal and regulatory compliance • Increasing municipal rates and taxes, and service delivery • Civil unrest 	<ul style="list-style-type: none"> • Clients • Our employees • Funders • Shoppers • Suppliers and contractors • Communities • Government, municipality and regulators • Shareholders • Waterfall City landowner



3 Technological advancements, innovation and disruption

Attacq actively fosters a culture of innovation throughout the business. We use technology as an enabler to create smart, safe and sustainable spaces, and shape client experiences. Our leadership understands the important role innovation and technology play in becoming an efficient, effective and responsive company.




Strategic pillars	Related risks	Stakeholder
 Waterfall City, Rest of South Africa and Other investments  Technology  Innovation	<ul style="list-style-type: none"> • Evolving space utilisation • Cybersecurity 	<ul style="list-style-type: none"> • Clients • Shoppers • Waterfall City landowner



4 Contribution to a safe and sustainable community

Attacq's real estate portfolio offers smart, safe and sustainable community spaces in established precincts throughout South Africa, providing remarkable experiences. We are in the unique position of developing and managing Waterfall City, a mixed-use development where people can work, live and play in a sustainable, safe and functional environment. Our Rest of South Africa retail-focused hubs play a key role in serving their communities.







During the civil unrest in July 2021, the safekeeping of the Waterfall City precinct was, in large part, thanks to the support of local communities, taxi associations, local law enforcement and private security, all of whom worked together. This demonstrates the importance of engaging with and contributing to the communities in which we operate.

Strategic pillars	Related risks	Stakeholder
 Waterfall City, Rest of South Africa and Other investments  Our employees  ESG	<ul style="list-style-type: none"> • COVID-19 impact on health and safety • Transformation targets • Civil unrest 	<ul style="list-style-type: none"> • Clients • Our employees • Shoppers • Communities • Government, municipality and regulators • Waterfall City landowner



5 External operating environment

The COVID-19 pandemic exacerbated an already challenging economic environment as well as increasing levels of poverty and unemployment. We operate in a complex, volatile and uncertain socio-economic landscape that affects our business in a multitude of ways. On a local level, our operations are impacted by a lack of service delivery from local government, creating delays and operational challenges.

Strategic pillars	Related risks	Stakeholder
 Waterfall City, Rest of South Africa and Other investments  Capital structure  Our employees  ESG  Technology  Innovation	<ul style="list-style-type: none"> • COVID-19 impact on health and safety • Availability of capital • Protection of property rights • Transformation targets • Evolving space utilisation • Civil unrest • Increasing municipal rates and taxes, and service delivery • Cybersecurity • Legal and regulatory compliance 	<ul style="list-style-type: none"> • Clients • Our employees • Funders • Shoppers • Communities • Shareholders • Waterfall City landowner • Government, municipality and regulators

Risks and opportunities

We are committed to an integrated process of risk management and assurance, which is rooted in accepted frameworks and good practices, including ISO 31000:2018 and King IV.

Although the board remains accountable for the governance of risk, it delegates relevant oversight duties to the ARC. The ARC is further supported by the CAF with respect to the oversight of the combined assurance plan and results. Management, however, remains responsible for the design and implementation of risk management and combined assurance processes.

The process of risk and combined assurance management is codified in the risk management and combined assurance policy and framework, which is reviewed and approved by the ARC on a regular basis. This process spans across all types of risk, including compliance and technology risks. The combined assurance process is integrated with the risk management process, through the application of a five lines of defence model, allowing ARC to provide comfort to the board that risks, and opportunities are appropriately managed, and that assurance activities from various providers deliver an optimised assurance result.

Residual risk rating

Based on the evaluation of its significance and likelihood, each risk is rated from low to high. In this report, we present only the most material residual risks that are rated medium to high.

High risk

Medium-high risk

Medium risk

Year-on-year movement of risk and risk rating

We have renamed 'Impact disruptions of technology' to 'Evolving space utilisation' to better describe the risk. The year-on-year rating of this risk increased to medium-high as the use of online shopping increased and the shift to working from home became more entrenched.

Business continuity and disaster recovery were identified as a material residual risk last year. We consider business disruption to be a consequence of failing to manage other risks, and therefore we deleted it as a separate risk in the register.

Civil unrest has been added as a new operational risk due to the impact of the civil unrest and looting that took place post-year end.

Strategic risks

- 1 COVID-19 impact on health and safety
- 2 Transformation targets
- 3 Availability of capital
- 4 Protection of property rights
- 5 Evolving space utilisation

Operational risks

- 6 Cybersecurity
- 7 Legal and regulatory compliance
- 8 Increasing municipal rates and taxes, and service delivery
- 9 Civil unrest

Strategic risks

1 COVID-19 impact on health and safety

Outbreaks and contraction of COVID-19 by employees, development contractors, clients and shoppers

High risk

Risk movement: Unchanged year-on-year

Potential impact	Key risk indicators and targets	Current status	Mitigating actions	Opportunities
<ul style="list-style-type: none"> Employees becoming life-threateningly ill with COVID-19 Development delays Decrease in trading densities Decrease in rental income owing to the shutdown of restaurants and restrictions of alcohol sales 	<ul style="list-style-type: none"> Cases of employees falling ill with COVID-19 Instance of non-compliance with OHS requirements Instances of non-compliance with government directives 	<ul style="list-style-type: none"> A number of employees have fallen ill with COVID-19 No material instances of non-compliances noted 	<ul style="list-style-type: none"> Strict health measures in place and continually aligned with changing government regulations Employees are encouraged to come to the office for a minimum of four days per week, while some are continuing to work from home 	<ul style="list-style-type: none"> Increased shopper spending at our retail-experience hubs through the creation of a safe environment

STRATEGIC PILLARS



Our employees



ESG – Social

MATERIAL MATTERS



Employee wellness, development and retention



Contribution to a safe and sustainable community



External operating environment

2 Transformation targets

Not meeting our targeted B-BBEE rating

Medium-high risk

Risk movement: Unchanged year-on-year

Potential impact	Key risk indicators and targets	Current status	Mitigating actions	Opportunities
<ul style="list-style-type: none"> Potential sanctions by regulatory authorities Failure to secure new clients and/or retain existing clients that rely on our rating for their B-BBEE scorecards 	<ul style="list-style-type: none"> B-BBEE rating – maintain level 3 	<ul style="list-style-type: none"> B-BBEE rating – maintain level 3 	<ul style="list-style-type: none"> An updated procurement policy has been implemented during the year with a minimum of a B-BBEE level 4 procurement level for all suppliers Recruitment is conducted according to the Employment Equity Plan submitted to the Department of Labour 	<ul style="list-style-type: none"> Gain competitive advantage by supporting clients' minimum B-BBEE targets

STRATEGIC PILLARS



Our employees



ESG – Social

MATERIAL MATTERS






Employee wellness, development and retention






Contribution to a safe and sustainable community







External operating environment

		STRATEGIC PILLAR		MATERIAL MATTERS	
		 Capital structure		 Operational and financial sustainability	 External operating environment
3 Availability of capital					
Not having access to equity and debt funding		Medium risk		Risk movement: Reduced year-on-year	
Potential impact	Key risk indicators and targets	Current status	Mitigating actions	Opportunities	
<ul style="list-style-type: none"> Inability to roll out and commercialise development bulk Inability to capitalise on unexpected opportunities in line with our investment plan Inability to refinance maturing term debt 	<ul style="list-style-type: none"> Number of respondents to a request for proposal for new funding Whether new funding is oversubscribed or not If existing funding is refinanced with the incumbent funder or not 	<ul style="list-style-type: none"> Attacq retail fund/Lynnwood Bridge Office Park refinance oversubscribed by R1.0 billion More than one funder responded for request for proposals issued during the year for new funding Mall of Africa debt refinanced with the incumbent funder at a lower weighted average cost of debt 	<ul style="list-style-type: none"> Management has commenced with a formal debt reduction and refinancing plan Proactive discussions with all funders on impact of COVID-19 on business, client collections, cash flow and liquidity R2.8 billion of assets recycled with proceeds earmarked to reduce debt R5.2 billion of debt refinanced with maturities spread between 3 to 5 years Sufficient committed facilities are available to complete all developments under construction 	<ul style="list-style-type: none"> Sustainability-linked funding 	

		STRATEGIC PILLAR		MATERIAL MATTERS	
		 Capital structure		 Operational and financial sustainability	 External operating environment
4 Protection of property rights					
Expropriation of leasehold land rights		Medium risk		Risk movement: Unchanged year-on-year	
Potential impact	Key risk indicators and targets	Current status	Mitigating actions	Opportunities	
<ul style="list-style-type: none"> Not having the opportunity to derive benefit of leasehold land rights 	<ul style="list-style-type: none"> Forced disposal or expropriation of leasehold land rights 	<ul style="list-style-type: none"> No incidents noted 	<ul style="list-style-type: none"> SAPOA is representing the industry as a whole in raising the issue with government 	<ul style="list-style-type: none"> Once the matter is resolved, it will help restore investor confidence in the sector 	

5 Evolving space utilisation (previously referred to as Impact of disruptions of technology)

Alignment drift between assets characteristics and space user requirements			<div> <div>  <p>Waterfall City, Rest of South Africa and Other investments</p> </div> <div>  <p>Operational and financial sustainability</p> </div> <div>  <p>Technological advancements, innovation and disruption</p> </div> <div>  <p>External operating environment</p> </div> </div>	
			Medium risk	Risk movement: Unchanged year-on-year
Potential impact	Key risk indicators and targets	Current status	Mitigating actions	Opportunities
<ul style="list-style-type: none"> Evolving/reducing space requirements, both in size and time frames Increase in vacancies resulting in loss of rental income Shopping pattern behaviour changes owing to online shopping Affordability concerns for clients 	<ul style="list-style-type: none"> WALE term years Occupancy rate 	<ul style="list-style-type: none"> WALE term: 5.6 years Occupancy rate: 95.2% 	<ul style="list-style-type: none"> Aligning our assets to our purpose (creating smart, safe and sustainable community spaces with remarkable experiences) Shopper behaviour analytics at most of our retail-experience hubs and implementation of the SHôPING app at Mall of Africa, to enhance the shopper experience Adopting a flexible leasing plan, allowing clients to reduce space requirements and tenure of their lease agreements Continued research and engagement with clients on their evolving requirements 	<ul style="list-style-type: none"> Initiatives to increase footfall through our retail-experience hubs Investigate opportunities to lower cost of occupancy Smart, safe and sustainable community spaces offer a competitive advantage in attracting and retaining quality tenants

Operational risks

6 Cybersecurity

Unauthorised access to information technology and communication systems networks and the information contained therein

STRATEGIC PILLAR



Technology

MATERIAL MATTERS



Operational and financial sustainability



Technological advancements, innovation and disruption



External operating environment

Medium-high risk

Risk movement: Risk increased

Potential impact	Key risk indicators and targets	Current status	Mitigating actions	Opportunities
<ul style="list-style-type: none"> Operational disruption or loss of productivity Leakage and/or theft of data by third parties Misdirection of services provided by affected systems, etc. 	<ul style="list-style-type: none"> Zero security breaches Zero data loss incidents Business disruption – zero days disruption 	<ul style="list-style-type: none"> No security breaches or data loss incidents noted Zero days disrupted 	<ul style="list-style-type: none"> Security measures are maintained and monitored, including: <ul style="list-style-type: none"> Firewalls Incoming email scanning Daily backups Disaster recovery plan Penetration testing 	<ul style="list-style-type: none"> Increased efficiency and safety in accessing Attacq resources and employees working remotely

7 Legal and regulatory compliance

Non-compliance with legal and regulatory requirements

STRATEGIC PILLAR



ESG - Governance

MATERIAL MATTERS



Operational and financial sustainability



External operating environment

Medium risk

Risk movement: Unchanged year-on-year

Potential impact	Key risk indicators and targets	Current status	Mitigating actions	Opportunities
<ul style="list-style-type: none"> Reputational damage Withdrawal of licence to operate Fines and penalties 	<ul style="list-style-type: none"> Instances of material non-compliance 	<ul style="list-style-type: none"> No instances of material non-compliance noted 	<ul style="list-style-type: none"> The Risk and Compliance Department, together with the Legal Department monitor and review Sentinel alerts for any changes in the legislative environment Any instances of non-compliance are investigated and reported quarterly to the CAF and ARC Remedial action plans developed, which may result in business process and/or policy changes Specific emphasis is placed on changes to government lockdown regulations and their enforcement through workplace plans for all sites 	<ul style="list-style-type: none"> Maintaining legal and regulatory compliance will provide stakeholder confidence, which inter-alia, improves access to capital

		STRATEGIC PILLARS			MATERIAL MATTERS	
		Technology	Waterfall City, Rest of South Africa and Other investments	Innovation	Operational and financial sustainability	External operating environment

8 Increasing municipal rates and taxes, and deteriorating service delivery

Attacq is forced to provide or support inadequate service delivery and/or infrastructure by local government while being burdened with rapidly increasing municipal rates and taxes to maintain a minimum viable asset for use by clients and shoppers

Medium risk

Risk movement: Unchanged year-on-year

Potential impact	Key risk indicators and targets	Current status	Mitigating actions	Opportunities
<ul style="list-style-type: none"> Attacq has to supplement services to clients and shoppers, as well as establish and maintain infrastructure associated with Attacq's assets to ensure minimum useful spaces Enforced cost escalations for Attacq that may be transferred to clients, impacting on client cost of occupation The loss of clients may trigger a negative cycle that may translate into underperforming assets 	<p>Rate/cost growth</p> <ul style="list-style-type: none"> Lower rates and taxes or lower growth in rates and taxes are targeted via SAPOA <p>Service levels</p> <ul style="list-style-type: none"> Continued uninterrupted supply of municipal services including but not limited to electricity, water and waste management. 	<p>Rates/cost growth</p> <ul style="list-style-type: none"> Rates and electricity costs continue to increase rapidly <p>Service levels</p> <ul style="list-style-type: none"> Low levels of service delivery 	<ul style="list-style-type: none"> Service level agreement with Rateswatch to assist in monitoring of rate changes (or development associated with rates). They are also contracted to handle objections on behalf of Attacq Management actively lobbies through SAPOA to contain municipal rates, as this influences the cost of occupation 	<ul style="list-style-type: none"> Lower rates and taxes contribute to an overall lower cost of occupancy for clients which can lead to greater affordability of rentals

		STRATEGIC PILLAR			MATERIAL MATTERS		
		Waterfall City, Rest of South Africa and Other investments	Capital structure	ESG	Operational and financial stability	Contribution to a safe and sustainable community	External operating environment

9 Civil unrest

Unlawful and/or violent action by large groups within/on our assets, or the arteries leading into our assets.

Medium risk

Risk movement: New material risk

Potential impact	Key risk indicators and targets	Current status	Mitigating actions	Opportunities
<ul style="list-style-type: none"> Loss of life and/or injuries (clients, shoppers, employees) Reputational damage as our managed hubs might be perceived as unsafe Vandalism, destruction and theft of client/Attacq assets and, national and local key infrastructure Closure of facilities with associated loss of footcount and trade, resulting in clients requesting rental relief 	<ul style="list-style-type: none"> No incidents of civil unrest 	<ul style="list-style-type: none"> A period of civil unrest post year end, with the possibility of further incidents 	<ul style="list-style-type: none"> Security protocols that include action internal plans and controls, access to security service providers and technical support systems Insurance, including SASRIA and commercial insurance Client relationships are regulated and managed through lease agreements 	<ul style="list-style-type: none"> Developing a more connected relationship with our communities as we work together in creating smart, safe and sustainable community spaces Promoting the Attacq brand as we are purposed to create smart, safe and sustainable community spaces providing remarkable experiences in our managed hubs

Our value creation process

Our business model is the blueprint for balancing our capitals. It is integral to achieving our strategic priorities and providing clarity of direction to our employees.

To ensure we continually create value, we consider the inputs (available stores of each capital) that are transformed by our business activities into outputs (what we generate) and our intended outcomes (benefits or impacts of our activities on the capitals), discussed in the Strategic performance scorecard from [page 43](#) and the Managing our capitals section from [page 46](#). Key to this process is ensuring the trade-offs ([page 41](#)) between capitals are positive for stakeholders, or that any negative impact is mitigated as far as possible to preserve value.

Our business activities (what we do)

Waterfall City, Rest of South Africa and Other investments

(completed buildings, developments under construction and leasehold land)

We are purposed to create smart, safe and sustainable community spaces, providing remarkable experiences in our managed hubs.

Leasing is the catalyst in our business activities. We unlock opportunities in Waterfall City through owning and developing our pipeline.

We source and evaluate real estate opportunities, investing in those with the potential to deliver sustainable total return.

Enabled by

Capital structure

We optimise capital allocation by recycling capital from mature and/or underperforming assets into opportunities with a higher contribution to distributable income and better long-term growth prospects.

By prudently managing our funding, we have the financial flexibility to develop and execute on value-enhancing investment opportunities.

Our employees

Our employees are our most valuable capital. We purposefully embed our company culture to encourage our employees to be 'Sky-risers'.

Underpinned by

Environment

New and existing buildings are enhanced by integrating green rating standards, to ensure our spaces perform at their peak operational efficiency while reducing our carbon emission year-on-year.

Social

We aim to contribute meaningfully to our communities.

Governance

We are protecting the interests of the company, its shareholders and other stakeholders through good corporate governance practices.

Innovation

Our innovative approach helps us to unlock opportunities, generate growth, create value, and stay ahead of the curve of our ever-changing environment.

Technology

Technology strengthens our agility, improves our operational management and ensures seamless client experiences.

Capital

Financial

To fund investments that support growth, we rely on funds we receive as equity, debt and proceeds from capital recycling activities



- Market capitalisation: R5.2 billion
- Total drawn facilities: R10.2 billion
- Available liquidity: R1.7 billion

Business activities

Discussed on [page 40](#)

Output

Using our capital structure as the enablement to build long-term sustainable growth

Outcomes

Discussed in the Strategic performance scorecard section, [page 43](#)

Trade offs

To preserve liquidity, the board has resolved not to pay a dividend for the year ended 30 June 2021 and no guidance is given for the year ended 30 June 2022.

▲FC/▼SRC (shareholders)

Provided financial assistance to our clients via rental relief

▼FC/▲SRC (clients)

Recycling of capital through the sale of 2 Eglin Road, the Deloitte building and disposal of MAS shares, as well as the sale of two light industrial properties (Massbuild distribution centre and Amrod building) and one industrial development (Cotton On) to Equites

▲FC/▼MC

Our response to COVID-19 resulted in financial capital being deployed to address health and safety measures for our employees

▲HC/▼FC

Green rating certifications are valued by clients, analysts/fund managers and ESG rating agencies.

▲NC, ▲SRC, ▲IC/▼FC

Investment in measures to reduce consumption of water and electricity and to reduce waste contributed to environmental sustainability and enhances value proposition of Waterfall City and other assets

▲NC, ▲MC/▼FC

Improved health and safety measures in response to COVID-19 for our clients and shoppers and supported our communities

▲SRC (clients, shoppers)/▼FC

Long-term partnership formed with Equites through sale of industrial assets

▲SRC/▼MC

Investment in innovation and technology

▲SRC/▼FC

Inputs

Manufactured

The spaces we manage and our pipeline of future spaces



- Manage 774 117m² GLA of sustainable community spaces in six respective hubs
- 1 069 106 m² remaining effective developable bulk in the Waterfall City precinct

Human

At the heart of our business are our employees. Their skills and wellness ensure our business runs optimally



- 158 permanent employees which include 10 learners on a 12-month contract
- Diverse workforce by gender, race, age and tenure

Natural

Natural capital fuels almost everything we do; the resources we use and the infrastructure we need to protect these resources



- Land, water, fossil fuels and air to develop buildings and run operations
- Raw natural products to create different aspects of our manufactured capital

Social and relationship

Our relationships with external stakeholders (directly or indirectly) enable us to fulfil our purpose



- Developing strong stakeholder relations
- Participation in industry bodies

Intellectual

This comprises our brand and reputation, as well as the innovative ways in which we use information and technology



- Top brands, e.g. Mall of Africa
- The Attacq experience
- SHôPING app
- Use of shopper behavioural analytics
- MyBuildings app
- Launch Innovation Growth programme

Unlock opportunities, generate growth, create value and stay ahead of the curve of our evolving environment

Strengthen Attacq's agility through technology, improving our operational management and ensuring seamless customer experiences

Our strategy

The year in review was a year of change, agility and adaptation. We began with our core purpose – to create smart, safe and sustainable community spaces providing remarkable experiences in our managed hubs – and reassessed the strategic pillars and objectives that support and drive our strategy to deliver on this purpose.

During FY21, we took a significant step in reinforcing our refocused strategy by disposing of the majority of our shareholding in MAS and repositioning our portfolio to primarily focus on South Africa. We have adopted a strategy to strengthen Attacq's agility through innovation and technology, improving our operational management and ensuring seamless customer experiences for our clients and shoppers. This strategy aims to ensure the business thrives in a transitioning real estate industry and generates sustainable stakeholder value over the short, medium and long term.

Our strategic pillars form the basis of our business activities ([page 40](#)) and are delivered through strategic objectives. We measure the success of our strategic objectives by meeting our KPIs (see Strategic performance scorecard [page 43](#)). In each capital section, we have outlined the strategic pillar's intended outcomes, KPIs and actions for FY22 and beyond.

Through the lessons learnt during the last 18 months and having repositioned Attacq for long-term sustainability and profitability, we are now embedding medium- to long-term strategic KPIs to ensure sustainability and profitability for all stakeholders.



Glenfair Boulevard, Pretoria

Strategic performance scorecard

✓ Achieved

— In progress

✗ Not achieved

Strategic pillars, strategic objectives and KPIs



Waterfall City, Rest of South Africa and Other investments

Manufactured capital
Refer to [page 55](#)

Strategic objective – Smart, safe and sustainable managed hubs

Occupancy rate (%)	93.6	95.5	95.2	✗	>95.0
Collection rate (%)	92.5	96.0	101.5	✓	>95.0
Trading density growth (%)	(0.1)	CPI: 4.9	(0.4)	✗	Equal to peers (MSCI South African Annual Property Index)
Client retention rate (%)	81.7	n/a	85.0	n/a	>75.0 retention rate of lease renewals

Strategic objective – Developing Waterfall City: Quality development pipeline and unlocking unique opportunities within Waterfall City

Development surplus (R'm) – annual average over rolling three-year period	88.5	96.0	70.5	✗	>40.0
Waterfall City bulk roll out (m²) – annual average over rolling three-year period	57 998	60 000	30 926	✗	>35 000m²
Number of residential units sold	88	135	70	✗	>135
New business development	44 327	22 500	19 287	✗	>30 000m²



Capital structure

Financial capital
Refer to [page 47](#)

Strategic objective – Using our capital structure as the enablement to build long-term sustainable growth

Growth in DIPS (%)	(10.5)	No guidance given	(35.9)	No guidance given	No guidance given
Gearing ratio (%)	45.7	<45.0	43.3	✓	<41.0
ICR (times)	1.68	>1.25	1.41	✓	>1.40

n/a - not applicable

 Achieved
  In progress
  Not achieved


Strategic pillars, strategic objectives and KPIs



Our employees

Human capital
Refer to  **page 78**

Strategic objective – Purposefully embed our company culture to encourage diversity and all employees to be 'Sky-risers'

Employee diversity (employee complement as per EE plan)	Transformation levels exceeded	Meet transformation levels	Targets in Coloured and Indian employees exceeded; Improvement in African appointments		Meet transformation levels in submitted EE plan
Company culture, employee wellness and engagement	n/a	n/a	n/a	n/a	Outcome of surveys and engagement levels (e.g. CEO update attendance, training, volunteering, participating in surveys)




ESG

Strategic objective – Reduce our environmental footprint, increase our community impact and continue to increase our social engagement, integrating ESG into our business value chain

Environmental

Natural capital
Refer to  **page 68**







Strategic objective – Ensure a positive impact within our environment by improving our carbon emissions each year

Environmental plan	Environmental plan in the process of being developed	Obtain board approval for environmental plan	Board approval for environmental plan obtained		Set science-based reduction targets and meet science-based reduction targets
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n/a - not applicable

 Achieved
  In progress
  Not achieved

Strategic pillars, strategic objectives and KPIs

	June 2020 result	June 2021 KPI	June 2021 results	June 2021 indicator	Short-term KPI (June 2022)
<div>  Social </div> <div>Social and relationship capital Refer to page 89</div>					
Strategic objective – Contribute meaningfully to our communities					
Transformation (B-BBEE level)	Level 3	Level 3	Level 3		Level 4
Stakeholder experience	n/a	n/a	n/a	n/a	Achieve Sky-risers: CX journey implementation targets
<div>  Governance </div> <div>Governance Refer to page 106</div>					
Strategic objective – Protects the interest of the company, shareholders and other stakeholders					
Continue with good corporate governance practices	n/a	n/a	n/a	n/a	Implementation of initiatives to improve corporate governance
<div>  Innovation </div> <div>Intellectual capital Refer to page 101</div>					
Strategic objective – Unlock opportunities, generate growth, create value, and stay ahead of the curve of our evolving environment					
Implementation of innovation programme	n/a	n/a	n/a	n/a	Meet objectives of innovation growth platform
<div>  Technology </div> <div>Intellectual capital Refer to page 101</div>					
Strategic objective – Strengthen Attacq's agility through technology, improving our operational management and ensuring seamless customer experiences					
Implementation of technology	Head of technology appointed ICT plan in development phase	Implementation of technology	In progress		Finalise and implement our modern data platform

n/a - not applicable



Eikestad Mall, Stellenbosch

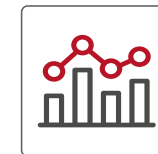


Managing our capitals

- 47 Financial capital
- 55 Manufactured capital
- 68 Natural capital
- 78 Human capital
- 89 Social and relationship capital
- 101 Intellectual capital

Financial capital

CFO review




Our South African real estate portfolios performed well under difficult operating conditions, largely brought on by the impact of the pandemic.




Raj Nana,
CFO


One of the group's key financial priorities for the year was to improve its capital structure  through the recycling of capital and reducing debt. We executed this debt reduction strategy  by recycling R2.8 billion (2020: R256.5 million) of capital, the proceeds of which have been or will be utilised in reducing interest-bearing debt. Liquidity levels at year end were healthy at R1.7 billion (2020: R1.1 billion) including R1.0 billion of cash (2020: R673.0 million).

Our distributable income declined by 35.9% to 46.8cps mainly as a result of the non-receipt of dividends received from MAS. Notwithstanding this, Waterfall City and the Rest of South Africa's portfolio's distributable income grew by 30.6% and 9.1% respectively. The group's NAV decreased by 4.1% to R11.1 billion (2020: R11.6 billion) as property valuations decreased by 6.2% (2020: decreased by 8.6%) on a like-for-like basis.

Attacq uses distribution per share as its relevant measure of financial performance. Consistent with Attacq's strategic objectives, the board of directors resolved not to pay a dividend  for the current financial year

(2020: 45.0cps). In compliance with REIT regulatory requirements, the distributable profits that were generated by Attacq's subsidiaries during the current financial year will be distributed to Attacq within four months of year end. Attacq will account for this income in its distributable profits for FY22. The payment of a dividend in respect of its distributable profits for FY22 will be required by no later than 31 October 2022 for Attacq to retain its REIT status for that year. The board will consider the declaration of dividends on or before that date.

The second edition of the SA REIT BPR was issued in November 2019 and is effective for reporting periods commencing on or after 1 January 2020. Please refer to Attacq's annual financial statements, which are available  [online](#), for detailed disclosure of key SA REIT BPR ratios.

The group has restated its prior annual financial statements. For more information, refer to Attacq's annual financial statements, which are available  [online](#).

Our intended outcomes

Our intended outcomes, FY21 performance and FY22 KPIs are summarised below:

	Effectively manage financial capital structure			
FY21 intended outcomes	Improve the interest cover ratio (ICR) cover	Reduce the weighted average cost of funding	Hedge interest rates as protection against the negative impact on distributable earnings from potential interest rate hikes	Reduce our gearing ratio
Performance in FY21	ICR reduced to 1.41 times	Cost of funding increased to 8.9%	Interest rate hedging position reduced to 73.8%	Gearing reduced to 43.3%
FY22 intended outcomes	Developing an optimal capital structure to unlock further growth opportunities			Recycle capital
KPI for FY22	<ul style="list-style-type: none"> Improve ICR cover to >1.4 times Maintain gearing ratio of <41.0% Managing our debt expiry profile Reduce the weighted average cost of maturing or refinanced debt 			<ul style="list-style-type: none"> Recycle R1.0 billion of capital

What we achieved in FY21

Distributable income

The distributable income of the group is closely aligned with cash generated from operations, adjusted to reflect recurring income.

Distributable income per share decreased by 35.9% to 46.8cps. Notwithstanding difficult trading conditions, the Waterfall City and Rest of South Africa portfolios delivered strong performances. Distributable income from South African operations increased by 22.5% (2020: decreased by 25.9%).

A breakdown of distributable income per focus area is tabled below.

R'000	June 2021	June 2020	% Change
Waterfall City	234 768	179 772	30.6
Rest of South Africa	118 620	108 656	9.1
Other investments	(23 266)	225 746	(110.3)
Total	330 122	514 174	(35.8)

— Increase rental owing to completion of newly completed developments and lower rental discounts compared to prior year

— Lower rental discount provided in current year

— Decrease owing to no dividend received from MAS, hedging loss and euro finance cost



Strategic objective:

Using our capital structure as the enabler to build long-term sustainable growth

Cents per share	June 2021	June 2020*	% Change
Waterfall City	33.3	25.5	30.6
Rest of South Africa	16.8	15.4	9.1
Other	(3.3)	32.1	(110.3)
DIPS	46.8	73.0	(35.9)

* Previously reported as 73.1 cents per share and subsequently updated in accordance with the SA REIT BPR adopted by Attacq in its year ended 30 June 2021.

Financial performance

Group net profit from property operations – excluding the IFRS adjustment for straight-line leasing and net proceeds from the sale of sectional title units – was unchanged at R1.4 billion. On a like-for-like basis, net operating income increased by 1.4% (2020: 4.2%).

Alongside is our summarised consolidated statement of profit or loss and other comprehensive income.

Realisation of foreign currency translation reserve on foreign operations

We partly disposed of our investment in MAS which resulted in a realisation of FCTR on foreign operations. of R895.4 million.

Impairment of investment in associates

Relates mainly to the impairment of the investment in AttAfrica of R158.5 million and prior year impairment of the investment in MAS of R1.3 billion.

Impairment of goodwill and intangible assets

The impairment of the asset management agreement and goodwill relating to Attacq Management Services (Pty) Ltd of R232.5 million in the prior year.

Other expenses decreased year-on-year to R169.4 million (2020: R177.9 million) and includes foreign exchange losses of R113.2 million (2020: R126.7 million).

Gross revenue

Rental income
Straight-line lease income adjustment
Sale of sectional title units

Gross property expenses

Property expenses
ECL on trade and other receivables
Cost of sales of sectional title units

Net profit from property operations

Other income
Realisation of foreign currency translation reserve on foreign operations
Operating expenses
ECL on loans to associates, suretyships and guarantees
Impairment of investment in associates
Impairment of goodwill and intangible assets
Other expenses

Operating profit (loss)

Amortisation of intangible asset
Fair value adjustments
Investment properties
Derivative financial instruments
Other investments at fair value through profit and loss
Net income (loss) from associates and joint ventures
Investment income
Finance costs

Profit (loss) before taxation

Income tax (expense) credit

Profit (loss) for the year

Attributable to:

Owners of the holding company

Other comprehensive profit

Items that will not be reclassified subsequently to profit or loss

Profit (loss) on fair value through other comprehensive income assets
Taxation relating to components of other comprehensive income

Other comprehensive profit (loss) for the year net of taxation

Items that will be reclassified subsequently to profit or loss

Exchange differences on translation of foreign operations
Taxation relating to components of other comprehensive income

Total comprehensive profit (loss) for the year

Attributable to:

Owners of the parent

Earnings (loss)

Basic (cents)
Diluted (cents)

30 June 2021
R'000

Restated
30 June 2020
R'000

2 390 241

2 192 386

2 206 357

2 209 156

132 033

(22 606)

51 851

5 836

(802 534)

(768 677)

(753 196)

(735 891)

(3 822)

(32 786)

(45 516)

–

1 587 707

1 423 709

366 686

65 596

895 431

–

(180 347)

(160 315)

(14 811)

(594 145)

(158 462)

(1 312 012)

–

(232 477)

(169 395)

(177 925)

2 326 809

(987 569)

–

(19 964)

(1 233 605)

(2 117 466)

(1 534 260)

(1 590 476)

300 655

(524 922)

–

(2 068)

70 698

(90 107)

71 204

97 097

(994 052)

(904 950)

241 054

(4 022 959)

(86 939)

255 104

154 115

(3 767 855)

154 115

(3 767 855)

375 689

(9 202)

–

–

375 689

(9 202)

(123 555)

264 442

–

–

406 249

(3 512 615)

406 249

(3 512 615)

21.9

(535.4)

21.6

(535.4)

Rental income for the group was in line with the prior year at R2.2 billion. Like-for-like rental income decreased by 0.5%. (2020: decreased by 4.8%).

Gross property expenses, excluding cost of sales of sectional title units, decreased by 1.5% (2020: increased by 2.6%) to R757.0 million (2020: R768.7 million), mainly as a result of a decrease in bad debt written off and provision for bad debts. On a like-for-like basis, group property expenses decreased by 4.1% (2020: increased by 4.9%).

Other income for the year increased to R366.7 million (2020: R65.6 million) mainly due to the reversal of ECL on the loan to AttAfrica of R225.3 million as a result of the loan being converted to equity and the reversal of the impairment of the investment in MAS of R92.4 million.

ECL on loans to associates, suretyships and guarantees

ECLs decreased year-on-year to R14.8 million (2020: R594.1 billion) and includes:

- ECL on the loan to JV115 of R2.3 million (2020: includes ECL on loan to Gruppo impaired by R142.1 million, ECL on loan to Nieuwtown Property Development Company (Pty) Ltd impaired by R262.4 million and ECL on loan to AttAfrica and interest write-off of R144.6 million).
- ECL on suretyships and guarantees provided to a JV partner of R10.4 million (2020: R5.7 million).

Fair value adjustments

Negative fair value adjustments of R1.5 billion (2020: negative R1.6 billion) on the valuations of completed portfolio included negative fair value adjustments on our retail experience hubs and collaboration hubs of 4.9% (2020: 8.9%) and 10.3% (2020: 10.6%) respectively. Higher forward interest rates and interest rate swaps that matured during the year resulted in a positive fair value adjustment on financial assets and liabilities of R300.7 million (2020: negative R525.0 million).

	30 June 2021 R'000	30 June 2020 R'000
Completed buildings	(1 452 651)	(1 696 689)
Right-of-use asset	(26 409)	(22 571)
Developments under construction	6 583	112 805
Waterfall City leasehold land	(61 783)	15 979
Other financial assets and liabilities	300 655	(524 922)
Other investments at fair value through profit and loss	–	(2 068)
Total	(1 233 605)	(2 117 466)

Investment income

Bank interest income was higher than the prior year at R30.2 million (2020: R15.5 million) owing to higher average cash balances for the year. Other interest related largely to interest earned on the loan extended to PwC Waterfall Property Partnership.

	30 June 2021 R'000	30 June 2020 R'000
Loans to associates	–	38 927
Bank	30 186	15 501
Other interest	41 018	42 669
Total	71 204	97 097

Finance cost

Interest serviced on interest rate swaps increased while interest serviced on variable rate loans decreased as variable interest rates declined during the year when compared to the prior year.

	30 June 2021 R'000	30 June 2020 R'000
Long-term borrowings	(628 854)	(784 411)
Derivative financial liabilities	(340 203)	(97 031)
Lease liability	(24 950)	(22 639)
Other	(45)	(869)
Total	(994 052)	(904 950)

Property cost-to-income ratio

The decrease in the Waterfall City portfolio's cost-to-income ratios is mainly owing to economies of scale and cost-saving initiatives. The increase in cost-to-income ratios for the Rest of South Africa portfolio is influenced by the Auditor General of South Africa building (Lynnwood Bridge) interim vacancy period for which municipal expenses were not recovered.

Property cost-to-income ratio	June 2021 %	June 2020 %
Waterfall City		
Net cost-to-income ratio ¹	20.6	23.7
Gross cost-to-income ratio ²	35.4	38.5
Rest of South Africa		
Net cost-to-income ratio ¹	21.6	15.9
Gross cost-to-income ratio ²	39.4	34.3

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)

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.

Financial position

The group NAV decreased by 4.1% to R11.1 billion (2020: R11.6 billion).

R'000	June 2021 R'000	June 2020 R'000	% change
Waterfall City	13 572 605	14 182 880	(4.3)
Rest of South Africa	6 742 869	7 317 800	(7.9)
Head office – South Africa	999 567	651 739	53.4
Other	1 274 131	2 400 310	(46.9)
Total assets	22 589 172	24 552 729	(8.0)
Total liabilities	(11 480 926)	(12 971 158)	(11.5)
Total equity	11 108 246	11 581 571	(4.1)

Negative fair value adjustment on Cell C and Allandale building, net of newly completed buildings

Negative fair value adjustment on Brooklyn Bridge Office Park, Lynnwood Bridge – retail

Increase in cash holdings

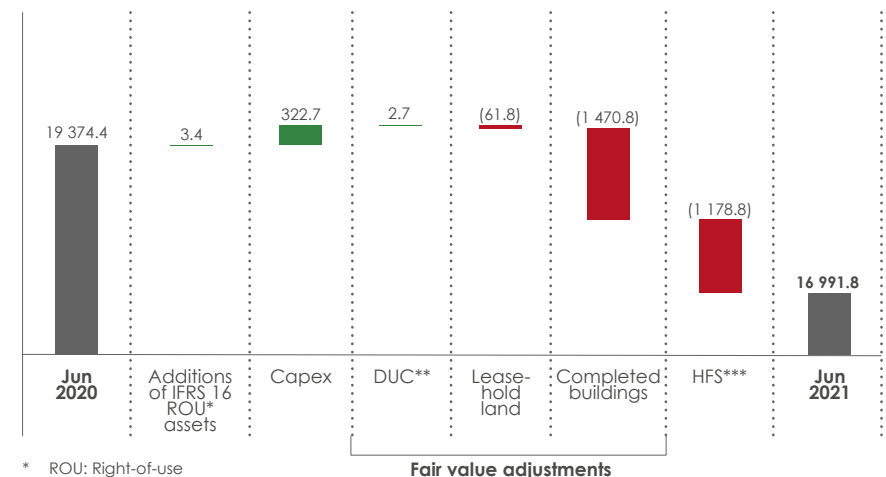
Sale of MAS shares

Decrease owing to reduction in debt from disposal proceeds received

Investment property: Waterfall City and Rest of South Africa

The investment property value of the South African real estate portfolio is R17.0 billion (2020: R19.4 billion).

Investment properties movement (R'million)



* ROU: Right-of-use

** DUC: Developments under construction

*** HFS: Held for sale

Valuations	June 2021 R'000	June 2020 R'000	% change
Waterfall City	11 059 614	11 621 300	(4.8)
Rest of South Africa	6 587 825	7 029 885	(6.3)
Completed buildings	17 647 439	18 651 185	(5.4)
Developments under construction	210 593	198 172	6.3
Leasehold land	1 218 235	1 351 290	(9.8)
Sub-total investment property	19 076 267	20 200 647	(5.6)
Less: Held for sale	(1 303 665)	(75 626)	>100.0
IFRS 16 Right-of-use assets	238 636	265 940	(10.3)
Total investment property (excluding straight-lining)	18 011 238	20 390 961	(11.7)
Straight-lining lease debtor	(1 019 441)	(1 016 541)	0.3
Total investment property (balance sheet)	16 991 797	19 374 420	(12.3)
Waterfall Junction	102 165	90 855	12.4
Inventory	216 336	119 927	80.4

Inventory

Inventory increased to R216.3 million (2020: R120.0 million) with the completion of the Ellipse, Newton and Kepler towers (Phase 1), comprising 269 units. Transfer of the first 196 units took place post-year end, with a further 28 units pending transfer.

Developments under construction

The value of developments under construction as at 30 June 2021 is based on external valuations performed by Mills Fitchet and Sterling adjusted for costs still to be incurred to final completion.

Completed buildings

All income-producing properties were valued externally using the discounted cash flow methodology, except for Deloitte head office, which was valued based on the selling price net of commission; Cell C, which was valued at an income capitalisation methodology; and Lynnwood Bridge – City Lodge, which is a directors' valuation. External valuations were performed by Mills Fitchet Cape (Pty) Ltd (Mills Fitchet), Sterling Valuation Specialists Close Corporation (Sterling), Broll Valuation and Advisory Services (Broll), and CBRE Excellerate CRES (Pty) Ltd t/a CBRE Excellerate.

The property valuations take into account the external valuers' assessment of the economic impact of COVID-19 on the properties at the valuation date. External valuers are faced with an unprecedented set of circumstances on which to base a judgement as a result of the COVID-19 pandemic. The general risk environment in which the group operates has heightened over the past 18 months. The valuations across all

asset classes are therefore reported on the basis of a 'material valuation uncertainty' as per professional valuation guidelines. Consequently, less certainty – and a higher degree of caution – should be attached to the valuations provided than would normally be the case.

The impact of the COVID-19 pandemic on valuations is evident in long-term vacancy rates and market rental assumptions that were negatively adjusted to factor in current and forecast market conditions while capitalisation rates (cap rates) for completed building valuations at 30 June 2021 were mostly static. The net result is a negative fair value adjustment of R1.5 billion (2020: R1.6 billion). This excludes the IFRS adjustment for straight-line leasing.

The largest contributors to the negative fair value adjustments were the Mall of Africa (R233.2 million), Cell C (R264.9 million) and Brooklyn Bridge Office Park (R106.5 million). The information below is weighted on property values:

	% 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 %
Completed buildings						
Retail-experience hubs	48.7	11.96	7.50	7.19	27 689	(4.9)
Collaboration hubs	38.9	12.80	8.53	8.05	24 598	(10.3)
Logistics hubs	9.3	13.00	8.44	8.00	10 001	2.6
Hotel	3.1	12.78	8.75	8.00	26 452	2.2
Total portfolio	100.0	12.37	8.00	7.60	22 797	(6.2)

Leasehold land

The group carries leasehold land, encompassing both development rights and infrastructure, at fair value. 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.

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



Waterfall Market, Waterfall Park

Capital structure

Reallocation of capital

In line with Attacq's stated intention of optimising its capital structure, transactions totalling R2.8 billion have been concluded to date, the proceeds of which have been or will be utilised in reducing interest-bearing debt.

Asset	Transaction status	Carrying value R'000	Transaction value R'000
2 Eglin Road, Sunninghill	Proceeds received during the year	75 626	76 626
MAS shares	Proceeds received during the year	1 283 428	1 381 400
Deloitte head office*	Proceeds received post-year end	834 074	850 000
Amrod building, Massbuild distribution centre, Cotton	Awaiting competition authorities' approval	444 191	444 505
On development*			
Total proceeds		2 637 319	2 752 531

* Included under non-current assets held for sale at 30 June 2021

Liquidity

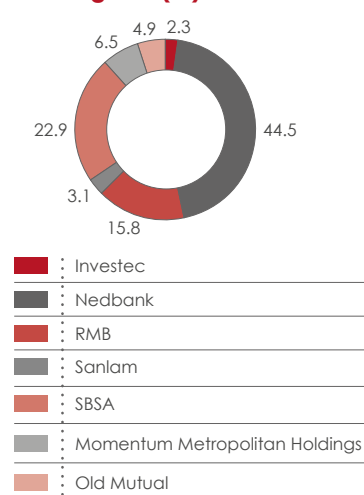
The group has access to adequate facilities and available cash balances to complete developments under construction and developments that commenced post-year end.

Liquidity	June 2021 R'million	June 2020 R'million
Unrestricted cash balances	990 694	672 914
Prepaid access facilities	448 000	–
Undrawn committed facilities	310 000	424 406
Available liquidity	1 748 694	1 097 320
Undrawn development facilities	160 731	287 510

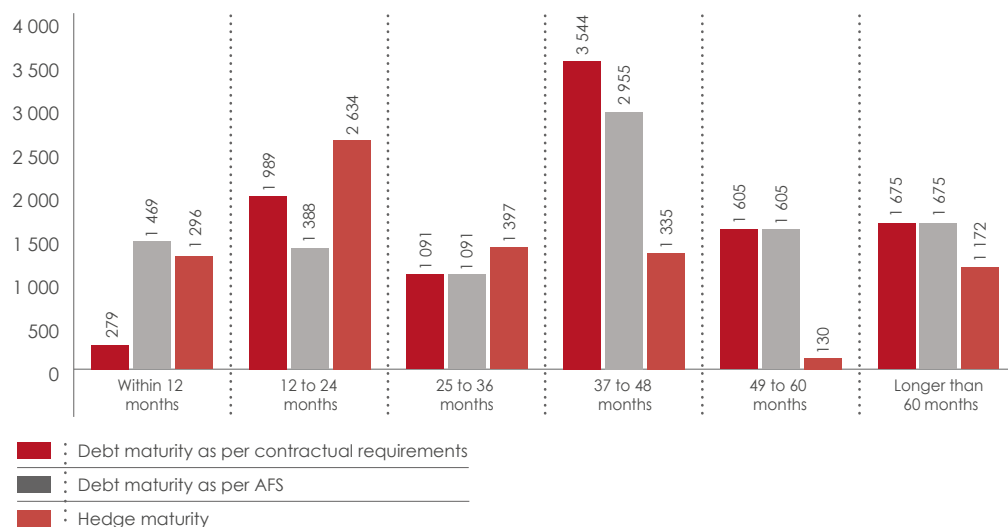
Interest-bearing debt

The group's debt facilities are spread among four South African banks and three South African institutions, with no exposure to bond markets. Total interest-bearing borrowings decreased by 10.9% to R10.2 billion (2020: R11.4 billion) in line with the group's stated debt-reduction initiative. The decrease is a result of the reduction of R1.1 billion of the euro-denominated facilities and R252.0 million of the Attacq Retail Fund (Pty) Ltd and Lynnwood Bridge Office Park (Pty) Ltd syndicated loan. The loan facility reductions were funded from the proceeds realised from the sale of MAS shares.

Funding mix (%)



Debt and hedge maturity (R'million)



At 30 June 2021, interest-bearing debt classified as current liabilities totalled R1.5 billion, and comprised of:

- R320.1 million of euro-denominated debt that Attacq had elected to early settle during July 2021 from proceeds realised from the sale of MAS shares.
- R597.2 million settled during August 2021 from the proceeds of the disposal of the Deloitte head office.
- R120.1 million settled during August 2021 following the transfer of completed Ellipse phase 1 apartments to purchasers.
- R161.0 million that will be settled from the proceeds of the Equites transaction.
- R218.4 million of debt facilities that contractually mature and will be repaid from available cash.
- R51.9 million of year-end interest accruals and capital amortisation.

Following proactive engagement with lenders, the minimum group NAV covenant was reduced from R10.0 billion to R7.0 billion and the calculation thereof standardised across lenders.

Interest-bearing borrowings	Units	2021	2020
Total drawn facilities	R'000	10 183 029	11 424 268
Total weighted average loan term	years	3.9	3.2
Rand-denominated interest-bearing borrowings			
Drawn facilities	R'000	9 844 510	9 988 722
Weighted average loan term	years	4.0	3.4
Euro-denominated interest-bearing borrowings			
Drawn facilities	R'000	338 519	1 435 546
Weighted average loan term	years	0.9	1.7

The ICR reduced to 1.41 times (2020: 1.68 times) largely as a result of the non-receipt of dividends from MAS. An improvement in the ICR is expected in the 2022 financial year as a result of the impact of debt reduced at the end of the 2021 financial year and receipt of MAS dividends. Gearing, calculated 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 as a result of IFRS 16: Leases, decreased to 43.3% (2020: 45.7%). The decrease in gearing is attributable to the repayment of facilities.

	ICR times	Gearing %
As reported – 30 June 2021	1.41	43.3
Impact of the following disposals		
MAS shares	0.08	–
Deloitte head office, Waterfall City	0.01	(2.3)
Amrod building, Massbuild distribution centre, Cotton On development, Waterfall City	0.01	(1.4)
Pro forma – 30 June 2021[^]	1.51	39.6

[^] Calculated as if disposals took place 1 July 2020

Cost of debt

The weighted average cost of funding of the group for the current financial year as compared with the previous year was weighted towards its rand-denominated debt owing to the significant reduction in euro-denominated facilities during the current year.

Debt	Units	June 2021 R'000	June 2020 R'000
Total weighted average cost of debt	%	8.9	8.5
Weighted average floating interest rate	%	5.6	5.3
Premium for hedging	%	3.3	3.2
Rand-denominated weighted average cost of debt	%	9.1	9.4
Weighted average floating interest rate	%	5.7	5.9
Premium for hedging	%	3.4	3.5
Euro-denominated weighted average cost of debt	%	3.2	2.1
Weighted average floating interest rate	%	3.2	2.1
Premium for hedging	%	n/a	n/a
Total hedged as a percentage of total committed facilities	%	73.8	79.2
Total hedged as a percentage of rand-denominated committed facilities	%	76.2	90.3
Weighted average rand-denominated hedge term	years	3.0	3.7

In order to mitigate rand-denominated interest rate risk, 76.2% (2020: 90.3%) of total committed rand-denominated facilities were hedged by way of fixed interest-rate loans or interest-rate swaps. The weighted average rand-denominated hedge term is 3.0 years (2020: 3.7 years). The euro-denominated debt was not hedged, reducing the overall group interest rate hedging position to 73.8% (2020: 79.2%), which is above the minimum group hedging policy of 70.0%.

Cash flow

Cash flow	June 2021 R'000	June 2020 R'000
Cash flow from operating activities	340 070	574 526
Cash flow from investing activities	1 137 454	(524 482)
Cash flow from financing activities	(1 149 502)	49 017
Total cash movement for the year	328 023	99 061
Cash at the beginning of the year	772 547	673 486
Foreign currency effect on cash and cash equivalent	(7 655)	–
Cash and cash equivalents at the end of the year	1 092 915	772 547

Our cash flow generated from operating activities was R340.1 million (2020: R574.5 million) and provided a strong underpinning to the group's distributable income.

Appreciation

Thank you to the entire Attacq team for going above and beyond during a challenging year. Your relentless commitment to keeping all our stakeholders safe while providing remarkable experiences has been true to our purpose. A special word of thanks to Melt who dared us to dream, plan and build a philosophy that will stay with us long after he has left.

Responsibility statement on internal financial controls

Jackie van Niekerk (CEO) and Raj Nana (CFO), hereby confirm that:

- The AFS fairly present in all material respects the financial position, financial performance and cashflows of Attacq in terms of IFRS.
- No facts have been omitted or untrue statements made that would make the annual financial statements false or misleading.
- Internal financial controls have been put in place to ensure that material information

relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of Attacq.

- The internal financial controls are adequate and effective and can be relied upon in compiling the AFS, having fulfilled our role and function within combined assurance model pursuant to principle of the King IV. Where we are not satisfied, we have disclosed to ARC

and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors and have taken the remedial action.



Jackie van Niekerk
CEO

20 October 2021



Raj Nana
CFO



Manufactured capital

Our real estate portfolio focuses on smart, safe and sustainable South African hubs, with a quality development pipeline, unlocking unique opportunities within Waterfall City.

Attacq's high-quality South African real estate portfolio consists of retail-experience hubs (retail), collaboration hubs (office and mixed-use), logistics hubs (light industrial) and hotels. Our recent disposals of the Deloitte head office, Massbuild distribution centre and Amrod building at close to their valuations demonstrates the quality of the real estate portfolio.



Strategic objectives

Waterfall City and Rest of South Africa: Smart, safe and sustainable managed hubs

Developing Waterfall City: Quality development pipeline and unlocking unique opportunities within Waterfall City

Waterfall City precinct



Our intended outcomes

Our intended outcomes, FY21 performance and FY22 KPIs are summarised below:

	Waterfall City and Rest of South Africa's completed real estate portfolio					Developing Waterfall City	
FY21 intended outcomes	Generate and grow rental income by tenanting our spaces and collecting rental income, offering quality space and servicing our diversified client portfolio	Reducing the cost of occupancy through sustainable initiatives	Increase trading densities by creating experiential retail spaces for our shoppers	Business continuity ensuring our clients operate without interruption	Green certification of new buildings as well as the Waterfall City precinct to protect and future-proof our investments	Creating a destination of choice by developing a unique work-live-play environment	Providing essential infrastructure that forms the foundation of our city Using technological innovation in developing smart, safe and sustainable hubs
Performance in FY21 	<ul style="list-style-type: none"> Occupancy rate of 95.2% Collection rate of 101.5% 85.0% client retention rate 19 287m² of new business development 	See Natural capital, page 68 and Intellectual capital, page 101	<ul style="list-style-type: none"> Trading density decreased by 0.4% 	<ul style="list-style-type: none"> 100.0% of our retail-experience hubs' GLA is covered by backup power Business continuity plan includes two days of emergency water supply and PV systems 	See Natural capital, page 68	<ul style="list-style-type: none"> 70 bankable sale Ellipse units 22 325m² effective GLA completed developments R6.6 million development surplus 	See Intellectual capital, page 101 <ul style="list-style-type: none"> Continued to invest in infrastructure
FY22 intended outcomes	Generate and grow rental income by tenanting our spaces and collecting rental income	Ensuring the long-term sustainability of our clients by aiming to reduce the cost of occupancy and ensuring business continuity	Creating exceptional retail spaces and experiences for our shoppers	Build on our client experience (Sky-risers: CX journey)	Develop and operate smart, safe and sustainable hubs	Creating a destination of choice by developing a unique work-live-play environment	Develop smart, safe and sustainable hubs, supported by modern infrastructure
KPI for FY22	<ul style="list-style-type: none"> >95.0% occupancy rate >95.0% collection rate 30 000m² of new business development 5.0% growth in net profit from property operations 	MyBuildings app (Intellectual capital, page 103 See Natural capital, page 68	<ul style="list-style-type: none"> Trading density growth equal to peers (MSCI South African Annual Property Index) SHôPING app implementation Affordable rent-to-sales ratio 	<ul style="list-style-type: none"> >75.0% client retention rate 	See Natural capital, page 68	<ul style="list-style-type: none"> Bankable sale of 135 residential units R40.0 million development surplus 35 000m² Waterfall City bulk roll-out 	<ul style="list-style-type: none"> Continue to invest in infrastructure to unlock future development sites

What we achieved in FY21

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

To align our terminology with that of the second edition of the SA REIT Association Best Practice Recommendation, we will going forward refer to GLA opposed to primary GLA.

Generate and grow rental income by tenanting our spaces and collecting rental income

GLA evolution	GLA m ²
Opening balance – 1 July 2020	779 480
Reconfigurations, moving from primary GLA to GLA	6 359
Sale of 2 Eglin Road, Sunninghill	(25 525)
Completed buildings	22 325
The Ellipse, transferred to inventory	(8 522)
Closing balance – 30 June 2021	774 117

The diversified nature of our real estate portfolio resulted in the group not being overly exposed to any single sector, client or geographical area.

Sectoral profile	Based on GLA				Based on GMR			
	2021		2020		2021		2020	
	Waterfall City (%)	Rest of South Africa (%)	Total (%)	Total (%)	Waterfall City (%)	Rest of South Africa (%)	Total (%)	Total (%)
Retail-experience hubs	23.8	70.9	40.1	37.8	33.8	68.1	46.6	48.5
Collaboration hubs	41.3	26.1	36.1	38.5	47.4	27.7	40.0	40.1
Industrial hubs	32.4	–	21.2	21.9	15.4	–	9.7	9.2
Hotel	2.5	3.0	2.6	1.8	3.4	4.2	3.7	2.2
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Geographic profile	Based on GLA				Based on GMR			
	2021		2020		2021		2020	
	Waterfall City (%)	Rest of South Africa (%)	Total (%)	Total (%)	Waterfall City (%)	Rest of South Africa (%)	Total (%)	Total (%)
Gauteng	100.0	46.6	81.5	81.8	100.0	51.6	81.9	81.5
Western Cape	–	34.4	11.9	11.8	–	31.6	11.8	12.3
North West	–	19.0	6.6	6.4	–	16.8	6.3	6.2
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0



Maxwell Office Park, Waterfall City

Occupancy

The overall portfolio occupancy rate increased from 93.6% at 30 June 2020 to 95.2% as at 30 June 2021. The 13 959m² unoccupied retail-experience hub space relates mainly to the Mall of Africa (6 820m²), MooiRivier Mall (2 895m²), Brooklyn Mall (1 421m²) and Eikestad Mall (955m²). The Mall of Africa completed its first five-year lease cycle at the end of April 2021. Management took the opportunity to optimise the client-mix by introducing 20 new brands, which include new-concept stores for HiFi Corporation and Clicks Baby, as well as Ted Baker, Hugo Red and Nando's. After taking these new lets into account, some of which were shopper requests, the unoccupied space will reduce to 2 791m².

The 23 102m² unoccupied collaboration hub spaces mainly relate to Brooklyn Bridge Office Park (6 870m²), Allandale building (5 339m²) and The Ingress Building 2 (4 395m²). Subsequent to the year end, 6 148m² of the 37 061m² of vacancies were filled, of which most relates to the retail-experience hubs.

Sector occupancy	June 2021				June 2020			
	Rest of South Africa	Waterfall City	Total	Occupied GLA	Rest of South Africa	Waterfall City	Total	Occupied GLA
	%	%	%	m ²	%	%	%	m ²
Retail-experience hubs	94.1	96.4	95.5	296 548	96.9	96.5	97.1	286 493
Collaboration hubs	93.8	85.5	91.7	256 247	95.6	68.1	86.2	258 853
Logistics hubs	100.0	100.0	100.0	163 856	100.0	100.0	100.0	170 451
Hotel	100.0	100.0	100.0	20 405	100.0	100.0	100.0	13 690
Portfolio occupancy	96.0	93.6	95.2	737 056	97.4	87.2	93.6	729 487
Add: filled post-year end	1.1	0.3	0.8	6 148	0.7	0.5	0.6	4 667
Adjusted portfolio occupancy	97.1	93.9	96.0	743 204	98.1	87.7	94.2	734 154

The portfolio's weighted average lease expiry decreased to 5.6 years (2020: 5.8 years).

Space management

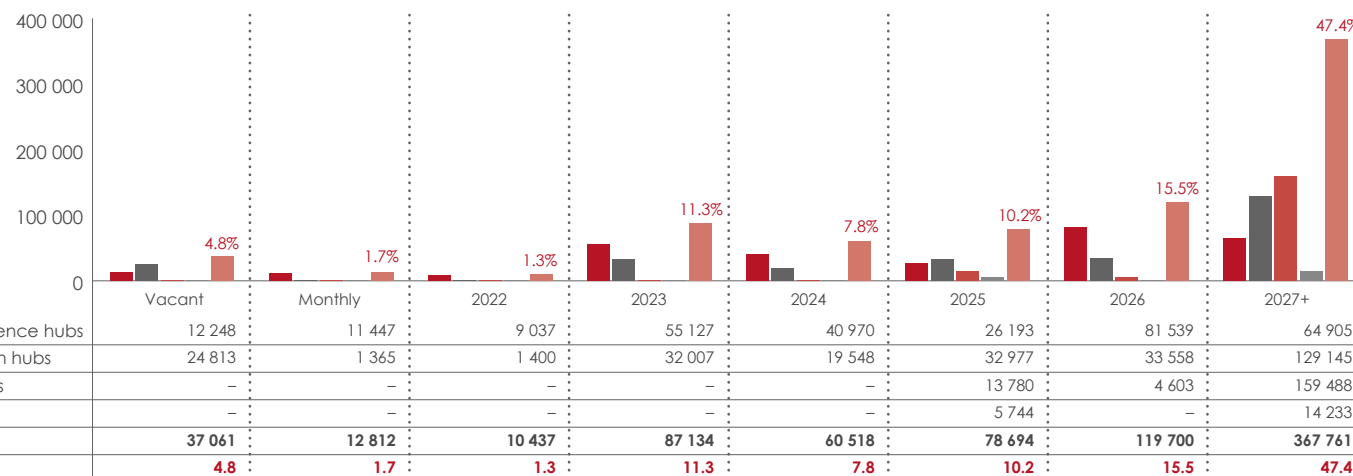
Leases amounting to 94 910m² (12.3% of total GLA) expired during the year, of which 85.0% have been renewed. Renewed leases were concluded at a weighted average negative reversion rental rate of 16.5% and a weighted average lease escalation rate of 5.5%. An example of evidence of remarkable experiences is the Garden Route Mall, which remained fully let despite the five-year lease renewal cycle taking place during lockdown restrictions. We followed a strategic approach in negotiating leases to navigate short-term market uncertainty while protecting long-term value.

Sector	Total expired GLA (m ²)	Client retention rate (%)	Expiring rental rate decrease (%)	Escalation rate (%)
Retail-experience hubs	76 116	91.7	15.2	5.9
Collaboration hubs	18 794	57.8	26.2	1.5
Total portfolio	94 910	85.0	16.5	5.5

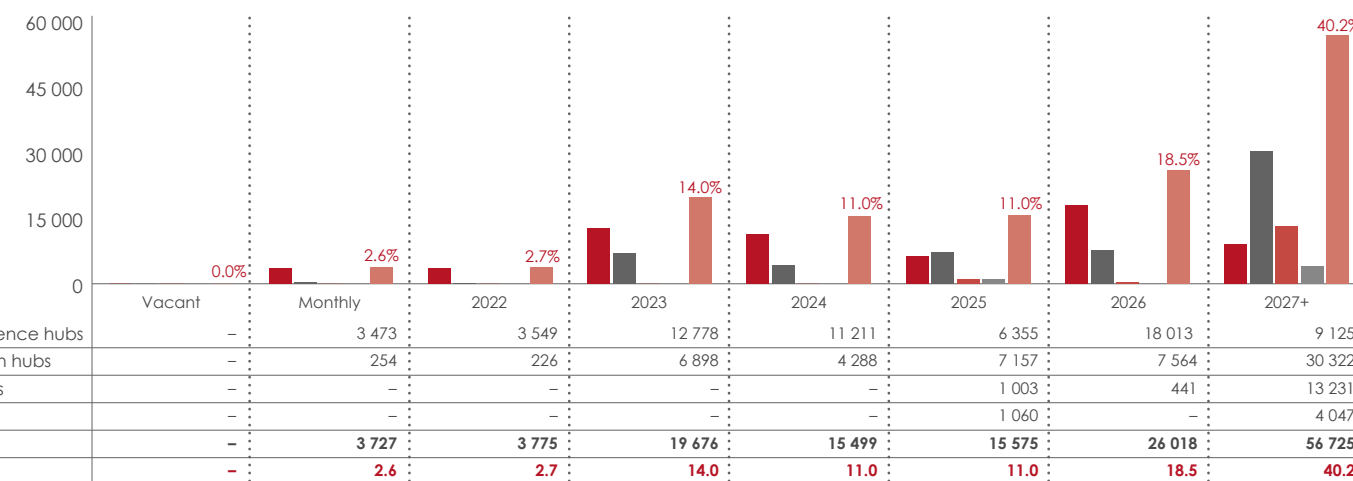
Summarised below, are further key elements of our lease agreements.

Sector	Weighted average gross monthly rental by GLA (R/m ²)		Historical average annualised property yield (%)		Weighted average rental escalations based on GLA (%)	
	2021	2020	2021	2020	2021	2020
Retail-experience hubs	223	242	6.3	5.9	6.3	6.5
Collaboration hubs	227	218	9.0	9.6	7.5	7.7
Logistics hubs	83	79	7.2	6.7	5.4	6.8
Hotel	256	233	7.9	6.1	7.0	7.0
Total	192	198	7.5	7.3	6.7	7.1

Lease expiry profile – GLA (m²)



Lease expiry profile – GMR (R'000)

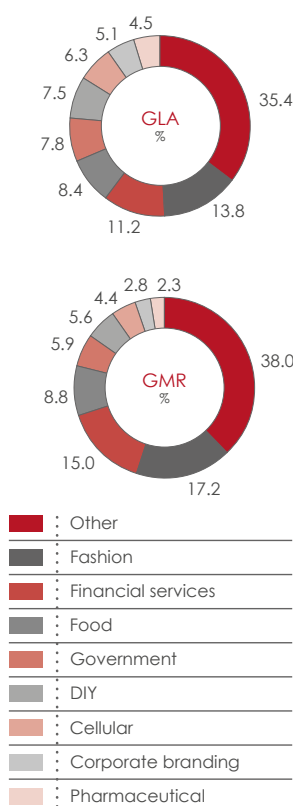


Quality clients

Given the prime space in our collaboration hubs and stringent selection criteria, we are able to secure high-quality clients. We have graded our client profile across A-, B- or C-grade clients. The high credit quality of clients in our portfolio is reflected in the high percentage of A-grade clients. Our clients are categorised as:

- **A-grade:** large international and national clients; large, listed entities; and government or major franchises make up 69.3% based on GLA (2020: 73.5%) of our tenancy.
- **B-grade:** smaller international and national clients; listed clients; franchisees; and medium to large professional firms categorised as B-grade make up 22.3% based on GLA (2020: 19.8%) of our tenancy.
- **C-grade:** the balance of our client base comprises 342 or 8.4% (2020: 339 or 6.7%) smaller clients and sole proprietors categorised as C-grade.

Diverse client base (%)



Collections

We manage our collections proactively. To mitigate our default exposure, processes for client credit assessment and financial vetting are conducted upfront as well as throughout the lease tenure. We listen to understand and support our clients, and in that, we improve our collection rate. For the year ended 30 June 2021, our portfolio collection rate increased to 101.5% (2020: 92.5%). Part of the improvement was owing to the recovery of arrears from FY20.

Ensuring the long-term sustainability of our clients by aiming to reduce the cost of occupancy and ensuring business continuity

We benefit from a diverse client base. Many of our smaller clients and local community businesses are vital components to the total experience at our retail-experience hubs. Accordingly, we have concentrated on assisting small businesses and restaurants where possible through relief packages and other initiatives based on the dynamics of individual clients. We will continue to provide rental relief to our clients when trading is affected by lockdown.

R'000	June 2021			June 2020
	Retail-experience hubs	Rest of portfolio	Total	Total
Discounts	71 156	4 809	75 965	102 949
Deferrals	2 014	1 948	3 962	10 910
Total relief	73 170	6 757	79 927	113 859

We are proactive in our approach to reducing the cost of occupancy for our clients. The cost of occupancy is driven largely by operational costs, such as utilities and rates. We therefore focus on enhancing operational efficiency and resource use, together with the implementation of business continuity initiatives to ensure an uninterrupted supply of electricity and water. Refer to the Natural capital section from [page 68](#) for a discussion on efficiency and cost-saving initiatives on water, waste and electricity.

To ensure business continuity and resilience in energy supply, we own and operate 73 generators (2020: 65 generators) supporting our retail-experience hubs, collaboration hubs and one hotel with a total installed capacity of 31 703 kVA (2020: 31 721 kVA). All our retail-experience hubs are operational during power outages. In addition, our real estate portfolio can run without municipal water supply for a minimum period of two days.

Creating remarkable experiences in our retail-experience hubs

An accelerated change in shopper behaviour was evident during the year owing to lockdown restrictions and an increased availability of online shopping with the proliferation of grocery delivery services. In order to embrace this trend, Attacq malls are being transformed into experiential community spaces, referred to as retail-experience hubs, offering an optimal client mix, space where people connect and benefit from on-demand services, collection points and shopper loyalty. To attract more shoppers, popular local community businesses are targeted to enhance our retail-experience.

During the year, Attacq launched a digital application, SHÖPING, at the Mall of Africa, which is aimed at significantly improving our shopper experience and omnichannel integration. A phased roll-out to all Attacq retail-experience hubs is planned (see Intellectual capital, [page 103](#)).

CASE STUDY

Van Rensburgs Foods, Garden Route Mall

In our quest to optimise the retail-experience at our hubs, we are aiming to secure local authentic operators.

We were fortunate to secure Van Rensburgs Foods, a nearly 80-year-old, popular community butchery in George as a client at an entrance of Garden Route Mall.

We immediately noticed an increase in the footcount at this entrance and the client is trading well. The Garden Route Mall branch is their fifth successful store.



Trading densities

Despite the negative impact of lockdown restrictions, particularly the restriction on alcohol sales, limited entertainment capacity and curfews, the portfolio's retail trading densities only marginally decreased on average for the 12-month period ended 30 June 2021 by 0.4% to R3 012/m² (30 June 2020: R3 023/m²) while Mall of Africa reflected positive trading density growth of 2.4%.

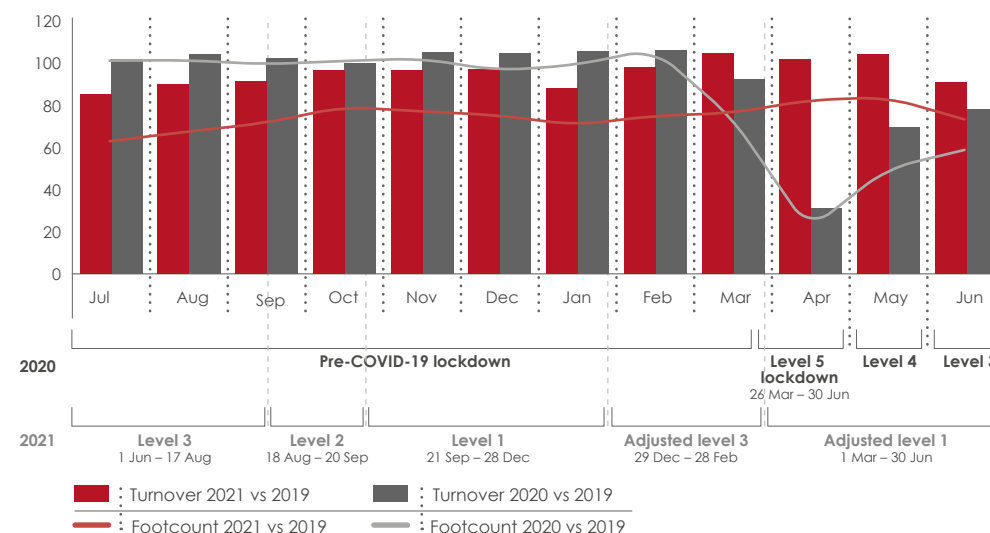
Centre	12-month average trading density*			12-month average rent to turnover [#]		
	June 2021 R/m ²	June 2020 R/m ²	Growth %	June 2021 %	June 2020 %	Change %
Super-regional	3 047	2 975	2.4			
Mall of Africa	3 047	2 975	2.4	9.9	9.7	2.1
Regional	2 599	2 706	(4.0)			
Brooklyn Mall	2 654	2 935	(9.6)	12.0	10.9	10.1
Eikestad Mall	2 397	2 600	(7.8)	7.7	7.1	8.5
Garden Route Mall	2 821	2 819	0.1	6.8	7.0	(2.9)
MooiRivier Mall	2 438	2 562	(4.8)	7.6	6.9	10.1
Convenience	5 019	4 835	3.8			
Glenfair Boulevard	4 625	4 891	(5.4)	5.1	4.7	8.5
Lynnwood Bridge	5 552	4 757	16.7	4.5	5.8	(22.4)
Neighbourhood	4 280	4 233	1.1			
Waterfall Corner	4 280	4 233	1.1	4.8	4.4	9.1
Portfolio (weighted average)	3 012	3 023	(0.4)			

* Reported client turnover divided by GLA based on a 12-month average

[#] Gross rental including operating costs and rates divided by reported turnover based on a 12-month average

Our analysis of trading densities has revealed that although fewer visits are being made, on average shoppers are spending more per visit as shown in the graph alongside.

South African portfolio turnover (%)



Waterfall Corner, Waterfall City

Build on our client experiences

(Sky-risers: CX journey)

The aim of our Sky-risers: CX journey is to create a remarkable experience at every Attacq touchpoint for all our stakeholders. Refer to the discussion Creating exceptional retail spaces and experiences for our shoppers,

[page 103](#); The Attacq Experience; [page 91](#) and Key relationships, [page 26](#).

Develop and operate smart, safe and sustainable hubs

By focusing on the development of high-quality property assets, we increase our ability to attract clients into the Waterfall City precinct. The quality of our portfolio will generally remain high, as each new building we complete is improved by the incorporation of our learnings and insight in our developmental approach. We maintain high building and environmental compliance levels through the application of best practice.

Over the past year, we have again improved the quality of our office portfolio. The sale of 2 Eglin Rd, Sunninghill has reduced our percentage of C-grade buildings to zero. Also, the completion of the Corporate Campus, building 4 – with a four-star GBCSA certification – supported improvement in our office gradings. Both the PwC Tower and the Deloitte head office are classified as a P-graded buildings.

Office grading by GLA	Waterfall City (%)	Rest of South Africa (%)	Total (%)		
	2021	2021	2021	2020	2019
P-grade	27.6	–	20.7	19.1	13.8
A-grade	72.4	66.5	70.9	64.7	67.6
B plus-grade	–	33.5	8.4	7.8	8.9
C-grade	–	–	–	8.4	9.7
Total	100.0	100.0	100.0	100.0	100.0

In designing sustainable buildings, we strive to achieve a minimum 4-Star green certification. Our existing buildings are rated under GBCSA Existing Building Performance certification, where feasible and we have designed a technical road map identifying initiatives to further improve performance. Read our Natural capital section, from [page 68](#), for more detail on how we are enhancing the sustainability performance of our buildings.

Developing Waterfall City

To ensure the long-term sustainability of Waterfall City, we focus on creating a smart, safe and sustainable work-live-play precinct. Following the success of Ellipse Waterfall, Attacq is expanding the residential offering of Waterfall City by launching its latest residential development, The Mix. Sales targets achieved to date for The Mix have surpassed our expectations, despite being launched during the COVID-19 pandemic restrictions that have impacted general public sentiment. We welcomed our first apartment residents to the city following the transfer of 196 Ellipse Waterfall units post-year end.

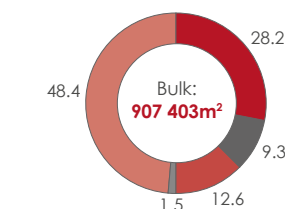
Leasehold land, encompassing both development rights and infrastructure, relates to the notarial leasehold rights in respect of Waterfall City, held by AWIC (Pty) Ltd, a 100.0% subsidiary of Attacq. AWIC has until the end of the 2040 calendar year in which to proclaim its leasehold rights to the extent it has not already done so. Proclamation entails the formal government gazetting of leasehold land within a township and is predominantly an administrative process.

Waterfall City comprises 2 200ha of land. As at 30 June 2021, the group had 1 069 106m² (2020: 1 100 495m²) of developable rights remaining, split between the Waterfall City logistics hub, which includes Waterfall Junction (324 188m²) and the rest of Waterfall City (744 918m²).

Leasehold land

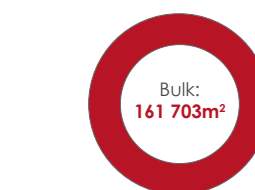
Percentage based on **907 403m²** approved Waterfall City bulk, Waterfall Junction excluded.

Waterfall City (%)



- Completed – held
- Completed – sold
- Bulk – sold
- Under construction
- Total remaining bulk

Waterfall Junction (%)



- Total remaining bulk

Remaining undeveloped bulk

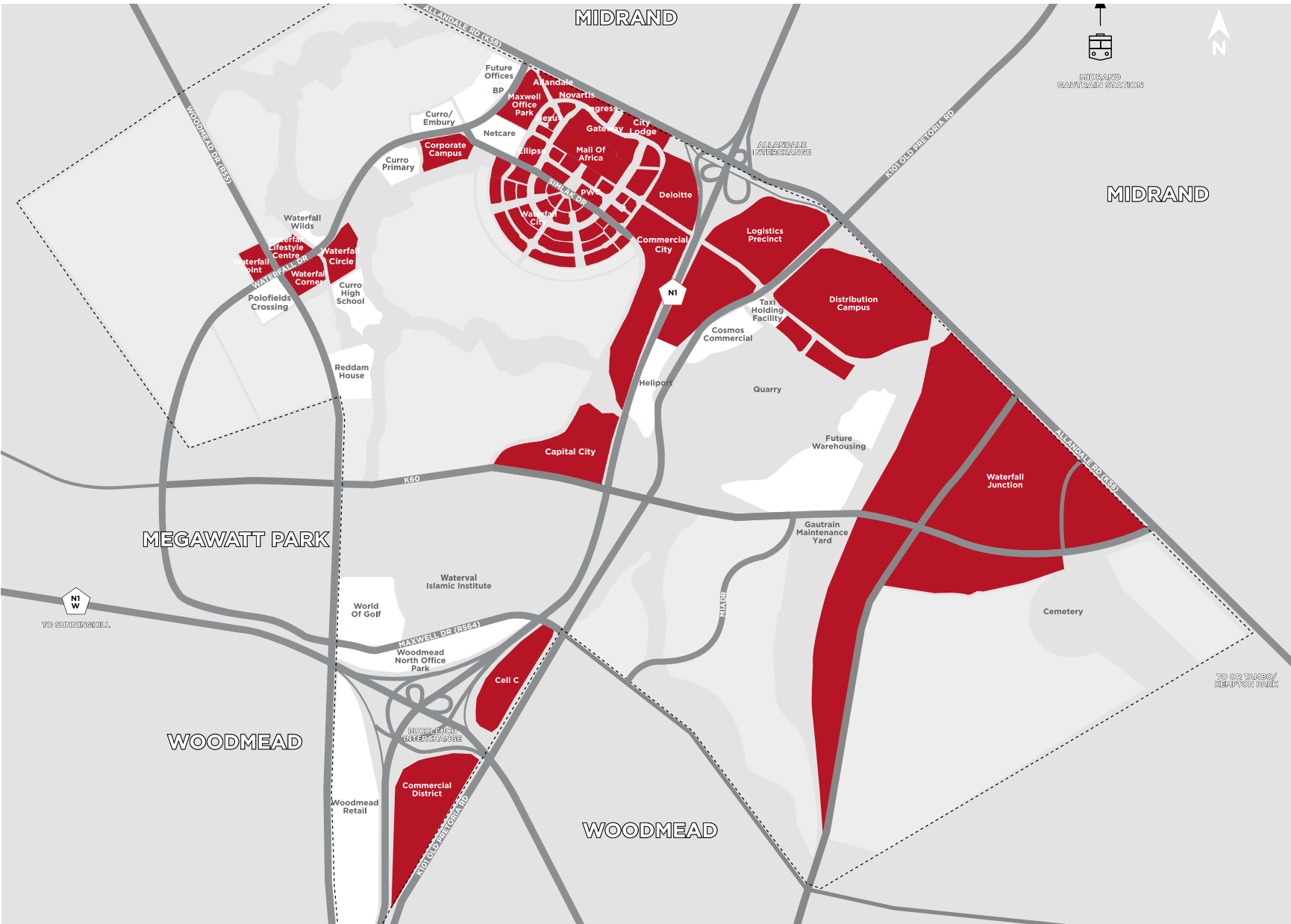
	Waterfall City (m ²)
Retail	52 692
Residential	60 473
Office	581 113
Industrial	162 485
Hotel	50 640
Total	907 403

Attacq Sanlam JV









	Waterfall Junction
Industrial	686 054m ²
Attacq owns	23.57%
Total	161 703m²

Total of **1 069 106m²** effective remaining undeveloped bulk, valued via comparable sales technique

Waterfall City



Eight reasons to work, live and play in Waterfall City – an integrated city that works

Value propositions	Smart, safe and sustainable explained
 Locality All roads lead to Waterfall City	<ul style="list-style-type: none"> Waterfall City is centrally located between Pretoria, Johannesburg and Sandton Close to major highways, transport nodes and the Gautrain station and bus routes Within 31km of three airports
 Safety Your safety is our priority	<ul style="list-style-type: none"> City 24-hour CCTV monitoring and patrols Access only through designated access points, embedded in planning and design Strong working relationships with law enforcement
 Sustainability A green environment that's good for you and the planet	<ul style="list-style-type: none"> 1.2ha parklands Use of technology and renewable energy sources, such as PV systems, to optimise and reduce resource consumption Easy access via public transport reduces emissions caused by modes of transport
 Vitality Enjoy an active lifestyle in a pedestrian-friendly and bikeable neighbourhood	<ul style="list-style-type: none"> Walkable, bikeable city Safe pedestrian walkways and dedicated cycle lanes 5km running route and over 35km of hiking and biking trails, fishing dams, play parks and a mountain-bike track
 Infrastructure Waterfall City connects infrastructure, efficiency and convenience with quality of life	<ul style="list-style-type: none"> Road infrastructure for easy access to all Waterfall City amenities Operational resilience secured through infrastructure including generators and back-up water supply
 Technology A city-wide fibre backbone connecting all clients, residents and visitors	<ul style="list-style-type: none"> City-wide fibre backbone Use of technology to reduce the impact on the environment
 Waterfall cares Investing in the greater good	<ul style="list-style-type: none"> Through the Attacq Foundation, we uplift the community by investing in education, training, economic development and essential goods (see page 94)
 Amenities Work, stay, shop and play in one convenient neighbourhood	<ul style="list-style-type: none"> A combination of amenities (offices, residential, hotels, shops, restaurants, and recreational activities) that make it possible to work, live and play in one location

Creating a destination of choice by developing a unique work-live-play environment

Residential developments

Ellipse Waterfall, located on a prime city gateway site opposite the Mall of Africa, is a joint venture with Portstone Development (Pty) Ltd. Ellipse Waterfall comprises four deluxe high-rise towers, named after celebrated astronomers: Newton, Kepler, Cassini and Galileo. The construction of Newton and Kepler towers (Phase 1) – a 50/50 undivided interest with Portstone Development (Pty) Ltd comprising 269 units – has been completed with more than 83.0% of the units having been sold. Transfer of the first 196 units took place post-year end, with a further 27 units pending transfer. In excess of 65.0% of bankable pre-sales have been achieved in Phase

2, Cassini tower (± 180 units) to date and early works have commenced. Attacq's interest therein will be 20.0%. Phase 3, Galileo tower (± 170 units) is in the early phases of design. The development is targeting a minimum 4-star GBCSA (by design and as built) certification.

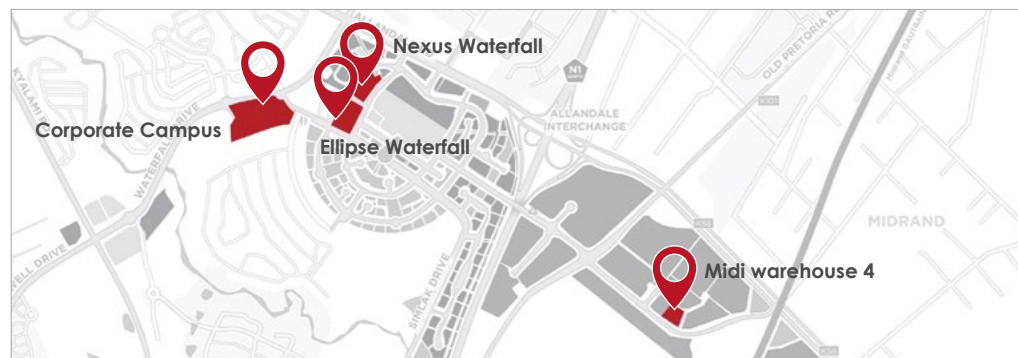
The Mix residential development in Waterfall City was launched on 3 July 2021. Attacq has partnered on a 50/50 joint venture with D2E Properties (Pty) Ltd to develop a 14-storey, 391-apartment offering, situated adjacent to the Mall of Africa. The sales of this innovative and affordable development – with apartment prices starting from R999 000 – is exceeding expectations, having achieved over R200.0 million in pre-sales to date.



Courtyard Hotel, Waterfall City

Newly completed developments

During the year, five developments were completed in Waterfall City, three of which are classified as investment property while the other two Ellipse Waterfall towers (Phase 1) are classified as inventory. These buildings added 33 332m² of GLA to Waterfall City, of which 22 325m² represents Attacq's effective share.



Newly completed developments	Practical completion date	Total GLA m ²	Effective GLA m ²	Pre-let/pre-sold % based on total GLA	Effective valuation*
Waterfall City – Collaboration hubs					
Waterfall Corporate Campus Building 4 [^]	Q3 FY21	4 970	2 485	100.0	53 724
Waterfall City – Logistics hubs					
Midi warehouse 4	Q1 FY21	4 603	4 603	100.0	48 555
Waterfall City – Hotel					
Nexus Waterfall Courtyard Hotel (168 keys)	Q3 FY21	6 715	6 715	100.0	194 709
Waterfall City – Residential					
Ellipse Waterfall Newton and Kepler towers ^{^*#}	Q4 FY21	17 044	8 522	>87.0	n/a
Total		33 332	22 325	>91.0	296 988

[^] Attacq has an undivided share in the building of 50.0%

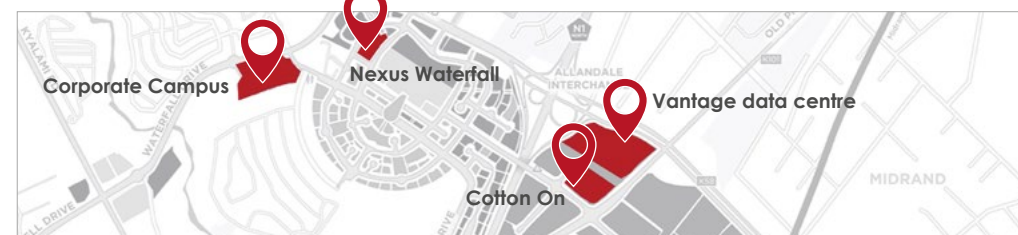
* Estimated GLA of development, subject to change upon final re-measurement post-completion

50.0% held for sale at year end

Developments under construction

Developments under construction at year end amounted to R210.6 million (2020: R198.2 million) and comprised the following projects: Corporate Campus Building 6, Nexus Waterfall Building 1; and Cotton On head office and distribution centre. Attacq commenced with the construction of Corporate Campus Building 7 and Vantage data centre phase I post-year end.

Waterfall City



Developments under construction	Anticipated practical completion date	First lease commencement date	Total GLA* m ²	Effective GLA* m ²	Pre-let % based on total GLA
Waterfall City – Collaboration hubs					
Waterfall Corporate campus, Building 6 [^]	Q2 FY22	Q2 FY22	3 953	1 977	100.0
Nexus Waterfall, Building 1	Q3 FY22	Q3 FY22	7 456	7 456	53.0
Waterfall City – Logistics hubs					
Cotton On head office and distribution centre [#]	Q3 FY22	Q4 FY22	20 786	20 786	100.0
Sub-total			32 195	30 219	>89.0
Developments commenced post-year end					
Waterfall City – Collaboration hubs					
Waterfall Corporate Campus, Building 7 [^]	Q3 FY22	–	3 950	1 975	–
Vantage data centre, Phase I [^]	Q2 FY23	Q2 FY23	11 785	5 893	100.0
Total			47 930	38 087	>84.0

[^] Attacq has an undivided share in the building of 50.0%

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

50.0% held for sale at year end

Pipeline developments

The large light industrial development is in the final stages of approval.

Pipeline developments	Indicative practical completion date	Total GLA** m ²	Effective GLA** m ²	Pre-let/sold % based on total GLA
Waterfall City – Logistics hub				
Pipeline transactions [^]	Q2 FY23	14 943	7 471	100.0
Waterfall City – Residential				
Ellipse Waterfall, Cassini tower (180 units) ^{§**}	Q3 FY23	15 412	3 082	>65.0
The Mix (391 units) ^{^*#}	Q2 FY23	17 560	8 780	>24.0
Total		47 915	19 333	>60.0

[^] Attacq has an undivided share in the building of 50.0%

[§] Attacq has an undivided share in the building of 20.0%

^{*} Sectional title

[#] Based on number of bankable pre-sale units

^{**} Estimated GLA of development, subject to change upon final re-measurement post-completion

Develop the smart city of tomorrow, supported by modern infrastructure

Waterfall City requires a stable supply of bulk utility services to thrive, including potable water, energy and data. We are committed to the continued development of key infrastructure where required, in conjunction with the relevant authority and local municipality. To support our goal of developing world-class infrastructure, we are taking advantage of opportunities to reduce our reliance on external service providers, by creating internal capacity in terms of water and electricity (Refer to Natural capital, [page 68](#)).

During the year, we continued to invest in infrastructure in Waterfall City to unlock future development sites. Further enhancement is continuing including a new electrical substation to increase electricity supply to the logistics hub, enabling further diversification investment in light industrial uses.

Other investments

Investment in MAS

Attacq's shareholding has decreased from 20.7% to 6.5% at 30 June 2021 as a result of the disposal of 100.7 million shares for an aggregate amount of R1.4 billion. The remaining investment in MAS – held in anticipation of capital growth and dividend income – was previously classified as an associate; it is now classified as an investment and valued at a closing share price (30 June 2021) of R18.18 per share.

The resultant carrying value is R839.2 million (2020: R1.9 billion). No dividend was received from MAS during the current financial year (2020: R233.6 million). Subsequent to year end, MAS declared a 5.93 EUR cent per share dividend payable to shareholders on 27 September 2021, which will be accounted for by the group in its 2022 financial year.

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

Rest of Africa retail investments

As at 30 June 2021, the value of the Rest of Africa retail investments was R434.9 million (2020: R484.9 million). Attacq's strategy – which is aligned with that of its co-shareholder, Hyprop Investments Ltd (Hyprop) – is to exit these investments by way of an orderly disposal. Attacq does not have any debt associated with its Rest of Africa retail investments and future disposal proceeds will be utilised at the group's discretion.

The group's interest in Gruppo Investments Limited (Gruppo) is shown as held for sale on the statement of financial position as at 30 June 2021. The disposal of Ikeja City Mall remains subject to conditions precedent, including the raising of funds that has proven difficult under current economic conditions and given continued US dollar liquidity constraints in Nigeria.

Attacq's Rest of Africa retail investments comprise:

Rest of Africa retail investments	June 2021 R'000	%	June 2020 R'000	%
Cash held by AIH International	35 808	8.2	68 849	14.2
26.9% interest in AttAfrica Limited (AttAfrica) invested in three retail properties in Ghana	224 895	51.7	211 598	43.6
25.0% interest in Gruppo, the owner of Ikeja City Mall, Nigeria	174 240	40.1	204 461	42.2
Total	434 943	100.0	484 908	100.0

Looking ahead

	Waterfall City and Rest of South Africa's completed real estate portfolio					Developing Waterfall City	
Intended outcomes	Generate and grow rental income by tenanting our spaces and collecting rental income	Creating exceptional retail spaces and experiences for our shoppers	Build on the client experience for our clients (CX journey)	Ensuring the long-term sustainability of our clients through aiming to reduce the cost of occupancy and ensuring business continuity	Develop and operate green and sustainable properties	Creating a destination of choice by developing a unique work-live-play environment	Develop the smart city of tomorrow, supported by modern infrastructure
FY22 and beyond	Our focus on hubs as people-centric environments, offering a blend of physical and digital experience, coupled with convenience	Creating retail-experience hubs, supported by centralisation of data to allow agile decision-making SHôPING app loyalty and digital gift card platform, creating future omnichannel integration Also refer to Intellectual capital, page 101	Our aim is to continue to integrate the CX journey through our company Continue to create smart, safe and sustainable community spaces within our communities See Social and Relationship capital, page 89	Control and measure the operating environment through efficient utilities management Precinct-focused asset base to ensure greater economy of scale and sustainable space	See Natural capital, page 68	Ensure the long-term sustainability of Waterfall City by focusing on creating a smart, safe and sustainable work-live-play precinct. Complete our developments under construction, page 65 and secure our pipeline developments, page 66	



Natural capital

The objectives for our natural capital are centred on climate change and biodiversity. The key elements in effectively managing climate change are carbon emissions, energy, water and waste.

Our aim is: **To be truly efficient, resilient and smart in the way we plan, design and operate our portfolio including our city, infrastructure and buildings, both now and in future.** We target year-on-year improvement in consumption performance against baselines through sustainability initiatives to reduce our carbon footprint and the cost of occupancy.



Strategic objective

Ensure a positive impact within our environment by improving our carbon emissions each year

Novartis, Waterfall City



We consider the UNGC's principles 7, 8, 9:
Environment

Principle 7

Support a precautionary approach to environmental challenges

Principle 8

Undertake initiatives to promote greater environmental responsibility

Principle 9

Encourage the development and diffusion of environmentally friendly technologies

Our intended outcomes

Our intended outcomes, FY21 performance and FY22 KPIs are summarised below:

Key elements	Climate change					Biodiversity
FY21 intended outcome	Climate change Proactively manage our footprint from an accurate baseline	Carbon emissions Proactively manage and reduce our carbon emissions	Energy Improve efficiency and resilience	Water Manage quantity, quality and resilience	Waste Reduce and recycle	Minimise our environmental impact
Performance in FY21	Developed a climate change adaption plan, subject to board approval	<ul style="list-style-type: none"> Our carbon emissions baselines have been set and are used as an internal benchmark to proactively monitor performance Reduced total carbon emissions by 11.7% 	<ul style="list-style-type: none"> Decreased energy usage by 8.8% Increased energy generated from renewable sources by 1.9% 	<ul style="list-style-type: none"> We have digitalised our water supply network in Waterfall City Improved water intensity by 11.6% Reduced water usage by 15.9% 	<ul style="list-style-type: none"> Reduced waste generated by 8.2% Recycling rate declined by 18.3% 	Developed a biodiversity enhancement plan based on best practice for Waterfall City, subject to board approval
FY22 intended outcome	Climate change Manage our climate change risk to our real estate portfolio and infrastructure	Carbon emissions Proactively manage and reduce our footprint	Energy Improve efficiency and resilience	Water Manage quantity and resilience	Waste Reduce and recycle	Minimise our environmental impact
KPI for FY22	Approval of the climate change adaption plan by the board and commenced with implementation	Set reduction targets for per-unit CO ₂ emissions	Set reduction targets for per-unit energy consumption	Set reduction targets for per-unit water consumption and water quality	Set reduction targets for per-unit waste emissions, and quantity per waste stream	Approval of the biodiversity enhancement plan by the board plus commence with implementation

We consider targets under SDG 13:



13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries

What we achieved in FY21

Climate change: Manage associated risks to our real estate portfolio and infrastructure

Our four-point environmental plan

During the year, we updated our environmental plan in support of our business strategy. The plan was approved by the TSE in August 2021.



This environmental plan encompasses our approach to the E in ESG and balances the management and development of future-proofed real estate within the parameters of our operating context and compliance imperatives.

The environmental plan, approved by the TSE, is built on four steps:

- 1 Set reduction targets
- 2 Develop key initiatives or requirements for new and existing buildings
- 3 Investigate feasibility of initiatives and its impact on Attacq and its stakeholders
- 4 Implement selected initiative

STEP 1 : Set reduction targets (short-term KPI – FY22)

During FY21, we established our externally assured baseline according to the Science Based Target Initiative methodology and in alignment with the Paris climate accord. In addition, we created an online eco-analytics dashboard to monitor our monthly results.

We will set specific targets for FY30 and FY50 that are pragmatic and drive sustainable business, for performance per property sector and across our real estate portfolio, for all elements of carbon emission generation and intensity reduction.

STEP 2 : Develop key initiatives or requirements for new and existing buildings (short to long-term KPI – FY22/FY23)

Develop a cost-efficient road map of initiatives and requirements in support of our FY30 and FY50 reduction targets for energy, water and waste as the key elements to achieve our carbon emission reduction targets.

STEP 3 : Investigate feasibility of initiatives and impact (short to long-term KPI – FY23 and beyond)

Implement those initiatives that are most effective. Initiatives will be assessed and ranked as follows:

- **Green:** low-cost day-to-day or behavioural improvements that are easy to implement.
- **Yellow:** medium-cost improvements that require business cases, budget and planning of implementation.
- **Red:** high-cost improvements including major retrofits, new buildings and infrastructure that require business cases, budget and planning of implementation. Asset management and operational budget alignment and integration with environmental plan. New development hurdle rates to inform the development of a carbon-neutral budget for investment committee approval.

STEP 4 : Implementation of selected initiatives (short to long-term KPI – FY22 and beyond)

As our initiatives are implemented, reduction targets (carbon emission scopes 1, 2 and 3) versus actual performance will be monitored via our eco-analytics dashboard, in terms of carbon emission reduction targets, for each element (energy, water and waste).

Green building initiatives

Sustainability Owners Project Requirement policy

In FY21, we developed the Sustainability Owners Project Requirement policy to ensure all new and completed developments meet our environmental strategic objectives and intended outcomes throughout their useful life. The policy contains specific environmental sustainability-based expectations and performance parameters to guide the development or retrofit of sites and architectural designs, mechanical and electrical systems, building controls, building envelopes and operating plans.

Green building ratings

In designing green buildings, we strive to achieve a minimum 4 Star green certification. Some of our existing buildings are rated under GBCSA Existing Building Performance (EBP) and we have designed a technical road map identifying initiatives to further improve performance of our existing portfolio.

During the year ended 30 June 2021, 160 556m² of effective GLA was green-certified, including the six buildings which certification were underway as mentioned in our FY20 sustainability report, Nexus Waterfall, Courtyard Hotel (4 Star GBCSA – Custom V1.1 Design) and Corporate Campus, Building 4 (4 Star GBCSA – Office V1.1 Design).

At present, 40.9% (2020: 20.0%) of our total South African real estate portfolio and 74.0% (2020: 51.6%) of our collaboration hubs are green rated.

Twenty-seven of our buildings have achieved green-rating certifications (2020: 14 green-rating certifications), including the Allandale public transport facility. Some of our buildings have achieved multiple ratings, addressing both sustainable design and operations, and a Green Star Sustainable Precinct Rating for Waterfall City is currently underway.

Green status**	Total South African real estate portfolio based on GLA		Rest of South Africa based on GLA		Waterfall City based on GLA		Collaboration hub – total South African portfolio based on GLA	
	m ²	%	m ²	%	m ²	%	m ²	%
Green elements [^]	457 577	59.1	221 719	82.6	235 858	46.6	72 741	26.0
Green-rated (LEED or green star)*	316 540	40.9	46 718	17.4	269 822	53.4	206 608	74.0
Total	774 117	100.0	268 437	100.0	505 680	100.0	279 349	100.0

* Allandale public transport facility, which was awarded a GBCSA 5 star public and education building rating, is excluded from our South African portfolio's GLA calculations as we do not earn rental.

** Refer to <https://www.attacq.co.za/esg-space/> for per building detail of our green certifications

We are in the process of certifying the Ellipse phase 1 (GBCSA multi-unit rating) and we currently have developments under construction which, once completed, will be certified (see [page 65](#)).

Working towards a Green Star Sustainability precinct rating for Waterfall City

Attacq has registered and is currently underway with a Green Star Sustainable Precinct Rating for Waterfall City. The primary objective is to certify our mixed-use developments in terms of its sustainable governance, livability, economic and environmental attributes already in place and planned for future roll out.

As part of the Sustainable Precinct rating for Waterfall City, Credit 29 Enhancement of Ecological Value Credit 29 specifically focuses on the requirements of biodiversity enhancement in line with best practice sustainability standards.

^ Green elements explained

To be classified as 'green elements' a retail-experience hub, collaboration hub and logistics hub need to include at least one or a combination of the following green initiatives:

- **Emissions:** carpool parking, electric vehicle parking, bicycle parking, bus stops or taxi drop-off facilities
- **Energy:** PV solar power, LED lighting and motion sensors, building management systems with varying levels of monitoring and controls, heating ventilation and air conditioning with variable speed drives and CO₂ monitoring, heat pumps, roof insulation, façade shading or overhangs, high-performance glazing, power factor correction
- **Water:** flow limiters/low flow fittings on taps, toilets and urinals, water storage for alternative water sources such as rainwater
- **Waste:** waste management plan, on-site or off-site recycling

We consider targets listed under SDG 12:



12.2 By 2030, achieve the sustainable management and efficient use of natural resources

Carbon emissions: proactively manage and reduce our footprint

Using an eco-analytics dashboard, Attacq has successfully established a process of tracking the carbon emissions of our real estate and clients on a monthly basis. Our carbon emissions method was updated for FY20 and restated for FY19 to follow the operational control approach, defined as 'having the ability to introduce and implement operating and/or environmental policies and measures'. Using this approach, emissions from any asset a company controls are included in its direct emissions (scope 1), but emissions from any asset a company wholly or partially owns but does not control (e.g. investments or leased assets) are excluded from direct emissions and included in its scope 3 inventory. To ensure the reliability of our measurements, GCX Sustainable Business Specialists assures our carbon footprint data.

Scopes	Category	Tonnes CO ₂ e at June 2021	Tonnes CO ₂ e at June 2020	Tonnes CO ₂ e at June 2019
Scope 1	Mobile combustion	1.0	1.3	0.9
	Product use: refrigerant gases (Kyoto protocol)	201.9	1 911.2	635.1
	Stationary combustion	683.7	492.4	387.3
	Total scope 1	886.6	2 404.9	1 023.3
Scope 2	Purchased energy	14 897.9	14 035.6	15 547.4
	Total scope 2	14 897.9	14 035.6	15 547.4
Total scope 1 and 2		15 784.5	16 440.5	16 570.7
Scope 3	Business travel	17.9	55.2	20.7
	Downstream leased assets:			
	Purchased energy	137 262.5	158 363.3	156 806.4
	Employee commute	226.9	231.8	327.1
	Fuel and energy-related activities – transmission and distribution losses	15 048.6	16 722.7	16 718.3
	Purchased goods and services	603.1	717.2	716.6
	Waste generation in operations	2 693.3	2 975.8	3 419.9
	Total scope 3	155 852.3	179 066.0	178 009.0
Total scope 1, 2 and 3		171 636.8	195 506.5	194 579.7
Out of scope	Refrigerant gases: (non-Kyoto protocol)	2 043.5	1 277.9	135.8
	Total out of scope	2 043.5	1 277.9	135.8
Total emissions		173 680.3	196 784.4	194 715.5

* FY19 results have been restated owing to improved reporting through our eco-analytics dashboard

Our emissions for the year ended 30 June 2021 decreased by 11.7% to 173 680.3 tCO₂e (2020: 196 784.4 tCO₂e), largely as a consequence of lockdown restrictions as fewer people visited our retail-experience hubs and more people worked from home. Scope 1 and 2 emissions for the year decreased by 4.0% to 15 784.5 tCO₂e (2020: 16 440.5 tCO₂e) and accounted for 9.1% (2020: 8.3%) of the total emissions reported. Purchased energy produces the most emissions in scope 1 and 2 with 14 897.9 tCO₂e.

Our scope 3 emission decreased by 13.0% to 155 852.3 CO₂e (2020: 179 066.0 CO₂e) largely as a consequence of lockdown restrictions associated with the COVID-19 pandemic, as more people, including our employees, worked from home. Refer to the discussions on energy, water and waste, [pages 73, 74 and 75](#).

Client emissions (from occupation of buildings only)	Tonnes CO ₂ e at June 2021	Tonnes CO ₂ e at June 2020	Tonnes CO ₂ e at June 2019
Downstream leased assets: purchased energy	137 262.5	158 363.3	156 806.4
Fuel and energy-related activities – transmission and distribution losses	15 048.6	16 722.7	16 718.3
Purchased goods and services: water	603.1	717.2	716.6
Waste generated in operations	2 693.3	2 975.8	3 419.9
Total client emissions	155 607.5	178 779.00	177 661.2
Client emissions based on total carbon footprint (%)	90	91	91

Performance intensities

Our greenhouse gas intensity is detailed below:

	June 2021 Tonnes CO ₂ e / m ²	June 2020 Tonnes CO ₂ e / m ²	June 2019 Tonnes CO ₂ e / m ²
Scope 1 and 2	0.022	0.031	0.021
Scope 3	0.173	0.188	0.205
Total emission	0.190	0.205	0.224

We consider targets listed under SDG 7:



7.2 By 2030, increase substantially the share of renewable energy in the global energy mix

7.3 By 2030, double the global rate of improvement in energy efficiency

Energy: improve efficiency and resilience

We recognised that energy efficiency can improve our clients' bottom line and reduce our carbon emissions. To better manage energy consumption, we use smart meters throughout our portfolio and have set this as the standard for all new developments. To further improve the measurement and management of energy efficiency in our properties, we have rolled out building management systems in our larger properties and are considering the feasibility to extend these across the portfolio.

During the year, our energy usage decreased by 8.8% to 159 093.0 MWh (2020: 174 377.7 MWh), largely as a consequence of lockdown restrictions associated with the COVID-19 pandemic, as fewer people visited our retail-experience hubs and more people worked from home. The implementation of flexible work schedules by our clients for their employees makes the monitoring our electricity intensity challenging as our clients do not have to disclose this information to us as the landlord.

	June 2021	June 2020	June 2019
MWh p.a.	159 093.0	174 377.7	175 582.1

We monitor our electricity intensity (ratio of energy consumption to total GLA), as assured by GCX Sustainable Business Specialists, to benchmark our performance relative to our sector. Compared to the MSCI South African Annual Property Index for electricity intensity, we are performing below the Gauteng average intensity levels, for collaboration hubs and industrial hubs. The energy intensity of our retail-experience hubs is higher than the Gauteng average, as well as the industry average. However, the electricity intensity of our retail-experience hubs, collaboration hubs and logistics hubs improved because of the reduced electricity consumption during FY21.

Sector	June 2021			June 2020			June 2019**		
	MSCI benchmark Gauteng average*	MSCI industry average per sector*	Attacq intensity results	MSCI benchmark Gauteng average#	MSCI industry average per sector#	Attacq intensity results	MSCI benchmark Gauteng average^	MSCI industry average per sector^	Attacq intensity results
Retail-experience hubs	245.9	254.0	306.9	283.0	293.0	318.3	305.8	297	357.4
Collaboration hubs	139.9	n/a	136.8	151.8	156.8	142.3	169.6	158.4	141.3
Logistic hubs	72.0	n/a	66.9	83.0	77.9	70.2	75.2	79.2	71.5

* MSCI South African Annual Property Index (results for the year to 31 December 2020)

** FY19 results have been restated owing to improved reporting through our eco-analytics dashboard

MSCI South African Annual Property Index (results for the year to 31 December 2019)

^ MSCI South African Annual Property Index (results for the year to 31 December 2018)

n/a – not available

We are committed to sensible renewable energy projects. When correctly designed, these reduce operational costs, improve the resilience of our real estate portfolio and reduce the carbon footprint of our portfolio. Across our portfolio, as demand for greener energy has increased, we have focused on rolling out PV systems and other energy efficiency measures. In total, our PV systems now generate 11.8% (2020: 4.7%) of our total energy requirements, a 1.9% increase from 2020 for the same operational capacity.

One new solar project is underway for Nexus Waterfall, Building 1 and includes the addition of a 230 kWp system.

Total PV systems installed per sector (kWp)*	June 2022 Projected	June 2021 Actual	June 2020 Actual	June 2019 Actual
Retail-experience hubs	7 601	7 601	7 601	6 611
Collaboration hubs	663	423	241	241
Industrial hubs	180			
Total (kWp)	8 444	8 024	7 842	6 852
Energy generated by PV systems (MWp)*	n/a	9 916	8 609	9 857
% total energy requirement generated by PV systems	n/a	11.8	4.7	5.3

* Total kWp quoted and not Attacq's effective share

Electricity (kWh/m²)

We consider targets listed under SDG 6:



6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimising release of hazardous chemicals and materials, halving the proportion of untreated waste, water and substantially increasing recycling and safe reuse globally

6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity

Water: manage quantity, quality and resilience

South Africa's water constraints have implications on our supply chains, e.g. construction delays owing to lack of water. The lack of water can directly cause significant operational disruptions to our buildings. We invest in ongoing research to monitor our water risk and gauge the appropriate response at a company level. This includes a detailed water-risk assessment of the entire upstream water value chain in Gauteng and the Western Cape, with ongoing water testing and analysis of results.

We continuously investigate ways to become more water-efficient, and budget is allocated on a case-by-case basis where an initiative will be beneficial to the business. We deliberately design all our new buildings for water efficiency as we strive to annually reduce our water usage and intensity (the ratio of water consumption to total GLA).

During the year, we digitised our entire water supply network in Waterfall City with a live consumption and pressure monitoring and alerting platform as our focus increased on water efficiency. Water conservation starts with understanding all water uses and demand. Water monitoring is necessary to effectively plan and implement water-saving initiatives, reduce demand and prevent losses.

Our total water consumption for the South African portfolio is detailed below.

	June 2021	June 2020	Restated 2019* (our baseline)	2020 to 2021 % change	Baseline to 2021 % change
Water intensity Kℓ/m ² Mℓ p.a.	0.76 652.1	0.86 775.3	0.90 774.7	(11.6) (15.9)	(15.6) (15.8)

* FY19 results have been restated owing to improved reporting through our eco-analytics

All our buildings can operate for two days without water supply as well as operate during near-Day Zero conditions. Where additional water is required, we will transport it to our properties from alternative sources.

During the year, our water intensity improved by 11.6% to 0.76Kℓ per m² (2020: 0.86 Kℓ per m²) as our water consumption reduced. This is largely as a consequence of lockdown restrictions associated with the COVID-19 pandemic, as fewer people visited our retail-experience hubs and more people worked from home. In addition, our new developments adhere to higher water efficiency standards, resulting in an improvement in water intensity for our real estate portfolio. Our water intensity improved by 11.6% compared to our baseline for the same reasons stated above.

Water-saving initiatives include increasing our rainwater-harvesting storage capacity and storage of water from non-municipal sources, low-flow fittings, dual-flush toilets, reducing the use of potable water in our buildings for sanitation and landscaping irrigation. In our latest developments, specific attention is given to the heat, ventilation and air-conditioning system designs to reduce water consumption over the life of the properties. As we are part of the larger Waterfall City precinct, we have the unique opportunity to collaborate with neighbouring estates to pilot the use of indigenous grasses and landscaping along shared roads. The goal is to reduce irrigation-water demand to a minimum.

Water intensity monitoring, as assured by GCX Sustainable Business Specialists, reflects that compared to the MSCI South African Annual Property Index for water intensity, we are performing below the Gauteng average intensity levels, as well as below the industry average intensity levels for our collaboration hubs and industrial hubs, as indicated in the table below. However, we are performing above the Gauteng average intensity levels and in line with the industry average intensity levels at our retail-experience hubs.

Water (Kℓ/m²)

Sector	June 2021			June 2020			June 2019**		
	MSCI benchmark Gauteng average*	MSCI industry average per sector*	Attacq intensity results	MSCI benchmark Gauteng average#	MSCI industry average per sector#	Attacq intensity results	MSCI benchmark Gauteng average^	MSCI industry average per sector^	Attacq intensity results (restated)
Retail-experience hubs	1.0	1.1	1.1	1.2	1.1	1.2	1.2	1.2	1.2
Collaboration hubs	0.7	0.7	0.5	0.8	0.9	0.6	0.8	0.8	0.6
Industrial hubs	0.5	0.5	0.4	0.6	0.6	0.4	0.4	0.5	0.5

* MSCI South African Annual Property Index (results for the year to 31 December 2020)

** FY19 results have been restated due to improved reporting through our eco-analytics dashboard

MSCI South African Annual Property Index (results for the year to 31 December 2019)

^ MSCI South African Annual Property Index (results for the year to 31 December 2018)

We consider targets listed under SDG 12:



12.2 By 2030, achieve the sustainable management and efficient use of natural resources

12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse

Waste: reduce and recycle

Addressing our waste management to reduce environmental impact and economic waste is a priority for Attacq. We believe the cost of avoiding pollution is always lower than the total cost of cleaning up pollution. We are therefore committed to reducing pollution in all forms across our portfolio. At the Waterfall City development, we also work with adjacent residential estates to clean up the river running through their developments.

	June 2021	June 2020	Restated 2019* (our baseline)	2020 to 2021 % change	Baseline (restated 2019) to 2021 % change
Waste recycled					
Generated (tonnes)	3 143	3 422	4 122	(8.2)	(23.8)
Recycled (tonnes)	980	1 200	1 492	(18.3)	(34.3)
Recycled (%)	31.2	35.1	36.2	–	–
Waste to landfill (%)	68.8	64.9	63.8	–	–

* FY19 results have been restated owing to improved reporting through our eco-analytics dashboard.

Waste has been identified as a key focus area because of the recent changes in legislation associated with the National Waste Act. We strive to comply with all legislation and are using this as an opportunity to improve our recycling rate and our carbon emissions simultaneously. We have determined our baseline (FY19 restated figures) from which we will confirm our reduction targets for per-unit waste emissions and quantity per waste stream.

We have commenced with the development a portfolio-wide Integrated Waste Management Plan, including guidelines and policies for each individual asset. This will require each asset to develop their own plans and set detailed waste-to-landfill diversion targets.

Our buildings are currently only recycling mainstream recyclables at 31.2% (2020: 35.1%), which is lower than the South African Waste Information Centre estimated 34.0% recycling rate for mainstream recyclables, i.e. paper, plastic, glass, metal.

During the year, our total waste generated decreased by 8.2% to 3 143 tonnes (2020: 3 422 tonnes), largely as a consequence of lockdown restrictions associated with the COVID-19 pandemic, as fewer people visited our retail-experience hubs and more people worked from home. Our recycling rate decreased slightly to 31.2% as a result of restructured recycling operations. At Waterfall City, we are investing in a more cost-effective way to significantly improve our waste-to-landfill percentage, namely in vessel composting. Our waste recycled decreased by 34.3% compared to our baseline for the same reasons stated above.



Waterfall City panoramic view

We consider targets under SDG 11 and 15:



11.6 By 2030, reduce the adverse per-capita environmental impact of cities, with special attention to air quality and municipal and other waste management



15.1: By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements

Biodiversity: minimising our environmental impact

We work proactively to minimise the impact that our real estate portfolio and developments have on our natural environment. We not only support and comply with relevant environmental and conservation legislation in our real estate portfolio and developments, but we are committed to establishing natural habitat and indigenous landscaping, where practical.

The wetlands in Waterfall City are valuable to the precinct and our assets as they act as highly efficient filtration and stormwater management systems that cannot be replicated with engineering. We believe indigenous plants are best adapted to local conditions and will be more resilient and use less scarce resources like water.

During the year, we developed a Biodiversity Enhancement Plan for Waterfall City. The development of the plan included extensive land and below water assessments to collectively identify, define, assess and rate current and future biodiversity value, risks and opportunities facing Waterfall City. The plan, once approved by TSE and the board, will drive an overarching road map and approach for policy formulation, specific initiatives to implement and the development of the required standards and protocols to ensure biodiversity is being embedded into Waterfall City to improve ecological value.

The five goals for the Biodiversity Enhancement Plan for Waterfall City are as follows:

- 1 Achieve net positive impact on biodiversity.
- 2 Improve habitat quality in support of species diversity.
- 3 Improve habitat connectivity.
- 4 Improve water quality and quantity.
- 5 Establish partnerships to enhance biodiversity.

Key initiatives of the biodiversity enhancement plan include the following themes and specific initiatives being investigated for implementation:

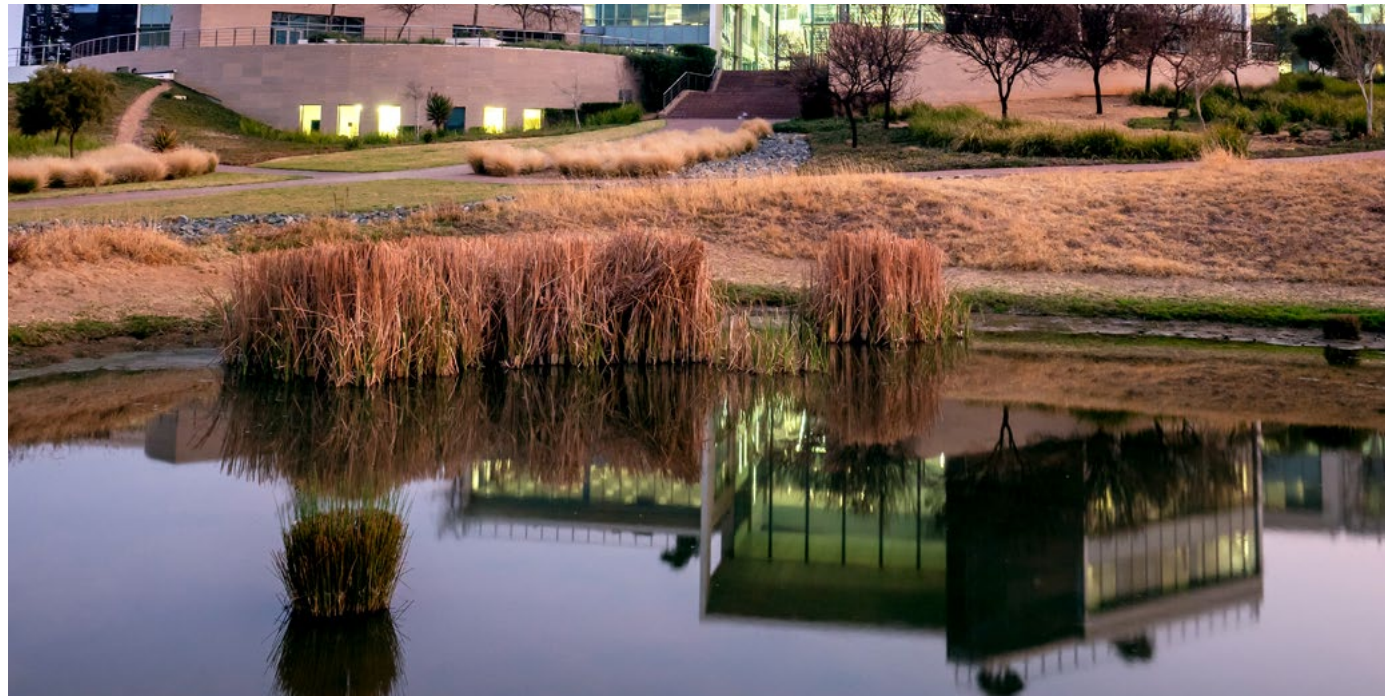
- **Connectivity:** allowing the movement of fauna and flora between land parcels and ecosystem types, prevention of erosion.

- **Habitat quality:** constructed wetlands, alien invasive species management, high impact planting, installation of bat and owl boxes, as well as rockeries to mimic naturally occurring rocky outcrops to further serve as habitat for certain terrestrial species, ensuring bank stability and habitat creation.
- **Water quality improvement:** constructed wetlands to improve sediment loads, salinity and nutrient loads, control of sediment and litter entering the system.
- **Water management:** management of wastewater, baffle systems, rubble and rubbish removal, revegetation of bare land surfaces.

Demonstrating our commitment to biodiversity

Measures already in place demonstrate our ongoing commitment to protect, maintain and monitor the open spaces and wetland areas in various sections of Waterfall City. Our goal is to ensure proper rehabilitation, protection and sustainable use of these open areas as part of normal long-term operations. To illustrate this approach:

- Ponds were planned and built using natural materials to manage stormwater and provide habitats for birdlife in the area.
- To protect these habitats and prevent ponds from becoming clogged, brush vegetation is cut before the wet season and alien invasive plants removed.



Wetlands area at Waterfall Circle, Waterfall City

Looking ahead

Intended outcomes	Climate change				Biodiversity
	Carbon emission Proactively manage and reduce our footprint	Energy Improve efficiency and resilience	Water Manage quantity, quality and resilience	Waste Reduce and recycle	Minimise our environmental impact
FY22 Looking ahead and beyond	<ul style="list-style-type: none"> Finalise and implement the climate change adaption plan Set reduction targets – Science Based Reduction Target Initiative Develop key initiatives or requirements for new and existing buildings Investigate feasibility and impact of initiatives on Attacq and its stakeholders 				<ul style="list-style-type: none"> Finalise and implement the biodiversity enhancement plan
			<ul style="list-style-type: none"> Run minimum of two days without municipal water supply 		

Ellipse Waterfall, Waterfall City





Human capital

Attacq is shaped by its employees who manage and develop our real estate portfolio or contribute through shared corporate services.

On a personal level, our employees are dealing with the effects of the pandemic on their physical and mental wellness, managing homeschooling and caring for extended families. Many of our employees also faced financial strain as household income was curtailed by lockdowns, despite Attacq's continued payment of salaries in full and short-term incentive awards. On a professional level, our team has had to adapt to rapid and unprecedented changes in our operating environment while ensuring the company's sustainability. Our employees' fortitude, adaptability and creativity have secured the sustainability, efficiency and relevance of our company in these challenging times.



Attacq employees at Maxwell Office Park, Waterfall City



Strategic objective

Purposefully embed our company culture to encourage diversity and all employees to be 'Sky-risers'

We consider the UNGC's principles 1 to 6:

Human rights

Principle 1

Support and respect the protection of internationally proclaimed human rights

Principle 2

Make sure the company is not complicit in human rights abuses

Labour

Principle 3

Uphold freedom of association and effective recognition of the rights to collective bargaining

Principle 4

Elimination of all forms of forced and compulsory labour

Principle 5

Effective abolition of child labour

Principle 6

Elimination of discrimination in respect of employment and occupation

Our intended outcomes

Our intended outcomes, FY21 performance and FY22 KPIs are summarised below:

	Transformation	Wellness	Culture	Engagement	Risk
FY21 intended outcome	Continue to build a diverse workforce that represents our nation's demographics, encourages inclusive thinking and contributes to transformation in the interests of all citizens	Continue to offer employee wellness programmes	Build an inclusive work environment that results in high employee engagement and low employee turnover	Continue to reward employees fairly and in line with our strategic priorities; attract, motivate and retain top talent by offering meaningful benefits	Not defined in our FY20 integrated report
Performance in FY21	Continued to show improvement in terms of EE targets. 	The focus during FY21 was on what motivates and engages employees with the objective to attract and retain talent. Policies were reviewed and updated and once implemented, an EVP will be formalised Conducted an employee wellness survey and implemented initiatives to enhance employee wellness Zero work-related injuries and/or fatalities 433 of unplanned sick days leave taken	Launched Sky-risers with the aim of creating remarkable internal experiences for our employees 	Paid salaries in full as well as STIs and LTIs	Successful implementation of internal audit recommendations
FY22 intended outcome	Develop and maintain a diverse workforce	Focus on employee wellness by regular initiatives and support	Embed the desired culture underpinned by an inclusive workplace and the Attacq values	Ensure effective communication, productive and engaged employees	Manage and monitor operational and people risk effectively
KPI for FY22	Meeting or exceeding the EE plan as submitted to the Department of Labour	Wellness programme implemented	Diversity and inclusion training	Embrace and integrate Sky-risers platform	Management training for all managers including training on how to implement compliance with company policies



We consider targets under SDGs 8 and 10:



8.5 Achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.



10.2 Empower and promote the economic inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.

10.3 Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard.

What we achieved in FY21

Transformation: Develop and maintain a diverse workforce

Our employee headcount declined by 3.1% to 158 employees (2020: 163 employees) with 11 vacancies as at 30 June 2021. Reflecting our commitment to diversity, 22 of our 25 new appointments during the year were from ACI groups. Three non-ACI candidates were appointed on fixed-term contracts while ACI candidates are being recruited for these permanent positions. Of the 22 new permanent employees, 11 were male and 11 were female. Any appointments outside of prioritised groups are individually assessed by the CEO, based on recommendations from line management.

A diverse workforce provides a range of perspectives and ideas, promoting agility and resilience in the company. Diversity is vital for transformation in our country, our industry and our community. We desire that our cohort of management-level employees reflects the demographics of the country's economically active population, which will be achieved by appointing ACI candidates through the attrition cycle of employees. Improving employment equity levels is a strategic KPI that we measure against our EE plan.

During FY21, we have exceeded our EE plan with the appointment of Indian employees. We currently exceed the national EAP on Coloured and Indian employees and are therefore overrepresented. We need to increase our representation for African employees to more closely reflect the national EAP. Attacq aligns itself with the aims of the Employment Equity Act and our aggregate progress over the past four years is illustrated alongside.

The information on diversity alongside, illustrated over three reporting periods, reflects the progress we have made in respect of diversity and transformation. As at 30 June 2021, 51.3% (2020: 54.0%) of our total number of employees were female and 63.9% (2020: 63.2%) of our total number of employees were from ACI groups.

Over 61.4% (2020: 63.6%) of our employees are aged 20 to 39. The energy and innovation they bring to our team are complemented by more experienced employees. Our workforce includes 10 disabled learners, selected annually for a one-year learnership.

EE is monitored by our statutory Employment Equity Committee chaired by a fellow employee and supported by our Human Capital and Transformation departments. All members receive regular training.

Employment equity (%)	African	Coloured	Indian	White	Foreign
National economically active population	78.8	9.6	2.7	8.9	–
EE plan 2021	46.7	11.5	7.9	33.3	–
2021 actual	41.8	12.1	10.1	35.4	0.6
2020 actual	42.9	11.0	8.0	37.5	0.6
2019 actual	41.3	12.0	7.3	38.8	0.6
2018 actual	36.0	11.8	6.6	44.9	0.7

	June 2021	June 2020	June 2019	% change year-on-year between June 2021 and June 2020
Number of employees	158	163	149	(3.1)
Women as % of total	51.3	54.0	48.0	(5.0)
Disabled employees as % of total	6.3	6.1	6.7	3.3
ACI employees as % of total	63.9	63.2	60.6	3.2

Workforce – breakdown by age group (%)	June 2021	June 2020	% change year on year
20–30 years	13.3	16.6	(19.8)
30–39 years	48.1	47.1	1.8
40–49 years	26.6	25.2	5.7
50–59 years	8.9	8.6	3.2
≥60 years	3.2	2.5	29.0
Average age of workforce (years)	38.7	38.0	1.7

We consider
 targets under
 SDG 3:



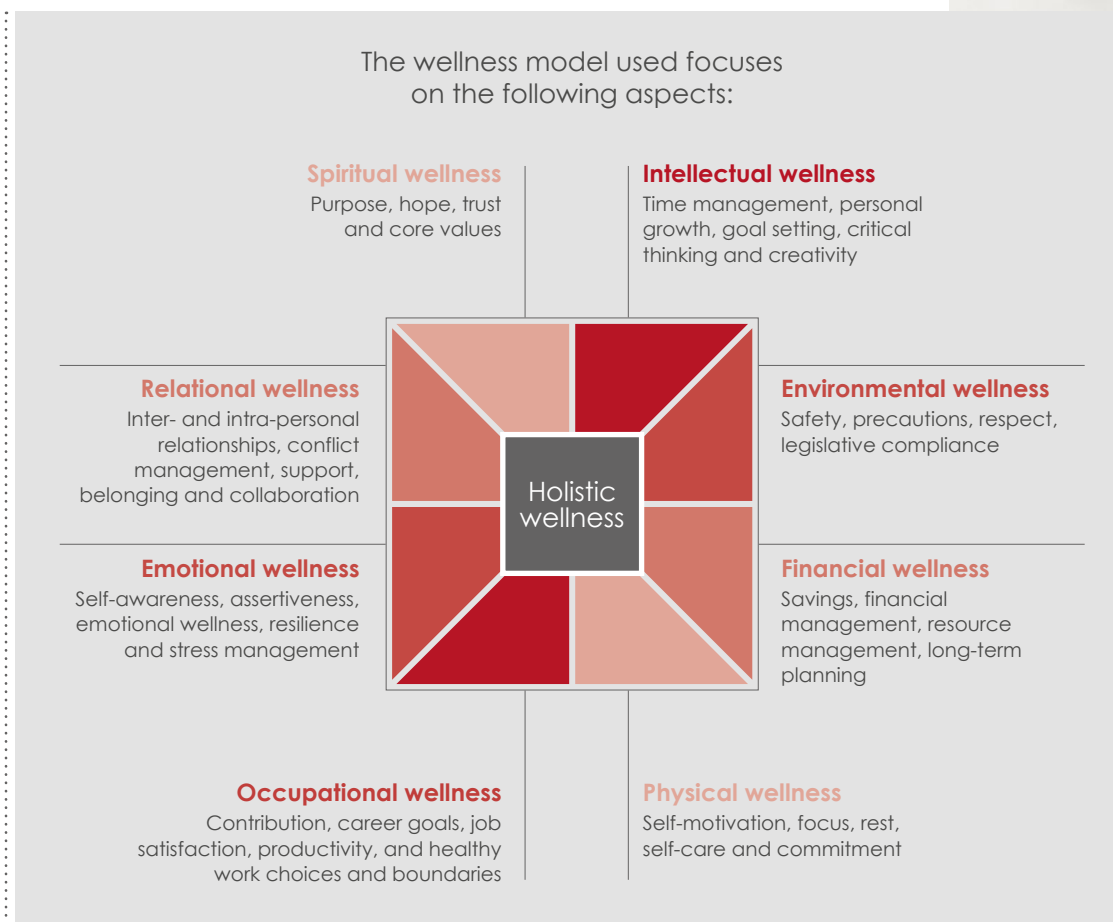
3.4 Prevention,
 treatment and
 promote mental
 health and wellbeing

Wellness: Focus on employee wellness by initiatives and support

The wellness, development and retention of our employees have always been at the heart of everything we do, helping us to provide remarkable employee experiences. This has been more important than ever over the past year. We employ people with skills that are in high demand and we place a strong emphasis on appointing the right people through a rigorous recruitment process.

Employee wellness is increasingly important at Attacq as the impact of employees' wellness on the sustainability of our company is fully recognised. In addition, the COVID-19 pandemic has highlighted the need to maintain physical and mental wellness as many employees have been under tremendous strain. Our focus on wellness ensures our employees not only survive, but thrive.

We conducted a wellness survey during March 2021. Approximately 50.3% of our employees completed the survey. The overall state of wellness is relatively high among the respondents. We focused on understanding elements in the wellness model (see alongside), illustrating the various dimensions of wellness that Attacq supports to ensure a holistic approach towards wellness.



Ellipse Penthouse interior



We intend to implement a variety of wellness activities and initiatives throughout the year ahead, focusing on all aspects of employee wellness. Given the hardships that many households are experiencing because of lockdown measures, we have prioritised financial wellness and mental wellness initiatives in the form of online training and webinars. We are committed to continuously monitoring the wellness of our employees and will also utilise the Sky-risers – CX journey, Fun, Culture and Growth programmes – to achieve our intended outcomes for employee wellness. Please see [page 83](#) for further details.

Our wellness activities result in the following benefits for our employees:

- Frequent social events create a culture of affinity and positive working relationships.
- At Attacq, we want our employees to be engaged. Only through an engaged workforce can we maximise stakeholder value as people connect with companies when their personal values or internal beliefs align with their company culture.
- If employees are engaged voluntary staff turnover rate will be lower than the industry benchmark.
- Through learning and development, we ensure our colleagues keep up with their professional development and remain at the forefront of advancements in their disciplines. Certain of the training is focused on health and safety compliance, which is necessary to ensure the safety of relevant stakeholders.

Health and safety

Our CEO oversees the implementation of health and safety protocols and control measures. A team of trained health and safety representatives on our Health and Safety Committee ensures all scheduled occupational health and safety inspections are performed as per the Occupational Health and Safety Act checklist. During FY21, 24 (2020: three) employee volunteers were trained as fire marshals and 24 (2020: eight) as first aiders. We had no injuries on duty or work-related fatalities during FY21 (2020: zero injuries on duty or work-related fatalities) and therefore a lost-time injury frequency rate of zero (2020: zero).

We remain mindful of the health issues around HIV/Aids, tuberculosis and malaria. Employees are invited to an annual company wellness day to voluntarily participate in various health check initiatives. If required, further support is provided on a private and individual basis. Owing to the lockdown period, this was not possible in FY20 and FY21, but we hope to resume this initiative as soon as possible.

During the year, 433 days (2020: 382.5 days) of sick leave were logged, which equates to an average of 2.7 days (2020: 2.5 days) of sick leave taken per employee.



Sky-risers – Fun activity: Finance team

Culture: Embed the desired culture underpinned by an inclusive environment and the Attacq values

In recent years, we have applied a strong focus on creating a value-driven culture that guides the way in which we engage with each other and our stakeholders.

Our culture is centred on our core values, see [page 9](#).



Sky-risers

Our previous culture-enhancing activities have culminated in the launch of Sky-risers, which brings our culture, social and stakeholder experience touchpoints together under one programme. This will optimise employee engagement, create a holistic approach to living our values and enhanced monitoring of our performance in this regard.

Sky-risers emerged as a company-wide employee engagement programme that combines the CX journey, the Social

Committee and the Unwritten Ground Rules initiative under one umbrella as a unified brand. The process was driven internally, with employees suggesting names and images that spoke to the Attacq culture-brand. As this developed, synergies with other portfolios became clear. Sky-risers – CX journey, Fun, Culture and Growth – was launched in May 2021. Thirty employees volunteered to drive the implementation, in addition to the exco members who are also part of the programme.



Sky-risers: CX journey

This journey focuses on the experience of our stakeholders at Attacq and extends to our 'internal customers'. This is how we view the relationship between the company and our employees, acknowledging that we create value through enhancing our employees' interactions and experiences.

During FY21, the CX journey team introduced a buddy system for new employees; an existing employee is assigned to each new employee to assist them with integrating into the business during the onboarding phase.

These types of initiatives will continue in FY22 as we design and implement an internal CX journey workflow for our employees.



Sky-risers: Fun

The objective of Sky-risers: Fun, is to ensure the social heartbeat of Attacq is maintained by celebrating all of our achievements and bringing some light-heartedness into the workplace.



Sky-risers: Culture

These activities assist employees in embracing the Attacq values and include celebrating unsung heroes such as our employee of the month, improving our onboarding of new employees, learning from successes and disappointments, and creating a more engaging work environment.



Sky-risers: Growth

This programme delivers quality learning and development initiatives through careful planning based on the implementation of each employee's PDP.

The purpose of an employee PDP is to assist employees in the identification and clarification of career goals and aspirations, referencing expected performance, role profiles and contribution plans. This document underpins all short- and long-term aspirations for current and future roles. The Human Capital department utilises this document to complete the annual training plan and bursary applications for review by the panel.

Engagement: Ensure effective communication, productive and engaged employees

We recognise that meaningful employee engagement leads to an understanding of our employees' needs and concerns, and is vital for our high-performance environment and critical for the retention of critical skills. During the year under review, we strengthened our engagement by establishing the Sky-risers: CX journey and related Sky-risers: initiatives, described on [page 83](#).

We use the average tenure of employees and voluntary staff turnover as measures of employee engagement effectiveness. The average workforce tenure increased to 4.6 years (2020: 3.9 years) and more than one-third (or 41.1%) of our employees have now been employed for five years or longer. Total employee turnover for the year increased to 18.6% (2020: 12.2%), which includes the expiry of 10 twelve-month learnership contracts. Voluntary employee turnover for the year increased to 6.8% (2020: 3.8%).

	June 2021	June 2020	June 2019	% change year on year between June 2021 and June 2020
Average tenure (years)	4.6	3.9	3.5	18.1
Voluntary employee turnover (%)	6.8	3.8	7.3	78.9

Exit interviews are used to identify trends, including strengths and areas for improvement in employee management. In the year under review, work-life balance and wellness were identified as areas to focus on by our exiting employees. As a result, we conducted a wellness survey as the first step to addressing these. Attacq's culture, leadership and opportunities for development were raised as some aspects of the company's strength in employee management. Exiting employees consistently stated that Attacq cares about its employees and this contributes to our overall retention.

Engagement with our employees highlighted the challenges of work-life balance and boundary management in the context of working from home. To address work-life balance and an even workload distribution,

we created new positions in our Finance department to ease the burden on existing employees. This restructuring also created opportunities for several internal promotions in line with individual career goals.

Our policy is to promote internally where possible and reskill when required. We celebrated five promotions in the company during the year. Jackie van Niekerk was promoted to CEO while the remaining four promotions were in the Finance department:

- Portia Maima to centre financial controller, February 2021 (joined Attacq in July 2020)
- Henry Kuhn to group financial manager, April 2021 (joined Attacq in October 2013)
- Portia Mothobi to financial manager, May 2021 (joined Attacq in February 2014)
- Michael Clampett to property and asset management executive, June 2021 (joined Attacq in January 2014)



Novartis stairs, Waterfall City

CASE STUDY

The people behind the properties



Portia Mothobi
Financial manager

"I'm hoping that I can be the type of leader that is able to lift others as I rise."

To create smart, safe and sustainable community spaces providing remarkable experiences in our managed hubs takes more than mere infrastructure – it requires engaged and innovative employees to deliver on customer expectations. Portia Mothobi and Portia Maime are two of Attacq's valued employees who were recently rewarded with promotions for going the extra mile in what can be a challenging sector. The impact of COVID-19 on our sector made everyone's lives and jobs more demanding.

"I have been with Attacq for seven and a half years, and there are actually so many wonderful things about working for the company. My favourite is probably the flexibility I have with my working hours. There is also room for growth in terms of promotions and furthering my education through Attacq. I love the company culture and the people I work with," says Portia Mothobi.

A transition from being a financial controller to becoming a manager has been made easier for Portia by Attacq's consistent focus on soft skills in the business. "The major change is that I now have to manage colleagues alongside whom I've been working for years. I must also remind myself occasionally to take a step back and let the team do its work. However, words can barely express the joy I felt at being promoted to a managerial position. I even shed some tears. I remember quietly going to the boardroom to compose myself before I called my husband to share the news. I'm truly grateful for the opportunity," she adds.

In her new position, Portia intends to keep learning and teaching as much as she can. "I'm hoping that I can be the type of leader that is able to lift others as I rise. My ultimate goal is to allow myself to learn new skills and grow within this role so that I can master it. From there, the sky is the limit! I want to encourage my colleagues to do the best they can – it may take time to progress to where they want to be, but doors will open for them too."

"Everyone shares the same vision and we are all dedicated to making the mission of the company a success."



Portia Maime
Centre financial controller

Portia Maime, centre financial controller for Mall of Africa, has been with Attacq for just more than a year but has already been won over by the internal collaboration between teams. "Everyone shares the same vision and we are all dedicated to making the mission of the company a success," she says.

"My biggest challenge so far is meeting the standards I set for myself, but being given a promotion provides me with an opportunity to prove I can bring value to my team and the company. I'm excited and a bit nervous about the journey ahead, but I have worked hard," says Portia.

Her personal goal is to first complete her BCom degree and then tackle the chartered accountant qualification. "While we are all bettering ourselves to raise our contributions within Attacq, good colleagues are those who know that WE is more powerful than ME," Portia says.

We consider targets under SDG 4:



4.2 By 2030, ensure all girls and boys have access to quality early childhood development, care and pre-primary education so that they are ready for primary education.

Training and development

Supporting our employees in developing to their full potential including self-development is a priority at Attacq, as is evident in the related KPI for all employees. Employees are encouraged to take ownership of their development and are therefore responsible for designing their PDP. This programme forms part of the annual performance-evaluation process. Sky-risers: Growth contributes to achieving our strategic objectives and intended outcomes related to employee engagement by driving initiatives that encourage and support our employees to further their development.

Employees have equal opportunity to receive training, as approved by their line managers. Formal and informal training follows the 70/20/10 principle: 70% is on-the-job training, 20% is channelled through mentorship, and 10% is addressed by customised training.

Each business unit has identified its training needs, for which our Human Capital department develops specific solutions. Human Capital has identified the need for basic management training for all managers, including performance management. These training initiatives are scheduled to take place during FY22 with a focus on ensuring our managers have a solid foundation from which to develop in their positions.

During FY21, several employees continued to study towards qualifications in town planning, masters of business administration studies, and financial matters. Of these, 10 employees have completed their qualifications, which include BCom (four employees), masters of business administration (one employee), CIMA (two employees), as well as other property related qualifications.

Less in-person, one-day training initiatives took place due to lockdown restrictions and employees working from home. With the formation of Sky-risers: Growth, more focus will be given on short-term training during FY22 (see Looking ahead, [page 88](#)). Our training investment for the year was R658 915 (2020: R1.2 million, which represented R4 105 (2020: R7 913) per employee. A total of 88 training initiatives (2020: >91 training initiatives) took place, averaged at 0.5 (2020: >0.6) per employee and 5.6 hours (2020: 6.0 hours) per employee.

	June 2021	June 2020	June 2019	June 2018 [^]
Customised training				
Total training spend (R)	658 915	1 234 473	925 465	1 043 110
Training spend per employee* (R)	4 105	7 913	6 472	7 295
Total number of training initiatives	88	>91	148	110
Training initiatives per employee*	0.5	>0.6	1.0	0.8
Total training hours	892	994	1 322	3 778
Training hours per employee*	5.6	6.0	9.2	26.4

* Calculation based on average number of employees for the year

[^] Training hours include time that employees invest in their studies outside of work where we have paid for these courses

Aligning rewards with strategic objectives

Our reward philosophy is based on fair and transparent remuneration, i.e. equal pay for work of equal value, eliminating any discrimination between individuals. To ensure fair reward and recognition, Attacq is in the process of benchmarking all our guaranteed total packages. As a policy, remuneration for semi-skilled and unskilled employees exceeds stipulated minimum wage levels in South Africa.

To address the disparity between higher and lower levels of income, Attacq has implemented several initiatives:

- Provide financial assistance from pre-primary to secondary education for qualifying employees' children.
- Bursaries for tertiary education for qualifying employees' children.
- All employees qualify for the annual award of share options.
- Higher annual guaranteed total package increases for lower income-earning employees.

Qualifying employees can apply for subsidised school fees for their children. In the review period, contributions of R126 791 (2020: R138 760) benefited 13 employees (2020: 16 employees) and 16 children (2020: 19 children).

For the past four years, all employees qualified for an award of Attacq share options to create an owner-manager culture. These share options vest over three years, either as performance-based incentives or retention measures. On vesting, individuals can elect to sell all or part of their allocation or retain these shares. The shareholding and unvested share options of our executive directors and prescribed officers are detailed in the remuneration report and share register.

Our remuneration policy – specifically the performance indicators under our long-term incentive scheme – supports the implementation of our strategy. Each employee has a contribution plan linked to KPIs agreed with their line manager ensuring alignment with Attacq's strategic KPIs (described on [page 43](#)).

Performance reviews drive a high-performance culture. The mandatory annual 360° assessment for each employee includes an evaluation of their actual performance for the preceding financial year as well as a behavioural assessment that includes reviews from the line manager and colleagues. These results are consolidated and an employee's rating is used in the annual salary review. Discretionary bonuses are paid in October based on the actual operational and financial performance for the previous financial year.

We offer attractive employee benefits that exceed regulatory requirements: four months paid maternity leave, five days' family responsibility leave, death and disability cover including funeral and education cover for dependants, pension fund contributions, reimbursement of tuition costs for approved courses, subsidised school fees for the children of qualifying employees, and bursaries for tertiary education for children of qualifying employees. Specific employees receive additional benefits such as cellphone allowances.

Andre de Klerk and Colette Curle, Lynnwood Bridge precinct



CASE STUDY

Our Tertiary Education Support programme

During the year, our Tertiary Education Support programme was introduced with bursaries being made available for children of qualifying employees. The first bursary was granted to Paulynn Hendricks' daughter, Stev-Lynn Fielies. Stev-Lynn registered for a three-year diploma in human resource management at the Boston City Campus. Paulynn is a guest relations officer at Garden Route Mall.



Stev-Lynn Fielies and her mom Paulynn Hendricks, Guest relations officer at Garden Route Mall

Risk: Manage and monitor operational and people risk

A strong focus on compliance and streamlining Attacq's human capital administration in the past year has brought a maturity to our human capital function to align with our capacity growth.

As part of this process our internal auditors, PwC conducted a review of the policies and controls implemented by the Human Capital department and its recommendations for improvement are being implemented.

We are committed to complying with all relevant legislation in South Africa and also adhere to the International

Labour Organisation and UN conventions. These include freedom of association and the right to collective bargaining, compensation and working hours, prohibition of child labour and prohibition of forced and compulsory labour and disciplinary measures. Attacq is committed to promoting fair, equitable and consistent labour practices. In the

review period, we recorded zero instances of known or deliberate material non-compliance. In line with South Africa's constitution, we respect the right of our people to freedom of association, and to join any collective bargaining association such as a labour union. Attacq's workforce is not represented by any labour union.

Looking ahead

	Transformation	Wellness	Culture	Engagement	Risk
Intended outcomes	Develop and maintain a diverse workforce	Focus on employee wellness by regular initiatives and support	Embed the desired culture underpinned by an inclusive environment and the Attacq values	Ensure effective communication, productive and engaged employees	Manage and monitor operational and people risk effectively
Planned projects for FY22 and beyond	<ul style="list-style-type: none"> Recruitment in accordance with Attacq's EE Plan as submitted to the Department of Labour 	<ul style="list-style-type: none"> Implement a variety of wellness activities, focusing on all aspects of wellness Monitor and ensure the wellness of our employees Sky-risers: Fun – to ensure the social heartbeat of Attacq is maintained by celebrating all of our achievements and bringing some light-heartedness to the workplace Sky-risers: CX journey – design and implement an internal CX journey workflow for our employees 	<ul style="list-style-type: none"> Sky-risers: Culture – activities to assist employees in embracing the Attacq values Sky-risers: Growth – quality and well-planned learning and development interventions based on the implementation of employees' PDPs Sky-risers: Fun – to ensure the social heartbeat of Attacq is maintained by celebrating all of our achievements and bringing some light-heartedness to the workplace 	<ul style="list-style-type: none"> Sky-risers: Growth – Management 101 Training for all managers, including performance management Sky-risers: Growth – quality and well-planned learning and development interventions based on the implementation of employees' PDPs. Ensure fair reward and recognition by benchmarking all our guaranteed total packages Sky-risers: CX journey – design and implement an internal CX journey workflow for our employees 	<ul style="list-style-type: none"> Sky-risers: Growth – management training for all managers



Social and relationship capital

Attacq's vision is to be a good corporate citizen that contributes to the upliftment of its communities. We strive to make a tangible difference to these communities in acknowledgement of their support.

We believe that through stakeholder collaboration a greater impact can be made, benefiting all. During the civil unrest in July 2021, the safekeeping of the Waterfall City precinct was, in large part, thanks to the support of local communities, taxi associations, local law enforcement and private security, all of whom worked together. Our retail-experience hubs are dominant in the communities in which they operate and as such, play a key role in driving social investment programmes.



The Attacq Foundation's mission is to transform our communities by investing in education, training, economic development and providing essential goods.

We consider the UNGC's principles 1 and 2: Human rights

Principle 1

Support and respect the protection of internationally proclaimed human rights

Principle 2

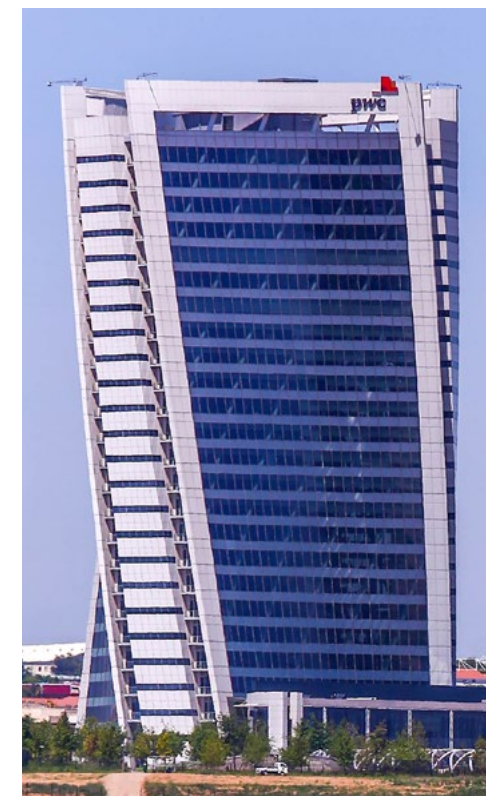
Make sure the company is not complicit in human rights abuses

Our intended outcomes

Our intended outcomes, FY21 performance and FY22 KPIs are summarised below:

	The Attacq experience	Community focus	Transformation
FY21 intended outcome	Maintain quality relationships with stakeholders at the appropriate level Maintain a healthy organisational culture that promotes employee engagement	Contribute to a stable operating environment through supporting and uplifting our communities	Continue to promote transformation in the interest of all citizens
Performance in FY21	Launched Sky-risers: CX journey with the aim of creating a remarkable experience at every Attacq touchpoint for all stakeholders  See Our key relationships on page 26	R15.4 million invested in our communities See Community focus on page 92 	See Transformation on page 95 
FY22 intended outcome	Creating a remarkable experience at every Attacq touchpoint for all stakeholders	Supporting and uplifting our communities	Continue to promote transformation in the interest of all citizens
KPI for FY22	Implementation of the CX journey for stakeholders other than our clients	CSI project targets	Maintained our Level 3 B-BBEE rating

PwC Tower, Waterfall City



Strategic pillar
'ESG - social':

Contribute meaningfully
to our communities


What we achieved in FY21

The Attacq experience:

creating a remarkable experience at every Attacq touchpoint for all stakeholders

Creating remarkable experiences for our stakeholders starts with an understanding of people and processes, which informs an intentional design.

Our spaces are more than just bricks and mortar. We set the scene for social interaction, be it collaboration, entertainment or a remarkable shopping experience. Our reputation stands and falls by our stakeholders' subjective experience of us.

We create value for all Attacq stakeholders by facilitating encounters that are conducive to meaningful connections. Lockdowns and working from home have disrupted our social experiences. This makes enhancing our clients' experience through multiple touchpoints ever more important. Our SHÔPING app aims to transform the shopping experience at Mall of Africa (see  [page 103](#) for more details). The development of Waterfall City has been shaped by offering a work-live-play lifestyle.

For detailed information on Our key relationships,  [page 26](#).

Our clients – not our tenants

We are not just landlords providing a space to operate. We offer a collaborative partnership that results in providing our clients with a space that meets their specific business needs. Our aim is to enhance their business through our offering and cement relationships that are mutually beneficial and ongoing.

Our Attacq client journey is based on four steps:

- We listen
- We collaborate
- We experiment
- We offer a multi-channel approach

We listen to and spend time with our potential clients and their employees. Our multidisciplinary asset management team is equipped to align the interests of all parties in creating a mutually beneficial arrangement for the space required.

Once a client moves into one of our spaces, the relationship continues through regular touch points to ensure our service levels match expectations. We consider their tenure in our spaces as a journey we take together. For more details on our relationship with our clients, see  [page 26 and 91](#).

"We recently leased space from Attacq. The process was very professional and transparent from start to finish. We immediately built a strong relationship with the Attacq team, as they were passionate to create a long term, win-win partnership with Skinrenewal."

Morne Steenkamp, COO, Skinrenewal

"Attacq values the partnership in business relationships, with trust and honesty as the foundation. We, as the City Lodge Hotel Group, have been part of the Attacq journey from the first day and over the years have managed to build a valued relationship between likeminded entities."

Emile van der Merwe, City Lodge

Health and safety

The health and safety of our stakeholders are key priorities and forms an integral part of our risk framework and business continuity plan. Through consultation and joint participation, we have put in place rigorous health and safety measures. The MyBuilding app was introduced to support the management of health and safety. Refer to [page 103](#) for a discussion on MyBuilding.

OHS specialists have been appointed to perform an external audit on all health and safety requirements in terms of the Occupational Health and Safety Act. In FY21, our retail-experience hub portfolio achieved an average rating of 93.7%. This is an increase of 1.4% compared to FY20. Details as per retail-experience hubs are listed in the table below.

	June 2021	June 2020	% year-on-year improvement
Retail-experience hubs (%)			
Mall of Africa	93.0	96.0	(3.1)
Garden Route Mall	97.0	97.0	0.0
Eikestad Mall	90.0	95.0	(5.3)
MooiRivier Mall	92.0	92.0	0.0
Waterfall Lifestyle*	96.0	98.0	n/a
Waterfall Corner*		96.0	n/a
Lynnwood Bridge – Retail		89.0	n/a
Glenfair Boulevard*	94.0	75.0	n/a

* Combined building ratings in FY20, individual building ratings in FY21.

The safety of Waterfall City is discussed in more detail under Manufactured capital, [page 64](#).

Community focus: supporting and uplifting our communities

The communities in which we operate provide us with opportunities to develop strong relationships. Uplifting disadvantaged local communities contributes to their stability and enhances the prospects of individuals and the community as a whole. Our CSI spend is largely channelled through the Attacq Foundation, our primary vehicle for investment in socio-economic development. Refer to Our key relationships, Community, [page 29](#).

The Attacq Foundation

The Foundation's focus is on youth education and empowering young people with skills that will enhance their potential for employment. We collaborate with other organisations to maximise investment impact and all programmes are monitored to measure performances against targets.

	June 2021	June 2020	June 2019
Direct beneficiaries	2 359	6 076	681
Rand amount spend (R'm)	15.4	7.4	6.4
Voluntary employee hours	182	279	402
Non-governmental organisation partners	11	12	
Number of provinces	3	3	3

In 2020, the Foundation launched Attacq Cares in response to the economic impact on households resulting from the lockdowns imposed to curtail the spread of COVID-19. This campaign supports communities by providing food and essential health products from retailers in all six of our retail-experience hubs as well as supporting our retailers by purchasing products from them. Refer to [page 93](#) for more details.

In FY21, Attacq Cares partnered with Sage Foundation to host the School Shoes4Kids campaign during December 2020. A handover ceremony was held at the two local beneficiary schools on 5 March 2021. In total, 230 pairs of school shoes were collected and donated with a further 110 pairs of trainers donated by Ackermans, Mall of Africa. The programme was well received with many smiles and tears of joy.

Eikestad Mall, Stellenbosch

As part of the Attacq Cares campaign, our **Eikestad Mall** team – in partnership with Stellenbosch Feeding in Action – engaged the Devon Valley community for an outreach programme. They provided a wholesome meal, goodie bag and joy bracelet to the children from Laningliefies Crèche and thereafter provided the same provisions to 150 children and 100 adults in this community. This was all done as part of Eikestad Mall's 2020 Mandela Day initiatives.

Garden Route Mall

The **Garden Route Mall** team continued the Attacq Cares and Garden Route Mall Cares campaign through a partnership with Ithemba Lobomi, based in Thembaletu where they distributed meals to 100 children and provided 50 jackets to children who had limited warm clothing.

MooiRivier Mall

The **MooiRivier Mall** team partnered with OFM radio to host a live broadcast with Enrico Klopper from MooiRivier Mall on Mandela Day. The main objective was to create awareness of the Attacq Cares Food for Care Campaign and the plight of local non-governmental organisation partner Mosaic South Africa. Through this campaign MooiRivier Mall and Mosaic provided food parcels to 126 people within the communities of Ikageng, Mohadin and Ikageng, situated in Potchefstroom.

Lynnwood Bridge precinct

Glenfair Boulevard and Lynnwood Bridge retail joined forces in Attacq Foundation's Food for Care campaign. We partnered with shoppers, Checkers, Glenfair Boulevard and Kings Meat Deli, Lynnwood Bridge to donate essential goods to the Kungwini Welfare organisation, benefiting their 160 residents and the Viva Foundation, benefiting 272 families.

Ukuwela community support, Garden Route Mall Cares



During the year under review, we also supported Phuthumani Primary School in Tembisa, funding repairs and maintenance to existing classrooms and common areas. Our aim is to achieve a long-term sustainable impact. We have committed to a three-year relationship with the school during which we will offer our support. We will start with the construction of a new building that will house three additional classrooms. This will be followed by an Attacq-driven fund raising campaign to raise funds to refurbish two buildings containing five classrooms each. We will also work with the principal and school governing body to identify opportunities for educational enrichment programmes for learners and teachers.



"We are so grateful for the support of the Attacq Foundation and Sage Foundation. These learners are like our children and it was heartbreaking to witness the suffering caused. We are truly humbled by the ongoing support that we as a school and community are receiving."

Mr Hlatshwayo, principle, Phuthumani Primary School

We consider targets under SDGs 4:



4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.

4.5 By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous people and children in vulnerable situations.

Transformation: continue to promote transformation in the interest of all citizens

Attacq B-BBEE scorecard	June 2021	June 2020	June 2019
Ownership	23.23	24.00	21.90
Management and control	6.33	3.56	3.33
Employment equity (see human capital)	2.72	3.22	2.67
Skills development (see human capital and below)	16.73	15.68	18.54
ESD	34.3	36.54	40.29
– Procurement	19.55	19.54	23.29
– Supplier development	8.42	12.00	12.00
– Enterprise development	6.33	5.00	5.00
Socio-economic development (discussed under the Attacq Foundation)	0.61	2.00	2.00
Economic development (our initiatives also form part of ESD and are discussed under ESD)	5.00	5.00	5.00
Total points (property sector adjusted)	88.92	90.00	93.73
B-BBEE level achieved	Level 3	Level 3	Level 3
Date certificate issued	[30 Sep 2021]	29 Sep 2020	26 Sep 2019

Attacq is measured against the property sector scorecard for REITs. The outcome of our latest audit is a Level 3 rating. Our current B-BBEE scorecard was independently verified and is valid until 28 September 2022.

Skills development

We remain focused on achieving targets of specific SDGs (particularly SG 4.4, 4.5 and 8.6). All programmes are aimed at making a sustainable contribution to equal education and training that promotes equal and fair participation.

Our bursary contributions for 2021 were aligned with the anticipated revision of targets in the amended property sector codes for bursaries that are industry-specific and lead to a professional qualification. To promote and increase women in the property industry, we annually support the Women in Property Network bursary programme, through WPN Educational Trust, by contributing towards their tertiary education bursaries for female students. During FY21, we contributed towards 16 bursaries and anticipate that during FY22, a further 18 bursary allocations will be made.

We participate annually in the SAPAO tertiary education bursary scheme by providing full bursaries to three students studying towards a property-specific career, with further bursaries to be made available during FY22 as the students graduate. This year we contributed R500 000 towards seven tertiary education bursaries, allocated through the Atterbury Foundation.

We have concluded a bursary support agreement with the University of Pretoria to support three students for the 2021 academic year. We are planning to provide similar support for the 2022 academic year. In addition to the bursaries we support, we are assisting with work placements to ensure our bursary candidates find meaningful employment.

Bursary programme	June 2021 R'000	June 2020 R'000	June 2019 R'000
Institute of Real Estate Management	n/a	n/a	590
Women in Property Network	500	300	210
Atterbury Foundation	500	500	500
SAPAO	600	300	–
University of Pretoria	334	n/a	n/a
Tertiary Education Support programme, see page 78 .	32	n/a	n/a
Total	1 966	1 100	1 300

We have concluded a new Tertiary Education Support programme that aims to provide bursaries to children or dependants of qualifying employees. This builds on the current employee support programme to subsidise school fees and related expenses of qualifying employees' children or dependants. Refer to Human capital [page 78](#).

Apart from bursaries, we also provide 12-month learnership contracts and on-the-job training to previously disadvantaged individuals that are disabled.

We consider the following targets listed under SDGs 4 and 8:



4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.



8.3 Promote development orientated policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalisation and growth of micro-, small- and medium-sized enterprises, including through access to financial services.

8.6 By 2020, substantially reduce the proportion of youth not in employment, education or training. Promote development-orientated policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalisation and growth of micro-, small- and medium-sized enterprises, including through access to financial services.

Preferential procurement

Attacq aims to meet all preferential procurement spend targets. In the year under review, the increase in our finance costs compared to all other spend impacted Attacq's ability to achieve targets per the scorecard.

We continue to engage SMMEs from all Attacq communities and facilitate engagement. To encourage participation, we have created an online procurement tool to communicate procurement opportunities to the community (<https://attacq.procure.co.za/Default.aspx>).

The revised procurement policy was implemented during FY21 and includes a well-formulated procurement process that defines the minimum requirement for all procurement to be a B-BBEE Level 4.

Attacq's consolidated procurement scorecard: 1 July 2020 – 30 June 2021

Scorecard indicator	Target %*	June 2021 %	June 2020 %
Spend on empowering suppliers	80.0	102.3	97.1
Spend on qualifying small enterprise suppliers	15.0	6.9	2.7
Spend on exempt micro enterprise suppliers	15.0	4.3	4.2
Spend on 51% black-owned suppliers	40.0	23.4	32.2
Spend on 30% black woman-owned suppliers	12.0	10.1	6.6
Spend on 51% black-owned property service providers**	40.0	144.2	88.9
Bonus: spend on 51% black designated group suppliers	2.0	5.9	3.5

* As % of total measured procurement spend as defined and provided by the Property Sector Charter. Reaching the targets will award Attacq the maximum available points for that category

** The 40.0% of all services that are deemed to be property service providers

Enterprise and supplier development

Access to capital is often a stumbling block for all SMMEs, preventing businesses from passing the first hurdle. To address this challenge in our industry, we granted R3.1 million in long-term interest-free loans and placed equity investments in six SMMEs in June 2017. We monitor and support these enterprises through specific performance criteria that are contractually agreed upon. The repayment of these loans was due to commence in July 2020 but in the context of COVID-19, this would have severely impacted the sustainability of these small businesses. We postponed repayments to after 1 July 2022, subject to a review of the financial and operational health of the beneficiaries and an assessment of their ability to repay the loans.

We continue to explore opportunities to increase the participation of SMMEs from our various ESD programmes, and partnerships with Property Point.

Enterprise development

During FY21, we assisted two SMME clients – Maxhosa and Fabrosanz – with rental discounts (R933 773) at the Mall of Africa. As per our agreement with these two clients, we will continue to support them financially during FY22 and FY23.

Six years ago, Attacq began its partnership with Property Point to support the growth of SMMEs in the South African property sector, which in turn creates jobs and drives transformation in the industry. Attacq endeavours to contract with Property Point graduates where possible. We feature Greendesign South Africa and Jesse Creations (previously known as Taste my Waffle), the businesses of two graduates of the programme that have become suppliers to Attacq, on [pages 98 and 99](#). Property Point aims to promote small businesses in the property sector by providing the tools, skills and support to assist entrepreneurs in reaching their full potential. Over the six years, Attacq has participated in five intakes, the last of which commenced in June 2021.

Overview of Attacq – Property Point partnership (January 2015 to June 2021)

Number of beneficiary companies selected to participate on Attacq – Property Point programme	45
Number of beneficiary companies currently on Attacq – Property Point Local Economic Development programme	20
Total revenue generated by Attacq – Property Point Enterprise companies	R212.6 million
Number of beneficiary companies awarded contracts by Attacq	8
The median annual revenue growth rate of Attacq – Property Point companies across all years since year of selection	40%
Total value of contracts awarded to Attacq – Property Point companies since being actively involved in the Property Point programme	R221.1 million
Full-time equivalent jobs created by Attacq – Property Point companies	421

Attacq and Property Point hosted the third intake graduation ceremony via a Zoom webinar on 15 April 2021. This event celebrated a two-year journey of eight SMMEs, spanning 2019 and 2020. The total revenue generated over two years was R151.5 million, with 68% average annual revenue growth. The value of contracts accessed amounted to R26.1 million and the equivalent of 78 full-time jobs were created.

A key factor determining the success of the entrepreneurs' businesses is market access, which is challenging in the current economic climate. Although COVID-19 had a significant impact on all participants, all remain operational and are actively canvassing for opportunities.

We hosted business introduction sessions with key budget owners during November 2020 and with Attacq's operations managers in May 2021. These sessions provided insight into potential opportunities and the process involved in ensuring suppliers are procurement ready.

During 2020, we also committed to a four-year agreement with Property Point to govern the enterprise and supplier development programmes from 2020 to 2023. This programme aims to benefit 40 SMMEs from our Attacq communities, providing entrepreneurial development for SMMEs to ensure they are equipped to participate in development projects. This programme will focus on Waterfall City and surrounding areas such Tembisa, Rabie Ridge and Klipfontein. We engaged with our local business forums and Property Point to create a solution for these communities.

PROPERTY^{POINT}
TRANSFORMING THE INDUSTRY

Property Point

Property Point started in 2008 as an ESD initiative of Growthpoint Properties Ltd. In 2015, Attacq partnered with Property Point with an initial investment of R2.4 million to support a 10 small and growing businesses in the property services industry.

Property Point grew as an industry initiative, with Attacq as its first partner and Growthpoint as the anchor funder. The benefits of this collaborative effort with Attacq transcend compliance with like-minded partners helping to create an environment where SMMEs strive for excellence and are equipped to compete for opportunities in the market on merit.

CASE STUDY

Vere Shaba, founder and CEO of Greendesign South Africa, participated in our enterprise development programme with Property Point.

Property Point graduate Vere is a mechanical engineer with a vision to make a greener world. Inspired by Mark Shuttleworth's trip into space in 2006, Vere decided to study mechanical engineering instead of law, as she had originally planned. "I saw images of Africa from space at night and I was struck by how dark it is," she says. "How can we protect human rights legally, when people don't even have access to electricity?" Motivated to address energy sustainability, equity and security, Vere began her journey to becoming the first and currently the only black women-owned green building company in the country. Her early work experience exposed her to the green space. "Once you know about green buildings, you can't ignore it." Vere's enthusiasm for green buildings is infectious. Vere explains, "Engineering systems contribute 60% of the greenhouse gas emissions. Climate change disproportionality impacts Africa, especially women and children. Every engineering decision we make, makes a difference." Vere started Greendesign South Africa in 2016, with three months' salary, a car and a LinkedIn profile. "The first year was incredibly difficult. The real turning point was joining the Property Point programme; it changed my life."

Vere has the passion and the talent. The Attacq Property Point programme provided the support to build the structures of her company so she can spend her time using her engineering skills towards making a difference in the green space. "The programme really built my self-confidence, which has been vital for expanding the company." The Attacq Property Point programme is tailored to each company, not a cut-and-paste programme as Vere puts it. "I needed guidance to understand and implement internal structures, such as human resources, finance, marketing and legal, and now I can focus more on what I love. When we started the programme, we had an annual revenue of R50 000. At the end of two years in the programme, we recorded a R2.0 million revenue for the year." Vere attributes this success to the business mindset she has developed as a result of the programme. Greendesign South Africa has since become an Attacq supplier. "I am so excited to be working with Attacq. Their approach to developing Waterfall City as a sustainable city is really exciting."



"The first year was incredibly difficult. The real turning point was joining the Property Point programme; it changed my life."

Vere Shaba, founder and CEO, Greendesign South Africa

CASE STUDY

Founder of Jesse Creations (previously known as Taste my waffle)

Jesse Creations (previously known as Taste My Waffle), founded by Jesse Yende joined our Property Point ESD programme in 2019. Jesse Creations joined the programme at a crucial time when the business needed guidance to develop a sustainable business structure. Since then, Jesse Creations has continued to grow and has worked on several design projects for Attacq, e.g. the artwork for Sky-risers.

Jesse, who grew up in Soweto was a creative from a young age, something that often got him into trouble when his school uniform and homework became his canvas. His entrepreneurial spirit was also evident early on as he often sold artwork on the side of the road and at the Rosebank market. This proved to be a critical part of his journey as one of his clients from the market introduced him to the South African Printing Collage (Cross Media Training Centre) where he developed his background in a variety of disciplines from fine arts and printmaking to industrial printing. After seeing his portfolio, a guest lecturer in advertising introduced Jesse to the AAA School of Advertising. Lecturers from the school were once again impressed by Jesse's portfolio and encouraged him to take an entrance test after which he was offered a full scholarship.

Within the first six months of being enrolled at the AAA School of Advertising, Jesse got his first job as an illustrator working on a launch campaign for a multinational financial services brand. Studying and working at the same time was a challenging balancing act, but the income helped Jesse cover the additional expenses of his studies and provided additional resources. In Jesse's second year he won a national design competition presented by Mr Price Home and Home and Leisure and was recognised as the Most Versatile Designer in South Africa. Through the competition, Jesse was sent to 100% Design in London where his eyes opened to the career opportunities that exist within this artistic space. Returning to South Africa, he explored several avenues within the arts including broadcasting, theatres, fashion and ceramics to name a few. He was motivated to learn as much as he could since he saw his future self as a business owner that needed to be well versed in various creative spheres.

Today this future self has become a reality with Jesse Creations growing into a proudly South African design agency. Jesse credits a lot of the business's success to his wife, who is also his business partner. Through the Property Point programme this dynamic couple received guidance and support to play to their individual strengths.

Jesse's desire to give meaning to his work and contribute to making South Africa great has grown into The South Africanist, a registered non-profit communications agency. Through the South Africanist Jesse teaches the principles of design thinking and helps to address the social ills in South African society. He also encourages others to be what makes South Africa great every day by encouraging everyone to contribute what they can. Follow #DoingItForSA on social media to see how South Africans are making a difference by being what their country needs them to be.



Jesse Creations became part of the programme at a crucial time when the business needed guidance to develop a sustainable business structure.

Jesse Yende, founder and CEO, Jesse Creations

Looking ahead

	The Attacq experience	Community focus	Transformation		
Intended outcomes	Creating a remarkable experience at every Attacq touchpoint for all stakeholders	Supporting and uplifting our communities	Continue to promote transformation in the interest of all citizens		
Planned projects for FY22	<ul style="list-style-type: none"> Sky-risers: CX journey – design and implement CX journey workflows for all stakeholders 	<ul style="list-style-type: none"> Continue to invest in education and training as well as provide essential goods via the Attacq Foundation 	Socio-economic development <ul style="list-style-type: none"> Continue to support the Attacq Foundation Support the Phuthumani Primary School, Thembisa as per the three-year SED agreement 	Enterprise and supplier development <ul style="list-style-type: none"> All procurement to meet the minimum requirement as per the procurement policy Continue to provide interest-free loans to upcoming suppliers Continue to promote enterprise development, including support of Property Point 	Skills development <ul style="list-style-type: none"> Continue to provide bursaries and learnerships for tertiary education to various institutions Continue to provide learnerships and on-the-job training to previously disadvantaged individuals, including disabled learners



Intellectual capital

Our intellectual capital consists of our knowledge-based assets that drive and differentiate our business.

Our refocused strategy elevates innovation and technology by defining each of these as a strategic pillar, representing a shift in our stated intended outcomes from those contained in our FY20 integrated report.

To us, innovation means adopting new ideas, adapting to changing landscapes and capitalising on the intellectual property we have developed over years and are continuing to still gather. An innovative approach is vital for our sustainability and to remain at the forefront of our industry.

Technology goes hand in hand with innovation, supporting the implementation of innovative ideas. We invest in technology, systems and skills to optimise efficiencies and design remarkable experiences for all our stakeholders. We also rely on innovation and technology in our ongoing development of Waterfall City as a smart, safe and sustainable city.

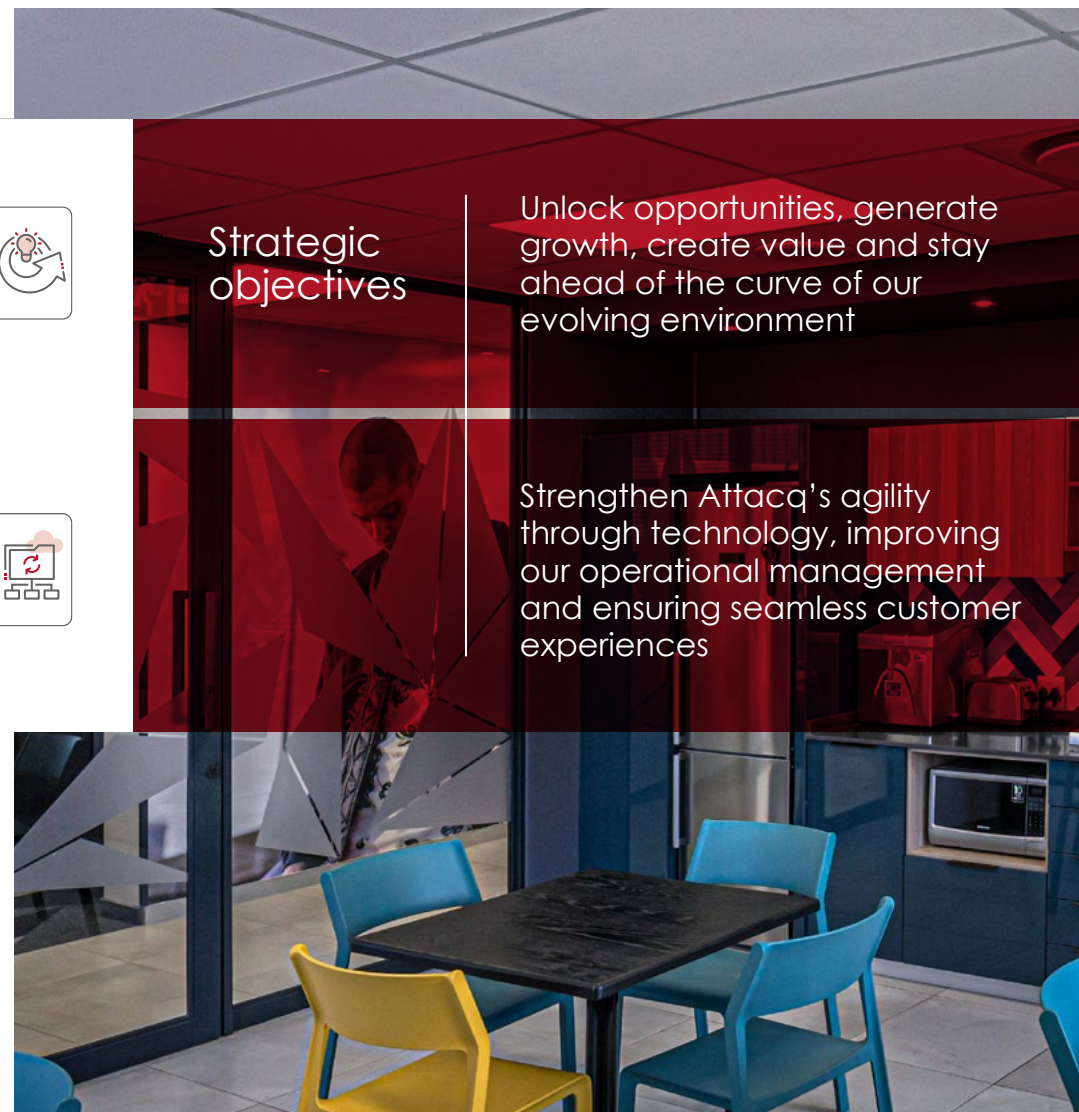


Strategic objectives

Unlock opportunities, generate growth, create value and stay ahead of the curve of our evolving environment

Strengthen Attacq's agility through technology, improving our operational management and ensuring seamless customer experiences

Crick Clothing, Waterfall City



Our intended outcomes

Our intended outcomes, FY21 performance and FY22 KPIs are summarised below:

	Innovation		Technology			Other		
FY21 intended outcome	Continuous improvement in our operational efficiencies through innovation		Implementation of technology			Embedding ESG reporting (confirmed by independent ratings)	Be a leader in reporting by providing comprehensive, accurate and comparable information to the market	Contribute to real estate industry development through active participation in various industry bodies
Performance in FY21	See SHÖPING app on page 103 MyBuildings app upgraded Implemented behavioural analytics at Garden Route Mall and MooiRivier Mall 		<ul style="list-style-type: none"> Approved IT plan and budget Introduced IT SteerCo as a subcommittee of exco 			FTSE Russell ESG rating of 3.6 out of 5.0. Please see FTSE Russell ESG rating on page 25 	We received positive feedback on our 2020 integrated and sustainability reports during one-on-one interactions with fund managers and shareholders	See our executive management on page 15
FY22 intended outcome	Innovation enabled by technology	Innovation for value creation, growth and to stay ahead of the curve	Digital transformation journey	Digital platform	IT governance			
KPI for FY22	Launch an innovation platform		Finalise the implementation of our modern data platform			See page 25	See Corporate governance on page 106	See Social and relationship capital on page 89

We consider targets under SDG 9:



9.b Support domestic technology development, research and innovation in developing countries, including by ensuring a conducive policy environment for, inter alia, industrial diversification and value addition to commodities.

9.c Significantly increase access to ICT and strive to provide universal and affordable access to the internet in least developed countries by 2020.

What we achieved in FY21

Innovation enabled by technology

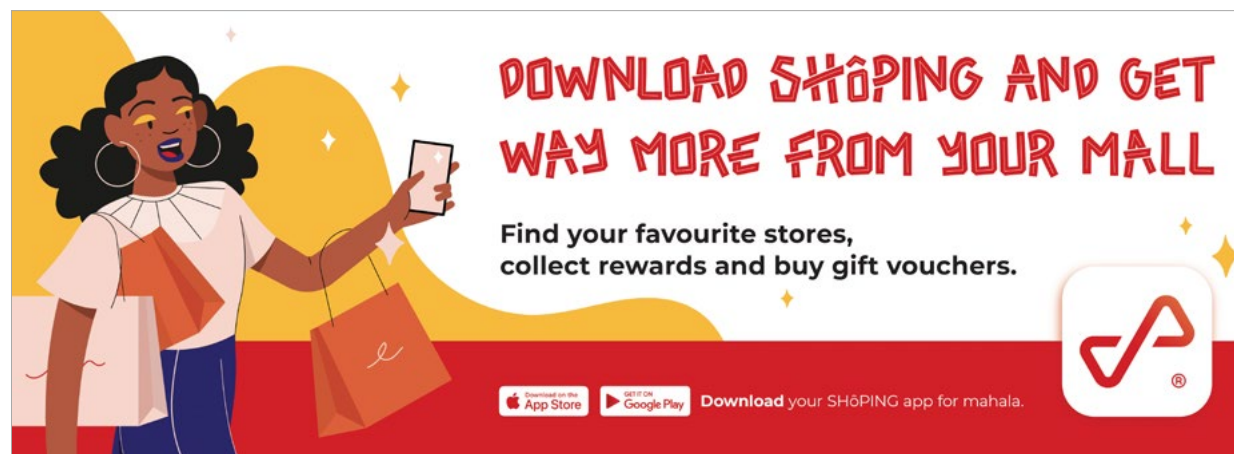
Delivering smart, safe and sustainable hubs

We use technology to enable some of our smart, safe and sustainable initiatives at Waterfall City for the purposes of safety, traffic control and environmental sustainability. Successful initiatives are then rolled out to our other hubs.

Improving our shopping experience

In May 2021, we launched Attacq's SHÖPING app to enrich the retail-experience at the Mall of Africa. This smartphone app is a digital platform that brings together the physical and digital to create tailored shopper experiences with tangible value-adds, giving the user the best of both worlds. The app provides shopper services such as mall navigation and promotions in shoppers' hands, as well as a loyalty programme and gift cards. App users can receive a virtual gift card that can be redeemed at participating stores. Integrating the online and offline worlds for an effective and incentivised user experience has proved a vital tool in attracting and engaging shoppers as the pandemic changes the retail landscape.

Participation in the SHÖPING app comes as an additional, free-to-use service to our retail clients. They can develop their own branded loyalty programme, saving the cost involved in developing and marketing an app that would normally be out of the reach of small businesses.



Usage trends we are tracking are encouraging, with downloads increasing monthly. We have seen a steady increase in the rand value of vouchers purchased and redeemed. The number of participating retailers at Mall of Africa is also increasing steadily as our loyalty programme gains momentum. The SHÖPING app will be rolled out at all of our retail-experience hubs in phases and will significantly improve our shopper experience and omni-channel integration.

Transforming retail by understanding shopper behaviour

Attacq recognises the value of using data science and analytics to understand shopper behaviour. Using this anonymised data, our understanding of shopper behavioural trends allows us to create remarkable experiences at all our retail-experience hubs.

Using our wi-fi infrastructure, we can observe the amount of time shoppers spend in a store

and the percentage of shoppers who leave a store within a pre-defined amount of time, indicating quality of engagement. This system has been in use at the Mall of Africa, Lynnwood Bridge Retail, Glenfair and Eikestad Mall for some time. During FY21, we implemented it at the Garden Route Mall and MooiRivier Mall.

Being able to share the behavioural insights we gather from our analytics platform with national retailers has allowed us to hold constructive conversations. For example, Massmart chose to build its first Walmart version of Game in South Africa at Mall of Africa, based on the valuable insights we provided on its existing store.

Streamlining real estate management

MyBuildings is a software management tool that was introduced two years ago and is aimed at streamlining various operational and facilities management functions. The platform uses predictive analytics to assist with the management of maintenance, risk and compliance, employee and supplier performance, as well as health and safety.

Specific features of MyBuildings include a dashboard showing live asset operational analytics, centralised documentation management of SLAs, certifications and building information, exception reports, preventative maintenance scheduling with alerts and notifications, as well as a client communication tool.

The system was developed based on OHS compliance, building standards and best practice management systems. The implementation of the app has resulted in enhanced employee productivity, improved time management, effective preventative maintenance and significant improvements in our annual external OHS audit scores.

Predictive data will support a proactive rather than reactive approach to strategic operational planning to further adapt and improve operational functions, execution and efficiencies.

Innovation for value creation, growth and to stay ahead of the curve

New avenues for value creation

We have embarked on an externally facilitated growth programme to explore and develop new opportunities for Attacq in a structured, risk-managed and repeatable manner. This programme will take us through a process of sourcing, developing and prioritising opportunities in search of avenues for value creation.

The Attacq retail-experience and collaboration hubs

We refer to our malls as retail-experience hubs because we recognise that providing an attractive retail-experience is key to our success. The accelerated adoption of online commerce during the enforced lockdown and desire for on-demand services by shoppers are structural changes affecting the future of retail. In response, we have launched the SHÖPING app at the Mall of Africa (see Improving our shopper experience, [page 103](#)). We believe that a multi-purpose environment presenting leisure activities as well as convenient service will result in our retail-experience hubs being the destination of choice. During FY22, we will introduce new experiences at our retail-experience hubs as well as enhancing convenience by reinventing traditional goods and service offerings.

The office environment is evolving as the work from home concept is adopted. Workspaces are transforming into places where people meet to collaborate and white spaces are being replaced with an attractive look and feel. Spaces are now better utilised and include breakaway areas. We are actively accommodating the change in our clients' requirements, by providing for flexibility in our lease agreements.

Technology

Digital transformation journey

Our IT function is evolving from a support function to a digital enabler that is embedded in everything we do. For example, we strive to improve our CX journey through the centralisation of data and automation of processes. Our digital transformation journey has both an inward view and an external outlook. The inward view includes the automation of business processes as well as real-time data integration and data analysis to understand our operations while supporting our decision-making process. Examples of inward-looking initiatives include the MyBuildings app (discussed under streamlining real estate management, [page 103](#)) and behavioural analytics (discussed under transforming retail by understanding shopper behaviour, [page 103](#)). The behavioural analytics platform, fATTi, is also an example of having an external outlook as it offers data that influence our decision-making.

Digital platform

During the year, we assessed our current IT infrastructure and developed an IT road map to support Attacq's strategy. Our aim is timeous and efficient IT support and delivery to our company, founded on the right infrastructure and supported by skilled people.

The first step in our IT road map is to finalise the set-up of our modern data platform. This will address the need of centralising all our data for integrated reporting.

ICT Governance

A robust ICT governance framework is essential in supporting our ICT plan. An ICT steerco was introduced to monitor our direction and the progress against our ICT plan, as well as to review ICT policies and compliance with regulations, including POPIA implementation.

We engaged with CyriskCo Advisory (Pty) Ltd to implement an ICT Governance Framework within the Attacq ICT environment. The implementation of the framework is based on the nCyRisk platform and has been integrated with the Attacq enterprise risk management system. The nCyRisk platform has optimised the daily monitoring of our cyber and information security control environment. Our suppliers of ICT services are now completing an ICT security assessment for integration with the nCyRisk platform, enabling continuous monitoring and improved security.

An ICT security assessment with an ICT Governance and Compliance Roadmap for cyber and information security resilience was completed during the year. A comprehensive project plan for ICT compliance was developed and is being implemented. We are in the process of reviewing and updating our ICT policies to ensure alignment with best practice. Our information security framework integrates several best practices to create a best-of-breed security framework. During FY22, we will continue with the roll-out of the planned ICT roadmap for governance and cybersecurity.

Looking ahead

Intended outcomes	Innovation		Technology		
	Innovation enabled by technology	Innovation for value creation, growth and to stay ahead of the curve	Digital transformation journey	Digital platform	ICT governance
Planned projects for FY22 and beyond	<ul style="list-style-type: none"> Various initiatives to deliver smart, safe and sustainable hubs Sky-risers – CX journey: customer relationship management platform for all our stakeholders Transforming retail: data science and analytics to understand human behaviour Further roll-out of SHÖPING application 	<ul style="list-style-type: none"> Explore new avenues for value creation by undertaking a comprehensive study, facilitated by professionals, to enable the organisation's growth ambitions Collaboration hub: adapt to the work from home model by providing flexible leases and spaces Retail-experience hub: use our existing assets to understand and create new investment opportunities and in the process, safeguard our assets Further roll-out of SHÖPING application Collection points for shoppers who want quick and convenient shopping 	<ul style="list-style-type: none"> Improve our customer experience (cost, efficiency, effectiveness) through centralisation of data and automation of processes <p>Inward view</p> <ul style="list-style-type: none"> Automation of business processes (including robotics) Through real-time data integration and analysing data, understand our internal business operation while supporting our decision-making process using the insights gathered <p>External view</p> <ul style="list-style-type: none"> Offer real-time and actionable data to inform our external stakeholders 	<ul style="list-style-type: none"> Fast ICT delivery, founded on the right infrastructure and supported by skilled people <p>Inward view</p> <ul style="list-style-type: none"> Setting up of an automation centre of excellence by introducing artificial intelligence (robotics) augmenting our workforce Finalise our modern data platform set-up <p>External view</p> <ul style="list-style-type: none"> Offer real-time and actionable data to inform our external stakeholders 	<ul style="list-style-type: none"> ICT steerco to review policies, monitor progress against ICT plan Board to adopt the revised ICT plan ICT compliance with technology regulations, including POPIA



Corporate governance

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- 110 Our board



The Ingress, Waterfall City

We consider the UNGC's principle 10:

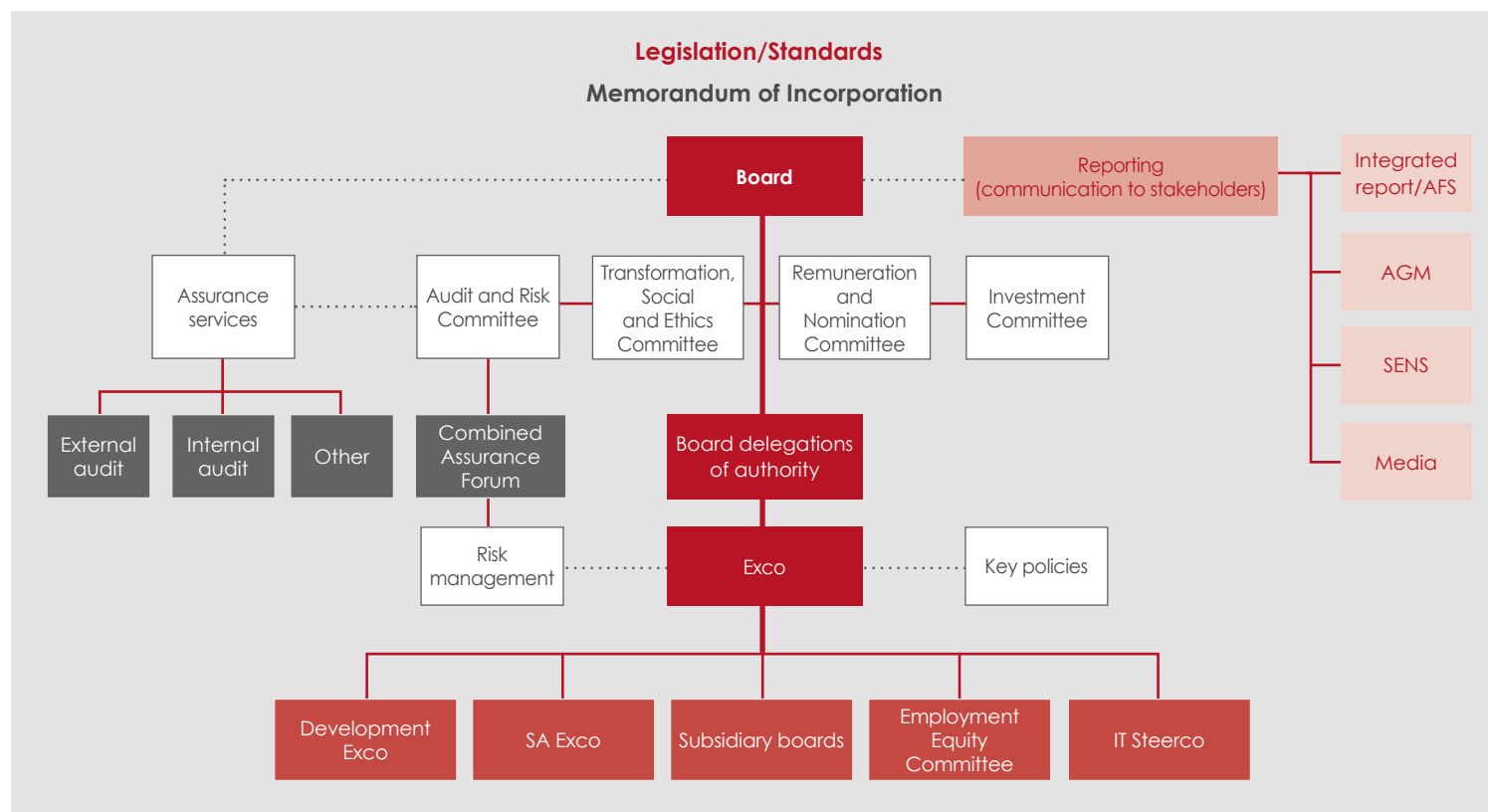
Principle 10
Anti-corruption

Businesses should work against corruption in all its forms, including extortion and bribery.

Our approach to governance

Effective corporate governance is a vital component and contributor to Attacq's sustainability. Our commitment to the highest standards of corporate governance is a key enabler of our value creation for all our stakeholders. A culture of good governance permeates through the organisation, across all occupational levels, from the board, executive management and employees. Our governance practices and robust risk and compliance framework complement our entrepreneurial approach in conducting business.

Attacq group governance framework



All decisions and actions of the board and executive management are underpinned by Attacq's values and driven by our purpose: to create smart, safe and sustainable community spaces with remarkable experiences.

To ensure our governance processes remain effective and support our business strategy and objectives, the board regularly monitors its governance processes including – but not limited to – legal, risk and compliance management, IT governance, ethics and anti-corruption, effective assurance services, internal financial controls, transactions and funding arrangements.

The board has delegated various responsibilities to the committees: ARC, TSE, Remco and IC. In addition, the exco, led by the CEO, has been tasked with the formulation, management and implementation of Attacq's strategy, in line with clear KPIs that have been set and monitored through Remco.





The two-day board strategy that was planned to take place during the first half of the year was moved to the end of August 2021 owing primarily to actions that management needed to undertake in response to COVID-19 related disruptions, including the continued focus of health and safety of all stakeholders.

We are satisfied that our governance processes are robust with regard to the continued impact of COVID-19 on the business. The board continues to monitor the impact of COVID-19 including that on related sectors and property valuations.

The board remains confident it is effectively fulfilling its role as a focal point and custodian of corporate governance within Attacq, in line with principle 6 of King IV.

Our intended outcomes

Our intended outcomes, FY21 performance and FY22 KPIs are summarised below:

	Good governance practices	Ethical culture	Remuneration governance	Board and executive management	Transparency and disclosure
FY21 intended outcome	Not defined in our FY20 integrated report				Ensured alignment between the JSE Listings Requirements, King IV, IFRS and other reporting standards.
Performance in FY21	Achievements in FY21 on  page 109	Achievements in FY21 on  page 109	See Remuneration report,  page 109	See board leadership and performance,  page 109	The alignment to codes and standards was achieved by providing comprehensive, accurate and comparable information to the market We received positive feedback on our 2020 integrated and sustainability reports during one-on-one interactions with fund managers
Looking ahead and KPI for FY22	Continued compliance with all legislation and regulations Refocused decision-making metrics	Design and implementation of ethics programme throughout Attacq	Independent benchmarking of all remuneration	Continue to monitor exco and board succession plan in line with our diversity policy and business requirements	Continue with open communication in various forms Consider feedback from the ESG roadshow and implement where appropriate



Strategic
objective:

Act to protect the interest of the company, shareholders and other stakeholders

What we achieved in FY21

The transforming actions depicted below highlight some of our key achievements in FY21 and demonstrate how we create and preserve value through our commitment to good governance.

Inputs (linked to King IV principles) Ethical and effective leadership

The board sets the tone by leading the company ethically and responsibly

Strategy, performance and reporting

The board engaged with management on strategic matters, reviewed strategic performance and conducted site visits

Structured and delegated authority

The board was the focal point of mandates and deputations that would support independent judgement and an effective discharge of duties

Assurance and controls

Risk management and compliance with laws and regulations are fundamental to Attacq's strategy and business. The pervasiveness of risk means that the board considers risk management an integral part of Attacq's strategy. Risk management is embedded in our business processes to ensure we achieve the formulated strategy but do not compromise the risk appetite

Stakeholder relationships

The board adopted a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interest of the group over time

Transforming actions and outputs

Ethical and effective leadership

- Set strategic direction for Attacq
- Approve key policies
- Monitor the operational performance through board/committee meetings

Strategy, performance and reporting

- Monitor the alignment between Attacq's strategy and business model with changes in the economic environment
- Endorsed salary benchmark to achieve competitive and responsible remuneration for recruitment and retention strategy
- Renewed focus on organisational culture and adopted a formal board monitoring process (see Our strategy [page 42](#))

Structured and delegated authority

- Endorsed the restructuring of the exco to align with the refocused company strategy
- Approved KPIs and targets (See [page 43](#))

Assurance and controls

- The combined assurance model is based on five lines of defence (see Risk and opportunity, [page 34](#))
- Restructuring of finance function resulting in increased capacity and skills
- Approved ethics programme to be implemented group-wide

Stakeholder relationships

- Issued detailed trading statements, particularly regarding the impact of COVID-19
- Engaged with all funders to ensure they all have the same information
- Responded to legitimate needs and interests of stakeholders (See Our key relationships, [page 26](#))

Governance outcomes (King IV)

- Ethical leadership
- Good performance
- Effective control
- Trust and legitimacy

Our board

The composition and structure of the board and its committees enables the board to lead ethically and exercise independent judgement in line with principle 8 of King IV, which encourages independent judgement and the desired balance of power. The board consists of nine members, with a majority of seven being independent non-executive directors. The board comprises board committees and an executive committee that has been mandated with specific responsibilities to enable the board to effectively discharge its duties. During the year, the board convened seven board meetings. The two-day strategy session was rescheduled and took place post-year end on 26 and 27 August 2021.

Ethical leadership

The board subscribes to the highest standards of ethical behaviour and best practice in monitoring the affairs of Attacq. Strong, ethical leadership is key to our ability to deliver on our value creation commitments.

The board is committed to the three principles outlined below:

- **Transparency:** We maintain an environment of openness and transparency to promote the confidence of all our stakeholders.
- **Integrity and fairness:** These are hallmarks in dealing with all stakeholders, including fellow directors, shareholders, our employees, our clients, our suppliers, residents in the communities in which we operate, our JV partners, our funders and other stakeholders.
- **Accountability:** We believe our activities must withstand scrutiny by all stakeholders, including shareholders, the communities in which we operate, clients, suppliers, the media, our employees, regulatory bodies and other stakeholders.

The responsibility for monitoring our ethical culture has been delegated to the TSE, in line with Companies Act requirements and from a good corporate citizenship perspective.

ARC monitors ethical culture from a risk and compliance perspective. The board is required to adhere to the directors' code of ethics and conduct policy, which is reviewed regularly to consider any changes in legislation, other legal requirements and codes of best practice adopted by Attacq. All board members submit a director's declaration of interest annually or as necessary, as per the requirements of the Companies Act. An independent whistleblowing facility with anonymous tip-off reporting is in place, in line with our whistleblowing policy.

All employees are required to adhere to the Attacq code of ethics and conduct policy, approved by the board and reviewed regularly. Awareness programmes to promote an ethical culture within Attacq are in place and monitored through the above-mentioned board committees.

Key leadership roles and function

There is a clear distinction between the responsibilities of the chairperson and the CEO, as defined in the board charter. This promotes an appropriate balance of power and authority within the board to ensure no one director has unfettered powers in

decision-making. In addition, the board has set clear KPIs for the CEO that are aligned with the strategic objectives of Attacq.

The board is led by an independent non-executive chairperson, Pierre Tredoux. In addition the board has voluntarily elected to appoint a lead independent director in terms of King IV and JSE Listings Requirements, paragraph 3.84(c). Hellen El Haimer was appointed as lead independent director on 7 September 2017.

Chairperson

The chairperson leads the board to ensure it is effective in setting and implementing Attacq's strategy. Though the chairperson has direct access to the management team, the primary point of management liaison on board matters is the CEO, with support from the company secretary, where deemed necessary. The chairperson remains responsible for upholding the integrity and effectiveness of the board and its committees.

Lead independent director

The lead independent director chairs the board in the absence of the chairperson or if the independence of the chairperson is considered impaired. The lead independent director also leads the performance appraisal of the chairperson.

CEO

The CEO is responsible for the day-to-day management of Attacq and for implementing the strategy and vision, as approved by the board. The CEO is also the liaison between management and the board, with the support of the company secretary, where deemed necessary. Melt Hamman resigned as the CEO on 30 April 2021 and the board appointed Jackie van Niekerk as CEO on 1 May 2021.

Board and committee attendance

The board demonstrated overall meeting attendance of 96.9%, which affirms the board's commitment.

Name	Board	ARC	TSE	Remco	IC
Meeting attendance (%)	96.9	95.2	100.0	100.0	96.7
P Tredoux	7/7			5/5	13/13
HR El Haimer	7/7	7/7	5/5		
M Hamman**	6/6				8/8
TP Leeuw [^]	2/3				5/5
IN Mkhari	6/7		5/5	3/3	
BT Nagle*	2/2	3/4			3/3
S Shaw-Taylor	7/7	7/7			13/13
AE Swiegers ^{^^}	4/4	3/3	1/1		
JHP van der Merwe	7/7			5/5	
JR van Niekerk***	7/7		4/4		5/5
R Nana	7/7				11/13

* Retired on 27 November 2020

** Resigned on 30 April 2021 as CEO

*** Appointed on 1 May 2021 as CEO and resigned as alternate IC member to R Nana and appointed as IC member; resigned on 28 April 2021 as TSE member

[^] Appointed on 10 February 2021 to the board; appointed on 28 April 2021 to IC

^{^^} Appointed on 14 January 2021 to the board and ARC; appointed on 28 April 2021 to TSE

Board independence

The assessment of the independence of directors serving for a period longer than nine years is conducted annually, as recommended by King IV. Accordingly, the board considered and confirmed the independence of Pierre Tredoux and Johan van der Merwe, and confirmed that they remain suitable to continue to serve on the board.

Matters considered by the board for FY21

Key matters considered

Update on revised group strategy

Business update and asset disposal plan

Enterprise risk management reports

Update and enhancement on IT governance

ESG plan presentation

Feedback on annual assessments of board independence

Group insurance cover for FY21

Board sub-committee feedback

Group procurement and organisational culture sub-committee feedback and management steps to be taken on organisational culture

Medium impact of COVID-19 and lockdowns (property valuations) and sector changes

Three-year forecast

Key matters resolved/approved

Board reviewed and agreed on the purpose and vision of the company

Disposals approved:

- 50.0% undivided share in the Deloitte head office
- 50.0% undivided share in the Amrod building and Massbuild distribution centres
- 50.0% undivided share in 56 723m² of undeveloped land to be co-developed by Attacq and Equites with Cotton On as a client
- 100 660 317 shares in MAS

Budget for FY22

Asset valuations, including leasehold land, by external property valuers

Interim financial results and annual financial results, including dividend decision

Cash flow forecast, covenant sensitivities, solvency and liquidity statement and section 45 financial assistance

Debt refinancing and reduction plan

Implementation of board succession plan

- Appointment of CEO
- Appointment of two independent non-executive directors

Approval of policies and charters:

- Board diversity policy
- Whistleblowing policy
- Committee charters (TSE, ARC and Remco)



The board is satisfied it has fulfilled its responsibilities in terms of its charter for the reporting period.

Board leadership and performance

The board adds value by applying its collective knowledge and experience to ensure we achieve our strategic objectives. The board continues to work with and supports the management team to ensure the successful implementation of strategic and tactical decisions taken in FY20 in response to the impact of COVID-19. Furthermore, the board continues to proactively assess and monitor risks and make strategic decisions that will ensure the future success of Attacq. During the year under review, the board considered feedback from the previous board assessments and other internal assessments and some of the key governance improvements are noted below.

Identified areas of improvements in FY20

FY21 Milestones

Increased challenge and debate around the changing context and long-term impact on Attacq's strategy	Increased focus on forward-looking strategic matters. The board has adopted a strategy that will underpin the future success of Attacq (refer to  page 42 on revised strategy)
Increased focus on succession at both non-executive and executive director level	<p>The board appointed a CEO from within the group</p> <p>Two independent non-executive directors were appointed to the board, in line with our broader diversity policy.</p> <p>Race and gender targets have improved.</p> <p>Reviewed the structure of the executive team to ensure the team has the right skills to take the business forward</p>
Organisational culture	<p>Attacq continues to develop an inclusive approach with regards to organisation cultural. This is undertaken by various organisational cultural initiatives which promote Attacq values.</p> <p>(Refer to Human capital, from  page 78).</p>
More formalised and regular performance evaluation and feedback to the CEO and the rest of exco	Structured feedback linked to KPIs has been implemented. The process includes monitoring of developmental areas as part of the succession plan process

The collective efforts of the executive directors and NEDs – with their diverse skills, knowledge and experience – enabled robust board discussions, resulting in innovative ways to manage the business. The CEO is a board member of SAPOA, which enables her to gain insight from other industry leaders in better understanding risks faced by the real estate sector. A stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in line with principle 16 of King IV has been adequately considered and implemented.

Fountains at Waterfall Park



Jackie van Niekerk, Allen Swiegers and Thabo Leeuw.



Board appointments, resignations, retirement and re-election

During the year under review, Remco recommended appointments to the board after a robust selection process was followed, with due regard to broader diversity policy and succession planning requirements.

Any director appointed during the year may hold office until the next AGM, where shareholders confirm the appointment. During the year under review, Thabo Leeuw and Allen Swiegers were appointed to the board. In addition, the following appointments and resignations were made to the board committees:

- Jackie van Niekerk and Thabo Leeuw were appointed as members of the IC.
- Allen Swiegers was appointed as a member of the ARC and TSE committees.
- Jackie van Niekerk resigned from the TSE committee.

A formal induction process for Thabo Leeuw and Allen Swiegers was followed, resulting in a quick integration process to enable the directors to immediately discharge their responsibilities and make the maximum contribution within the shortest possible time. The terms and conditions for serving as a member of the board are formalised in each letter of appointment. The transition of Jackie van Niekerk from COO to CEO was seamless, with a handover period of three months.

In terms of the company's MOI, one-third of directors retire by rotation each year and are eligible for re-election by shareholders at the AGM. After due consideration by Remco, the board has recommended the re-election of Stewart Shaw-Taylor, Hellen El Haimer and Johan van der Merwe who retire by rotation in line with the provisions contained in the MOI.

The retirement age for NEDs is 70. The MOI provides that directors who have reached retirement age may remain on the board, subject to annual performance reviews. The period in office of directors is reviewed individually by the board on the recommendation of Remco.

Board and committee evaluations

Independent board and committee evaluations are conducted by an independent service provider every three years while every other year, self-evaluations assessments are conducted internally.

Self-evaluation board and committee assessments were conducted in September 2021. The results indicated the board and each of its committees were functioning effectively.

The key insight from the board effectiveness review indicated the following salient points:

- The board (and the board sub-committees) effectively discharge its fiduciary responsibilities and work cohesively
- The board and management work cohesively to achieve the company's strategic goals
- The board agenda strikes the right balance between strategic, business, risk and governance matters including ESG
- The recent board appointments were positive and the board will continue to monitor the succession plan in line with business requirements and diversity policy
- Opportunity for enhanced focus on the future strategic direction of the group including innovation and technology
- Opportunity for enhanced discipline in capital allocation will further support risk/return decision making. The board will revisit the principles around risk and return considering current economic climate and emerging risk
- Opportunity for enhanced focus on articulating how performance indicators are aligned to refocused strategic objectives and plans
- Opportunity for enhanced focus on the future strategic direction of the group including innovation and technology

Board diversity

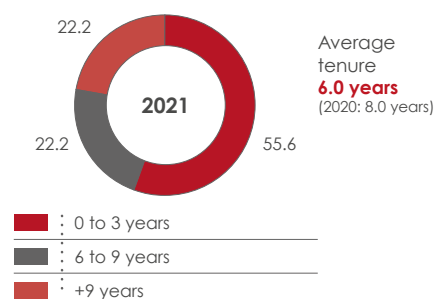
The board has adopted a policy on the promotion of broader diversity at board level, specifically focusing on the promotion of the diversity attributes of gender, race, culture, age, field of knowledge, skills and experience. In support of the commitment

of the board to diversity, at least 30.0% of the directors shall be from previously disadvantaged groups and at least 30% of the directors shall be female. Notwithstanding the absence of specific targets, the commitment to diversity shall extend to all aspects of diversity, including culture, age, field of knowledge, skills and experience.

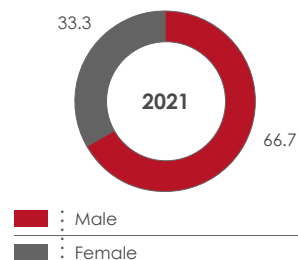
The members of the governing body have sufficient working knowledge of the organisation, its industry, the triple context in which it operates, the capitals it uses and affects, as well as the key laws, rules, codes, and standards applicable to the organisation.

Six capitals and governance	Financial capital		Manufactured capital		Natural capital	Human capital		Social and relationship capital			Intellectual capital		Governance		
Board members/skills	Financial accounting, reporting, taxation	Financial markets/funding	Property development	Property management	Environmental sustainability	Human resources	Remuneration and rewards	Corporate social responsibility and transformation	Health and safety	Stakeholder relationships	Technology and cyber-security	Investment and asset management	Risk and opportunity management	Corporate governance	Legal
Pierre Tredoux	✓	✓	✓	✓			✓	✓		✓		✓	✓	✓	
Hellen El Haimer			✓	✓	✓	✓		✓	✓		✓		✓	✓	✓
Thabo Leeuw	✓	✓				✓	✓				✓	✓	✓	✓	
Ipeleng Mkhari			✓	✓		✓	✓	✓		✓		✓	✓		
Stewart Shaw-Taylor	✓	✓	✓	✓						✓		✓	✓	✓	
Allen Swiegers	✓	✓				✓		✓					✓	✓	
Johan van der Merwe	✓	✓	✓				✓			✓		✓			
Jackie van Niekerk			✓	✓	✓			✓	✓	✓	✓	✓			
Raj Nana	✓	✓	✓				✓			✓		✓	✓	✓	

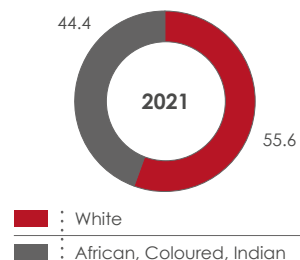
Board tenure (%)



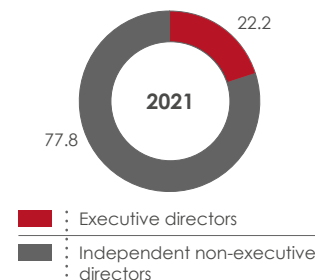
Board gender diversity (%)



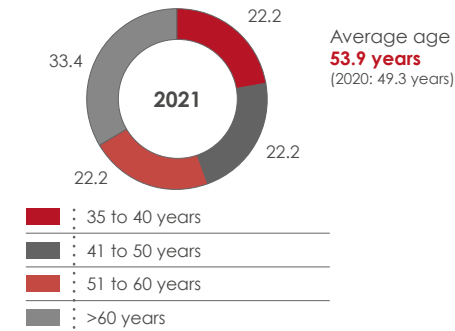
Board racial diversity (%)



Board independence (%)

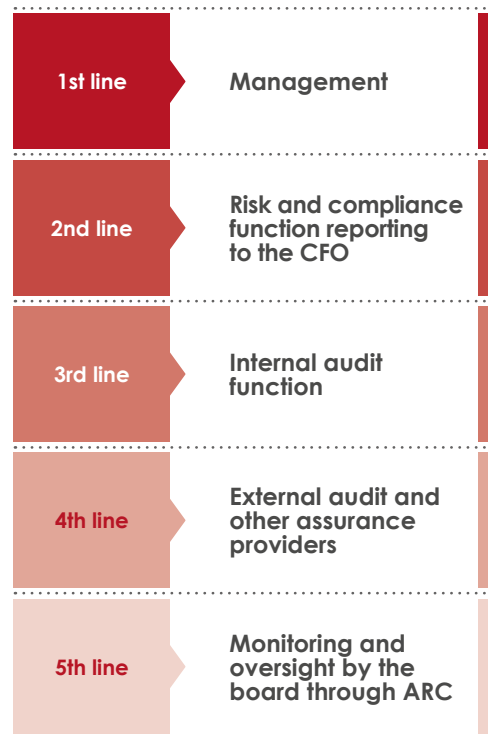


Board by age (%)



Combined assurance

Attacq has adopted a combined assurance model to further strengthen the internal control environment that enhances the assurance obtained from management, and internal and external assurance providers. A combined assurance governance framework is in place. This function is governed through the CAF that reports to ARC which, in turn, supports the board in embedding combined assurance in the business. The terms of reference of CAF are approved by ARC. CAF comprises exco, identified senior management, a representative from internal audit, (PwC), and a representative from our external auditor (EY) for the review period. Attacq's response to risks affecting it is arranged according to the five lines of defence model, as outlined below.



The board is satisfied that the combined assurance model incorporates and optimises the various assurance services and functions so that, taken as a whole, they support the objectives for assurance.

The board is also satisfied that the combined assurance model is effective and sufficiently robust for the governing body to be able to rely on the underlying statements about combined assurance the governing body makes concerning the integrity of the organisation's external reports.

The board assesses the output of the organisation's combined assurance with objectivity and professional scepticism and by applying an enquiring mind. Directors form their own opinions on the integrity of information and reports, and the degree to which an effective control environment has been achieved.

The board assumes responsibility for the integrity of external reports issued by the organisation by setting the direction for how assurance of these should be approached and addressed, considering legal requirements in relation to assurance.

Company secretary

Anda Matwa is appointed as company secretary and acts as the governance advisor to ensure the board is aware of its fiduciary duties and responsibilities and kept abreast of relevant changes in legislation and governance best practice. She acts as company secretary to the board and its committees. The board has unfettered access to the company secretary. The board assessed the company secretarial function for the review period, as required by the JSE Listings Requirements and confirms that the company secretary continues to demonstrate the requisite level of knowledge and experience to carry out her duties.

The board is also satisfied that she is independent of management; does not have executive duties and responsibilities, aside from the core responsibilities of a company secretary; is not a material shareholder of Attacq Limited; and is not party to any major contractual relationships with Attacq Limited and the group.

The certificate that the company secretary is required to issue in terms of section 88(2)(e) of the Companies Act is on our [website](#) as part of the annual financial statements.

Governance of ICT

The board supports the ICT approach and plan. As a derivative of the strategy, an ICT plan was developed. An ICT steering committee was established to develop the implementation framework and ensure that the implantation thereof across the business. The plan is monitored against the strategy by the board through ARC.

Refer to Intellectual capital, [page 101](#) for more information on ICT governance.

Compliance with applicable laws

Attacq has remained compliant with all applicable laws, particularly with reference to the incorporation provisions as set out in the Companies Act, and has operated in conformity with the company's MOI during the year under review.

Dealing in securities

Attacq has adopted a policy on trading in securities that prohibits directors and employees from trading in its securities during closed periods, cautionary periods and as a result of obtaining non-public, price-sensitive information. Closed periods are in effect from 1 January until the publication of interim results and from 1 July until publication of

year-end results. Closed periods also include any period where Attacq is trading under a cautionary announcement. All directors' dealings (including prescribed officers and associate dealings where the director has control) require the prior approval of the chairperson or CFO/CEO.

Annual compliance certificate

Attacq has complied with the JSE Listings Requirements and disclosure requirements prescribed by the JSE. The annual certificate confirming the company's compliance was completed and submitted to the JSE on 20 October 2021.

Sponsor

Attacq is required to appoint a sponsor in terms of the JSE Listings Requirements and management maintains a good working relationship with its sponsor, Java Capital Trustees and Sponsors (Pty) Ltd. The board is satisfied the sponsor continues to fulfil its obligations as per the JSE Listings Requirements for the year under review.

Access to information

Board members have direct access to Attacq's external auditors, internal auditors, company secretary and all members of exco. The MOI and board/committee charters provide for any director to obtain independent, external professional advice at the cost of the company on matters within the scope of their duties.

Application and implementation of King IV

Attacq has adopted the principles and recommended practices of King IV. The King IV application register is available on our website (<https://www.attacq.co.za/esg-space/>).

Report on committees of the board

Audit and Risk Committee

Summary of committee mandate

This statutory committee is responsible for:

- Assuring the board of the reliability of financial information by monitoring the external audit function, including independence.
- Assuring the board of the adequacy and efficiency of internal financial controls by overseeing the internal audit function.
- Monitoring compliance with legal and regulatory requirements.
- Ensuring there are robust risk management systems to identify, monitor and manage material business, financial and other risks (e.g. IT governance; health, safety and environment; cyberattacks; fraudulent practices; corruption).
- Reviewing and recommending the group's solvency and liquidity positions to the board for approval.
- Monitoring the governance of compliance and ensuring that high standards of reporting are maintained.

Composition

A minimum of three directors, all of whom shall be independent non-executives approved by shareholders at the AGM.

The chairperson of the board shall not be a member of the committee.

All three members are independent NEDs:

- Stewart Shaw-Taylor (chairperson)
- Hellen El Haimer
- Allen Swiegers (appointed on 14 January 2021)

Raj Nana (CFO) and Jackie van Niekerk (CEO) are standing invitees with no voting powers. Representatives of internal audit (PwC) and external audit (EY) are also standing invitees with no voting powers.

Anda Matwa is the secretary of the committee and attends all meetings.

Key matters considered

Valuation of investment property, leasehold land and developments under construction

OHS Act compliance

Rest of Africa retail investments

Significant judgements and estimates

Going concern and liquidity

IT governance and processes

Key risks and mitigation strategies and procedures

Annual meeting with internal and external auditors without the CFO being present

Updates of assets disposal transactions

Debt exposures and refinancing updates

New and existing IFRS statements and guidelines and the impact thereof on financial statements

Internal Financial Controls Framework

Annual insurance cover including SASRIA cover

Key matters resolved/approved

Recommended the interim and annual financial results to the board for final approval

Confirmed to the board the ongoing solvency and liquidity of the company as required from time to time

Recommended the adoption by the board of valuations carried out by external property valuers on investment property, developments under construction and leasehold land

Adopted the enterprise risk register and procedures implemented to mitigate risks

Approved the internal audit plan, progress reports and budgeted fees

Approved the scope of work and approach of the external auditors for interim and year end as well as the budgeted fees thereof

Confirmed the suitability of the level of expertise, resources and experience of the company's finance function, as well as the suitability of the expertise of the CFO

Recommend ARC charter to board for final approval

The Audit and Risk Committee is satisfied it has fulfilled its responsibilities in terms of its charter for the reporting period

Remuneration and Nominations Committee

Summary of committee mandate

As recommended by King IV, this committee:

- Sets the group's remuneration policy and principles and ensures remuneration practices are fair, responsible and transparent while achieving strategic objectives in the short, medium and long term.
- Leads the process of board appointments, including identifying and nominating suitable candidates for approval by the board.
- Maintains the company's status quo as a responsible corporate citizen, overseeing that remuneration trends and related matters are addressed when discharging its duties.
- Implements an adequate and formal executive succession plan and framework.
- Reviews and recommends annual remuneration implementation plan to shareholders at the AGM.

Composition

A minimum of three NEDs, with an independent majority. The committee may include the chairperson of the board, but they may not chair this committee.

All three members are independent NEDs:

- Johan van der Merwe (chairperson)
- Ipeleng Mkhari
- Pierre Tredoux

Jackie van Niekerk (CEO) is the standing invitee with no voting powers. Raj Nana (CFO) attends by invitation on specific matters with no voting powers.

Anda Matwa is the secretary of the committee and attends all meetings.

Key matters considered

Reviewed the objectives of the remuneration policy

Diagnostic culture of the executive management team and update on the executive director development plan independently done by Spencer Stuart

Annual review of market-related remuneration

Considered the annual re-election of directors retiring by rotation as per the MOI

Annual review of market-related NED fees

Performance management system is operational and in line with strategic objectives

Impact of proposed Companies Amendment Bill

Key matters resolved/approved

Recommended the board succession plan for approval by the board

- Appointment of CEO
- Appointment and two independent non-executive directors
- Sub-committee composition

Approved GTP and STIs for CEO designate

Approved the independent benchmarking process on of STIs and LTIs

Reviewed and recommended the non-executive director fees

Approved the annual GTP for executive directors, prescribed officers and company secretary

Approved the KPIs for 2021 STIs (CEO, CFO and COO)

Approved 2020 STIs

Approved LTIs (actual vesting % for 14 October 2020); performance conditions for share options to be matured on 14 October 2023 and number of share options to be awarded)

Approved the EE Plan

Reviewed and recommended the Remco charter for final approval by the board

Approved Remco reports (Remuneration policy and Remuneration Implementation Plan) for submission to shareholders at AGM

Reviewed and recommended the board diversity policy for final approval

The Remuneration and Nominations Committee is satisfied it has fulfilled its responsibilities in terms of its charter the reporting period

Transformation, Social and Ethics Committee

Note from the Chairperson

Attacq remains committed to being a good corporate citizen. Our dealings with internal and external stakeholders demonstrate our organisational values: integrity, collaboration, accountability, creativity and sustainability. Our stakeholder engagement policy informs our communication plan. The strength of our relationships with our key stakeholders is continuously highlighted, particularly regarding our people, management's engagement with clients, lenders and communities in which we operate. Attacq actively maintains and strengthens relationships, with our key stakeholders, and this is displayed in various mechanisms used to engage with our people, our clients, the lenders, and our communities. (See Our key relationships, [page 26](#))

In addition to the existing communication channels with our shareholders, we are planning our first ESG roadshow in November 2021. The feedback from such engagements will be considered over the next year and agreed actions that support our strategy will be implemented.

Organisational ethics is monitored by the board through the TSE. Attacq continues to develop an inclusive approach with regards to organisation culture. This is undertaken by various organisational cultural initiatives which promote Attacq values. Refer to Human Capital, [page 78](#) for more information.

Attacq strives to contribute meaningfully to the communities in which we operate through support and upliftment programmes offered by the Attacq Foundation. During the year, we continued to promote transformation in the interest of all citizens.

Refer to Social and relationship capital, [page 89](#).

Our commitment to uphold the highest standards of ethical, moral and legal business conduct, are evident in the suite of policies, we have introduced, ranging from an anti-corruption policy, whistleblowing policy and a gift policy, which apply to all such persons in all dealings and transactions in all countries where Attacq operates. We also ensure that our contracts, cover elements of these policies, to ensure that its applicability extends to key stakeholders, as well.

Our expectation is that all our employees and board directors, demonstrate equal treatment, unbiased professionalism and non-discriminatory actions in relation to all the stakeholders with whom they come into contact in the course of their duties. The conduct of our employees and directors is further governed by our code of conduct policies.

Our whistleblowing policy aims to provide a method of appropriately addressing concerns that our employees and/or stakeholders might raise in good faith regarding fraud, corruption, malpractice or any form of impropriety at an Attacq.

The board and each board committee have specific mandates that are outlined in their charters and are reviewed regularly in line with King IV. In addition, the UNGC 10 principles, as well as its SDGs, OECD recommendations on anti-corruption practices and other codes of best practice, are embedded in our group governance framework. Attacq has adopted a robust legislative compliance awareness process which is monitored by the committee.



Lynnwood Bridge Offices, Pretoria

Summary of committee mandate

This statutory committee:

- Oversees the establishment of an ethical culture and monitors good corporate citizenship across Attacq's activities.
- Monitors environmental governance responsibilities of the group.
- Monitors Attacq's activities to achieve and maintain required standards in transformation and our social and ethics environment with due regard to relevant legislation, policies and prevailing codes of best practice.
- Reviews and monitors management of stakeholder engagement.
- Monitors the governance of compliance, considering relevant legislation, other legal obligations, policies and prevailing codes of best practice.

Composition

A minimum of three directors, with a majority of non-executive directors and at least one executive director. The chairperson of the board may be a member but may not serve as its chairperson.

The committee previously consisted of three independent NEDs and one executive director, but since April 2021 consists of three independent NEDs:

- Hellen El Haimer (chairperson)
- Ipeleng Mkhari
- Allen Swiegers (appointed on 28 April 2021)

Jackie van Niekerk resigned as a member on 28 April 2021 and is a standing invitee with no voting powers.

Anda Matwa is the secretary of the committee and attends all meetings.

Key matters considered

Monitored the Attacq's environmental sustainability and carbon footprint

Considered environmental sustainability's risks and opportunities focusing on material areas including:

- Climate change
- Biodiversity
- Emissions
- Cost of occupancy
- Resilience

Considered the approach to be taken on the adoption of the Attacq Group Climate Change policy

Monitored compliance with relevant legislation, regulations and industry codes

Monitored compliance of initiatives to combat fraud, bribery and corruption (anti-corruption measures, whistleblowing, insider trading, declaration of interest disclosures, ethical corporate culture)

Monitored Attacq's standing in respect of the OECD recommendations and UNGC 10 principles

Reviewed of employment equity and fair labour practices

Monitored Attacq's standing in respect of the EE Act and EE Plans

Monitored Attacq's performance/ standing/ level in respect of the B-BBEE Act

Monitored Attacq's SED and ESD spend

Corporate social responsibility initiatives

- Development of communities and report on CSI programmes
- Attacq Foundation
- Property Point

Status update on compliance of Attacq Foundation with Attacq governance framework

Monitored compliance of the marketing policy, review of negative press articles and the impact of marketing

Monitored compliance by the Attacq Group of the trademark policy

Stakeholder engagement matrix

Key matters resolved/approved

Reviewed and recommended the TSE charter to the board

Appointed the B-BBEE verification agent

Reviewed and recommended the Whistleblowing policy to the board policies to the board

Approved the following policies:

- Gift policy
- Intellectual Property Trademarks policy
- Anti-corruption policy

The Transformation, Social and Ethics Committee is satisfied it has fulfilled its responsibilities in terms of its charter for the reporting period

Investment Committee

Summary of committee mandate

This committee has been constituted in accordance with the King IV principles and is tasked with:

- Reviewing the group's investment strategy, setting targets and criteria.
- Assessing investment proposals for development, acquisitions and disposals.
- Assessing bank and loan funding, including debt restructuring, where applicable.

Composition

The majority of members of a committee of the board must be independent NEDs, as recommended by King IV.

The committee consists of three independent non-executive directors and two executive directors:

- Pierre Tredoux (chairperson)
- Stewart Shaw-Taylor
- Thabo Leeuw (appointed on 28 April 2021)
- Jackie van Niekerk (appointed on 1 May 2021)
- Raj Nana

Anda Matwa is the secretary of the committee and attends all meetings.

Key matters considered

Update on South African real estate portfolio's vacancies

Considered all investments cases recommended by management

Monitored progress and risks on existing development

Considered weighted average cost of capital analysis and peer review

Rest of Africa update

Residential strategy

Considered the Debt maturity profile

Group's debt reduction plan

- Weighted average cost of debt
- Reduction of syndicated loan
- Reduction of net asset value covenant

Key matters resolved/approved

Approved the annual Waterfall City infrastructure budget

Recommend the disposal of undivided share in the Deloitte Office Building for final approval by the board

Approved the development of

- Nexus office building 1 (7 456m²)
- New 20 711m² industrial warehouse for Cotton On

Recommended the disposal of

- 50.0% undivided share in the Amrod building and Massbuild Distribution Centres
- 50.0% undivided share in 56 723m² of undeveloped land to be co-developed by Attacq and Equites with Cotton On as a client

Approved weighted average cost of capital

Approval in principle of The Mix Residential Development

Approved phase 2 Ellipse Residential Development

Approved the development of Corporate Campus Buildings 6 and 7

Approved the debt refinancing

- Attacq Retail Fund (Pty) Ltd and Lynnwood Bridge Office Park (Pty) Ltd syndicated loan with a consortium of lenders
- The Mall of Africa term loan with Nedbank Limited

Recommended the disposal of 100 660 317 MAS shares

The Investment Committee is satisfied it has fulfilled its responsibilities in terms of its charter for the reporting period



Courtyard Hotel, Waterfall City

Remuneration report

Part 1: Introduction and background statement

Dear shareholders

Remco is responsible for setting the group's remuneration policy and principles and ensuring remuneration practices are fair, responsible and transparent while making certain we fulfil our strategy to deliver sustainable value for all our stakeholders in the short, medium and long term. The aim of Remco is to position Attacq in the market to attract, motivate reward and retain key and critical talent within the business. Accordingly, Remco is required to maintain the company's status quo as a responsible corporate citizen, overseeing that remuneration trends, benchmarking and remuneration matters are addressed and/or considered when discharging its duties. In addition to its remuneration responsibilities, Remco has been tasked with certain nomination responsibilities, which include leading the process of board appointments by identifying and nominating suitable candidates for the approval of the board.

As disclosed in the corporate governance review, there was adequate focus on the board succession plan during the year under review. Brett Nagle retired on 27 November 2020 as a director, IC and ARC member. The committee followed a robust recruitment process with the assistance of an external independent service provider to appoint appropriate directors to the board. On recommendation by Remco, the board made the following appointments:

- Allen Swiegers as director and member of ARC and TSE
- Thabo Leeuw as director and member of IC

It is important for the board to collectively possess the required skills and expertise to discharge their fiduciary duties while maintaining independence. Thabo Leeuw and Allen Swiegers bring a wealth of knowledge and have already contributed meaningfully to the board.

In addition, Jackie van Niekerk – who was the previous COO – was appointed as the CEO to replace Melt Hamman who resigned end April 2021. The appointment of Jackie was in line with the existing succession plan. The board resolved that the COO position will not be filled, and the executive management structure was reconfigured by the CEO to optimise and enhance the executive team, in alignment with the business strategy.

In recognition of Melt's contribution and commitment to Attacq since its listing and more recently the leadership he demonstrated in managing the impact of COVID-19, the committee resolved to settle his outstanding share options in line with the provisions of the LTIP for good leavers. Similarly, the company settled his STI for the year (in line with set KPIs) on a pro rata basis up to the date of his resignation. Full details are contained on [page 129](#), Part 3: Remuneration implementation report.

Remco members considered the tactical implementation plan taken to manage the continued impact of COVID-19 to the business, particularly in the context of the company's actual performance and the KPIs linked to the performance for both STI and LTI. Remco remains committed to its guiding principles to remunerate fairly and responsibly while making sure the key and critical skills required to manage the business are retained.

Refer to the Corporate governance report, [page 106](#), for a summary of the Remco's mandate and composition as well as FY21 key matters considered, resolved or approved during the year under review. Remco's meeting attendance is disclosed on [page 111](#).

Background statement on remuneration strategy

As part of the Attacq's human capital strategy, our remuneration practices are designed to attract, motivate, reward and retain employees. Our remuneration structure comprises of three main components:

- GTP: to attract and retain employees with key and critical skills and high-performing employees. This component is aligned with short-term strategic objectives.
- STI: annual bonuses and commissions to motivate and reward qualifying employees. This component is aligned with the company's short-term strategic objectives.
- LTI: LTIP shares, retention share options and SAR are primarily aimed at attracting, retaining and rewarding key and critical skills and high performing employees. This component is aligned with long-term strategic objectives. All qualifying employees are awarded annual long-term incentive plans shares.

Attacq's remuneration practices are aligned with our strategy. Employees' individual contribution plans are informed by team KPIs aligned with our strategic goals.

GTP is mostly positioned at the market median, with key and critical skills remunerated at the higher end of median scales. The remuneration policy provides for malus and clawback conditions on STIs and LTIs awarded to certain employees. Accordingly, share awards issued in October 2021, in excess of 50 000 share options (2020: 40 000 share options), have

malus and clawback conditions. Full details and conditions are outlined on [page 126](#), Part 2: Overview of Remuneration policy.

In line with the requirements of King IV, the remuneration policy and the remuneration implementation report were presented to shareholders for two separate non-binding advisory votes at the 27 November 2020 AGM. The favourable endorsement of the remuneration policy and the remuneration implementation plan was received from shareholders at the AGM with votes totalling 87.4% (2020: 93.3%) and 96.1% (2020: 95.5%) respectively.

The remuneration policy and the remuneration implementation report will again be presented to shareholders for two separate non-binding advisory votes at the 18 November 2021 AGM. In the event that more than 25.0% of shareholders vote against either of these resolutions, Remco will engage with the shareholders to understand their objections and concerns.

Remco may engage with shareholders using various means of communication and will provide more detail and explain certain elements of the remuneration policy and/or remuneration implementation report to clarify any concerns that could have caused them to vote against these resolutions. The process to address these matters, as well as the outcome, will be fully disclosed in the remuneration report for the next financial year.

The committee approved the benchmarking processes conducted by an external service provider, 21st Century, in relation to GTP, LTIs and STIs. Part of the review process was to refocus our employee retention strategy to ensure alignment between employees' remuneration packages and the company strategy. The outcomes have been incorporated in our remuneration policy. Some of the key outcomes will be reported on in the next reporting cycle when the processes have been fully embedded into the business. In addition, the committee has taken into account the PwC benchmark trend analysis report for NED fees and executive directors' fees.

It is the view of the Remco that the remuneration policy achieved its stated objectives. The strategy, purpose and business model, organisational values and culture, targets and objectives have been clearly defined. The employee-related processes from recruitment to monitoring performance against agreed metrics have been aligned.

Johan van der Merwe

Chairperson of remuneration and nomination committee

Part 2: Overview of remuneration policy

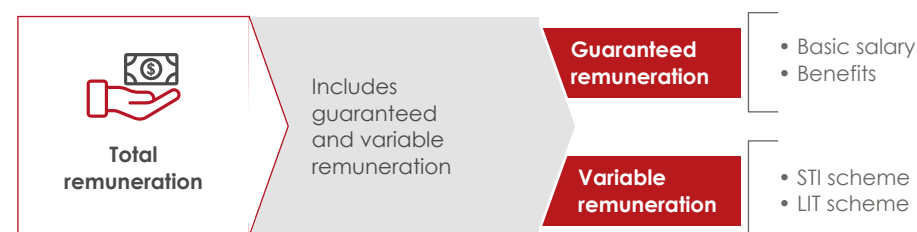
Key principles underpinning our remuneration policy

Our philosophy is to structure remuneration in a way that ensures a fair, responsible and equitable level of remuneration for all our employees and to enable us to attract, motivate, reward and retain key and critical skills and high-performing employees required to achieve our strategic objectives and adherence to good corporate governance. We recognise employees are integral to the achievement of company objectives and that they should be remunerated accordingly for their contribution.

Our employees' total remuneration includes GTP, STI and LTI and are compliant with legislative requirements. The following key principles shape our remuneration philosophy:

- A critical success factor for our employee strategy is the ability to attract, retain and motivate the talent who believe in and live by the organisational values and culture. Total reward, including fixed (guaranteed) and variable (both short- and long-term incentives) remuneration, is used to this end.
- Promote an ethical culture and responsible corporate citizenship.
- Promotion of responsible business practices incorporating health and safety, environment and governance principles to enable long-term sustainable performance.
- The GTP includes the basic salary and benefits that accrue monthly. The GTP is aligned with job requirements as well as the competence, skill set and experience of employees.
- An STI scheme based on specific deliverables is viewed as a strong driver of performance. A portion of all employees' remuneration is variable and is determined by the achievement of the group's financial and non-financial performance as well as the individual's personal contribution to the performance.
- The LTI plan aligns employees' performance with the company's strategic objectives and the vesting period is a minimum of three years.
- Remuneration philosophy is reviewed as and when the strategy is updated to align remuneration closely and transparently with the company vision, taking internal and external factors into account.
- Remuneration that is transparent and understandable, both for stakeholders and for internal use and application.
- Fair remuneration that is internally equitable and externally competitive.
- Remuneration that promotes risk management and adequately balance risk and reward.

Types of remuneration models implemented



Fixed remuneration GTP

- The strategic purpose of the GTP is to attract and retain employees with key and critical skills and high-performing employees in a competitive market and to recognise their skills, experience and contribution to group performance.
- The GTP of each employee is based on their individual role and responsibilities.
- GTP is paid monthly on a cost-to-company basis.
- GTP represents payment for satisfying each employee's day-to-day job requirements.
- The company does not rigidly adhere to market benchmarks, but does consider pay levels of companies in the real estate sector as well as other companies of comparable size and scope.
- Employees have access to several benefits: annual leave; four months paid maternity leave; subsidised lunches; pension fund contributions; group life benefits including death and disability cover; funeral and education cover for dependants; as well as role-specific allowance, e.g. cellphone and fuel allowances.
- GTPs are reviewed annually with changes effective 1 October; however, the company is not obliged to award an increase following the ASR process.
- Annual increases are based on several factors, including inflation, financial performance of the group and market movements, and are expressed as a percentage increase to GTP.
- Annual increases thus consider:
 - Cost-of-living adjustments
 - Market adjustment and/or parity increases that seek to address internal inequalities
 - The degree to which market-related pay levels have moved since the last review
 - Affordability and business strategy considerations

Variable remuneration

STI scheme

The main purpose of the STI scheme is to motivate and reward employees for their actual performance for the preceding financial year. The actual performance is based on the achievement of the company, team and individual's KPIs as per the agreed contribution plan. The individual's KPIs include an assessment on the embracement of organisational values and culture, ESG, risk and compliance, and strategic support. This methodology aligns employee behaviour with the stakeholder interests.

The measurement period for assessing performance is 12 months, coinciding with the group's financial year. The STI pool is determined based on the group's actual performance, assessed against specific strategic KPIs. The STI pool is determined on an annual basis, approved by Remco and will not exceed 50.0% of annual group GTP.

An employee's STI is determined with reference to the STI pool, the employees' GTP and personal performance score (individual and team key performance areas). Individual STIs are payable annually in October following a review of the financial and non-financial performance of the company. Commissions are payable as an incentive for leasing employees and considered part of their STI.

STIs are typically in the form of cash and employees must be in service on the date of payment. An individual's STI exceeding six months' GTP is deferred and the amount exceeding six months' salary will be paid in two equal tranches during March and June of the following year. These deferred amounts accumulate interest at prime less 3.0%. Deferred balances are forfeited if the employee leaves the group.

LTI scheme

Our LTI scheme aligns employee performance with the company's strategic objectives to unlock stakeholder value for a sustained period. It is the mechanism used to retain key critical skillset and performing employees to execute on the long-term business strategy. We believe the best way to retain these individuals through our LTI scheme is to focus on the unvested value of an individual's share allocations.

All employees are considered for an annual award of LTIP share options. The share options will vest only if the employee has remained in the employment of Attacq for a period of three years and longer. The vesting of LTIPs are staggered on a 60.0%, 20.0%, 20.0% split, vesting over a three-, four- and five-year period respectively. This supports our view of creating an employee-owner culture in Attacq, with a balanced view between short- and long-term decisions enabling sustainable value growth.

The quantum of share options that will vest at maturing date is based on the actual performance of the company for the rolling three-year period against the performance conditions approved by Remco. Financial and non-financial performance conditions are applicable to participants who receive 4 000 LTIPs (2020: 3 000 LTIPs) or more.

Retention share options are awarded to address specific retention risks, or to specifically address sign-on requirements. The retention shares will vest only if the employee has remained in the employment of the company for a period of three years. Retention share options do not have any performance conditions.

SAR are rights to the increase in the value of a certain number of shares between the award date and the vesting date. The vesting of SAR is subject to the employment conditions and predetermined performance conditions. During the period under review, no SAR were issued.

LTIPs, retention shares and SAR will vest after a minimum period of three years in tranches of 60.0%, 20.0%, 20.0% in years three, four and five respectively. SAR vest after three years and expire two years thereafter. The participant can exercise these options between vesting date and expiration date. SAR not exercised within a two-year period following the vesting date will lapse. LTIP shares and retention shares are option-type instruments and settlement can occur in cash or equity.

Share options are awarded annually to ensure sustainable shareholder value creation. Retention shares are awarded on an ad hoc basis as determined necessary by Remco or the executive directors.

The performance conditions for the share options issued in October 2021 are shown below. These conditions will be applied to 60.0% of the share options allocated with a maturing date of 14 October 2024.

Performance conditions	Notes	Weighting (%)	Threshold 30.0%	Target 100.0%	Stretched target 150.0%
Growth in DIPS relative to peer group	1, 2	40.0	90.0%	100.0%	110.0%
TSR relative to peer group	2, 3	30.0	90.0%	100.0%	110.0%
Transformation (score card level)	4	10.0	Level 5	Level 4	Level 3
Average annual total development roll-out for the three-year period ending 30 June 2024	5	10.0	20 000m ²	30 000m ²	45 000m ²
Meet the objective of innovation growth programme		10.0	Meet	Exceed	Limited to target
Total		100.0			

Notes

- 1 Calculated as compounded annual growth in DIPS using the DIPS at end of the performance period and the DIPS of the end of the previous period
- 2 Peer group is defined as Emira, Hyprop, L2D, Investec property fund, Vukile and SA Corporate
- 3 Measured as growth in TSR over performance period. The TSR is defined as the growth in the share price of a company over the performance period including the effect of dividends paid and capital events (i.e. dividends are reinvested in the share)
- 4 Based on the externally verified B-BBEE rating as at date of measurement
- 5 Annual average total bulk roll-out for the three-year period ending based on practical completion date

Linear vesting is applied to performance between the different vesting scales. The vesting scale is:

- Threshold achievement (minimum level of performance for any incentive to vest) – 30.0% vesting
- Target achievement (level of performance to pay an on-target incentive) – 100.0% vesting
- Stretched achievement (exceptional performance in the current business environment) – could attract vesting greater than 100.0% up to a maximum of 150.0%

Participants are not entitled to any shareholder rights prior to exercising their vested share options. If the company is in a closed or prohibited period on the vesting date, exercising these options will be postponed to the first business day after the closed or prohibited period has been lifted. This is in line with scheme rules.

Based on the strategic objectives of the company, management recommends to the Remco meeting after year end, the three-year performance criteria for the LTI options issued during that year. The proposed performance conditions will be in line with projected company growth communicated to the market.

An updated LTI methodology will be introduced during October 2021, making use of conditional rights to shares in two forms, namely performance shares and retention shares. Commencing FY22, annual awards of a value of conditional rights shares are made to invited participants. The number of conditional rights awarded will be determined by a multiple of GTP and the market value of

an Attacq share on the award date. Shares will vest in years three, four and five from grant date. Vesting of the conditional rights to shares is subject to:

- Performance shares: performance of Attacq over the vesting periods, against pre-set performance measures and service conditions
- Retention shares: service conditions

Malus and clawback

The group applies malus and clawback provisions in respect of STI payments and LTI option made to applicable employees. These provisions enable the reduction or cancellation of deferred STI payments (malus), the recovery of variable compensation already paid out (clawback) or the cancellation of unvested share options if certain trigger events occur. This is a powerful risk adjustment method, which shows commitment to recovering STI payments or variable pay where there has been misconduct.

Remco may apply malus on or before STI payments to reduce the quantum – in whole or in part after a trigger event occurs – which, in the judgement of Remco, has arisen during the relevant period under review.

Remco may apply malus on or before the vesting date of a share option to reduce the quantum – in whole or in part after a trigger event occurs – which, in the judgement of Remco, has arisen during the relevant period under review. Malus provisions will be applicable to all employees with a share award allocation exceeding 50 000 shares options (2020: 40 000 shares options) during a specific financial year.

Remco may apply clawback to recover variable pay that have vested because of a trigger event, which in the judgement of Remco, has arisen during the relevant period under review. Clawback provisions will be applicable to executive directors, prescribed officers and certain members of senior management.

Where Remco determines that a trigger event has occurred, it may, at its discretion, reduce the unvested variable compensation already awarded to an employee or, for a period of two years after the vesting of an award, claw back the value thereof from the recipient. Decisions made by Remco in this regard are final and binding.

The circumstances under which Remco exercises such discretion may include:

- A material misstatement of the annual financial results, resulting in a material decreased restatement of either distributable earnings or net asset value of the group's financial results.
- Fraud or gross misconduct by an applicable employee which has had, or may have, a significant negative impact on the value or reputation of Attacq or any group company.
- It is determined that any information used in the process of, or the performance metric(s) used in, the quantum of an incentive paid to an employee is (are) found to have been materially misstated or based on any material misrepresentation.
- Gross negligence by an applicable employee whose conduct would result in KPIs set for the employee not being met or partially met (e.g. health and safety, environment social impact or governance matters).
- Material regulatory breaches.

Resignation of an employee

In exceptional circumstances, Remco has discretion to declare a director, company secretary and prescribed officer leaving the company to be a 'good leaver' as defined in the respective rules of the scheme, while exco has the discretion to declare all other employees leaving the company to be a good leaver.

The table below sets out the difference between a good leaver and a bad leaver.

Good leaver	Bad leaver
Retrenchment (pro rata)	Dismissal
Retirement (pro rata)	

Mutual separation agreements will be treated in accordance to the terms of the agreement, applying the discretion of Remco.

Remuneration of prescribed officers

LTI awards to prescribed officers during FY22 will be based on the updated LTI methodology (see LTI scheme, [page 125](#)) and have been amended to target the market median multiple of GTP, split between performance and retention shares, and takes into account the overall impact to shareholders.

Share award multiples of GTP principals:

Market median multiple of GTP	Performance shares	Retention shares
53.0%	42.4%	10.6%

Taking this guidance into account, a total of 746 863 share options (2020: 400 000 share options) were awarded during the October 2021 ASR process and allocated as follows:

- With his appointment as property and asset management executive, Michael Clampett was awarded 200 000 share options (2020: 80 000 share options). 100 000 of these are retention shares and 100 000 are conditional share plan shares in terms of the LTIP. The retention shares are not subject to performance conditions and will vest in three tranches on a 60.0%, 20.0%, 20.0% basis in three, four and five years respectively. The conditional share plan shares are subject to the performance conditions detailed below, which are in line with the strategic objectives of the company and will vest in three tranches on a 60.0%, 20.0%, 20.0% basis in three, four and five years respectively.
- Peter de Villiers, 153 482 share options (2020: 120 000 share options).
- Giles Pendleton, 251 789 share options (2020: 120 000 share options).
- Debbie Theron, 141 592 share options (2020: 80 000 share options).

Remuneration of executive directors

Remuneration for our executive directors is structured on a total remuneration basis that includes GTP, STIs and LTIs. The STIs and LTIs are linked to agreed objectives set by the board on an annual basis and designed to support achieving the company's strategy and performance levels.

- The notice period for the CEO is six months and three months for the CFO respectively.
- If an executive director is dismissed after a disciplinary procedure, standard notice period provisions will not apply and no entitlement for compensation for such deviation will apply.
- Contracts do not commit the company to pay an amount on a termination arising from a director's failure to fulfil their duties.
- In exceptional situations of terminating executive directors' services, contracts provide for Remco – assisted by labour law advisers – to oversee settlement of terms.
- Remco has discretion to declare a director leaving the company to be a good leaver as defined in the respective rules of the scheme.
- Restraint of trade provisions for executive directors may apply.

The GTPs for both executive directors have been reviewed during the October 2021 ASR process, taking market-related remuneration into account. Jackie van Niekerk will receive a salary adjustment of 10.0% from 1 October 2021 commensurate with her appointment as CEO. Raj Nana will receive a salary increase of 6.5% from 1 October 2021. Their salaries will be reviewed annually by Remco.

The STI KPI targets for the 30 June 2022 financial year for CEO and CFO are disclosed below. The weighting for the CEO and CFO will be the same.

KPI summary	Threshold 80.0%	Target 100.0%	Stretch 150.0%	Weighting (%)
Stakeholder value: shareholder				
Core DIPS growth versus target	10.0% below target	Target	20.0% above target	35.0
Waterfall City, Rest of South Africa and Other investments				
New business development	30 000	35 000	45 000	15.0
Capital structure				
Gearing (%)	≤43.0	≤41.0	≤39.0	15.0
ICR (times)	1.3	1.41	1.6	15.0
Environment, social and governance				
Environment – meet targets per plan	90.0	Meet	Exceed	Limited to target 7.5
Social – transformation score card level	90.0	5	4	3 7.5
Governance – good practices	90.0	Meet	Exceed	Limited to target 5.0

If 100.0% of the KPIs are achieved, an STI equivalent to six times monthly GTP will be payable to the respective executive director. A linear approach will be followed between reaching the threshold (80.0%), the target (100.0%) and the stretched target (150.0%). Certain non-financial performance metrics, as indicated above, are capped at target level (100.0%).

LTIs awarded to executive directors during FY22 will be based on the updated LTI methodology (see LTI scheme, [page 125](#)) and have been amended to target the market median multiple of GTP and taking into account the overall impact to shareholders.

Share award multiples of GTP principals:

Market median multiple of GTP	Performance shares	Retention shares
74.0%	59.2%	14.8%

A total of 1 338 534 share options (2020: 1 172 815 share options) were awarded during the October 2021 ASR process and allocated as follows:

- With her appointment as CEO, Jackie van Niekerk was awarded 1 000 000 share options (2020: 394 566 share options). 500 000 of these are retention shares and 500 000 are conditional share plan shares in terms of the LTIP. The retention shares are not subject to performance conditions and will vest in three tranches on a 60.0%, 20.0%, 20.0% basis in three, four and five years respectively. The conditional share plan shares are subject to the performance conditions detailed below, which are in line with the strategic objectives of the company and will vest in three tranches on a 60.0%, 20.0%, 20.0% basis in three, four and five years respectively.
- Raj Nana, 338 534 share options (2020: 439 438 share options).
- Melt Hamman was awarded 338 811 shares options in 2020.

Remuneration of independent non-executive directors

The strategic purpose of NED remuneration is to attract and retain non-executives of the right skill set to guide the strategy and vision to take the business forward and to ensure long-term sustainable performance. In addition, the composition of our board needs to be in line with our diversity policy as per the JSE Listing Requirements, notwithstanding the competitive environment with regard to the required skill set. NED remuneration is a function of the number of meetings attended in a one-year cycle from the start of each financial period.

In line with the provisions of King IV, NEDs do not participate in any performance-related remuneration and they do not receive any benefits, nor do they participate in any LTI plans except where they previously held executive office and remain entitled to unvested benefits arising from their period of employment. NEDs do not receive remuneration other than the fees but are entitled to be paid all reasonable travelling, hotel and other expenses properly incurred in attending meetings of the board, its committees, general meetings or otherwise in connection with the business of the group.

Remco annually reviews NED fees based on benchmarking provided by external service providers. Accordingly, Remco considered the PwC NED fees trend analysis report published for 2021 with a view to conduct a comparative analysis with its peer group. This process was undertaken to ensure that the proposed and recommended NED fees for the year under review are in line with Attacq's Remuneration policy, King IV requirements and the Companies Act. These recommendations are made to the board, which in turn proposes fees for approval by shareholders at the AGM.

The following NED fees have been proposed for approval by the shareholders at the AGM to be held on 18 November 2021 AGM. The fees will be payable to non-executive directors from 19 November 2021 until 18 November 2022 or the next AGM (whichever is first). The proposed excludes value added tax (VAT), which will be added by the directors in accordance with current VAT legislation, where applicable.

	Proposed fees for FY22 R	Approved fees for FY21 R	Change %
Annual fees			
Chairperson	554 400	462 000	20.0
Lead independent non-executive director	420 650	401 000	4.9
Board member	365 600	348 500	4.9
Audit and risk committee chairperson	214 400	163 500	4.9
Audit and risk committee member	136 900	130 500	4.9
Investment committee chairperson	114 350	109 000	4.9
Investment committee member	91 250	87 000	4.9
Remuneration and nominations committee chairperson	70 850	54 500	30.0
Remuneration and nominations committee member	56 550	43 500	30.0
Transformation, social and ethics committee chairperson	76 300	54 500	40.0
Transformation, social and ethics committee member	60 900	43 500	40.0
Fees per ad hoc meeting			
Board chairperson	27 250	77 000	(65.0)
Lead independent non-executive director	22 000	67 000	(67.2)
Board member	22 000	58 000	(62.1)
Investment committee chairperson	27 250	27 250	No change
Investment committee member	22 000	22 000	No change
Audit and risk committee chairperson	27 250	27 250	No change
Audit and risk committee member	22 000	22 000	No change
Remuneration and nomination committee chairperson	9 000	9 000	No change
Remuneration and nomination member	7 250	7 250	No change
Transformation, social and ethics committee chairperson	9 000	9 000	No change
Transformation, social and ethics committee member	7 250	7 250	No change
Travelling fees			
Travelling fees for members outside of Gauteng	9600	9 600	No change

Part 3: Remuneration implementation report

During the year under review, there were no deviations from the remuneration policy.

Remuneration of employees

Considering the current economic conditions, Remco approved a CPI-linked average GTP increase for employees, excluding the executive directors of 4.9% (2020: 3.7%), effective from 1 October 2021 (2020: 1 October 2020).

An STI pool of R15.4 million (2020: R6.8 million), excluding the executive directors' STI, was approved by the October 2021 Remco and paid during October 2021.

The actual performance for the year three-year period ended 30 June 2021 determines the vesting percentage for 20.0% of the share options awarded during the 2016 and 2017 financial year and 60.0% of share options awarded during the 2018 financial year. New share options will be awarded as part of the 2021 ASR process.

The vesting date of these LTIs are 14 October 2021 with an actual vesting percentage of 21.10% based on the following vesting conditions

Performance conditions	Notes	Weighting %	Threshold 30.0%	Target 100.0%	Stretched target 150.0%	Actual	Weighted vesting (%)
Financial		80.0					6.84
Growth in DPS relative to peer group for the three-year period ended 30 June 2021	1, 2, 3	35.0	1.0	1.1	1.2	0.3	0.00
Total shareholder return relative to peer group for the three-year period ended 30 June 2021	2, 4,	35.0	0.9	1.0	1.1	0.6	0.00
Average annual development surplus for the three-year period ended 30 June 2021		10.0	R48.0 million	R96.0 million	R120.0 million	R74.3 million	6.84
Non-financial		20.0					14.26
Average annual development roll-out for the three-year period ended 30 June 2021		10.0	28 000m ²	60 000m ²	72 000m ²	33 766m ²	4.26
Transformation (based on revised property sector codes) at date of vesting	5	10.0	Level 4	Level 3	Level 2	Level 3	10.00
Total		100.0					21.10

Notes

- 1 Calculated as simple growth in DPS at the end of performance period divided by the DPS of prior financial period
- 2 The peer group refers to Emira Property Fund, Growthpoint Properties Fund, Hyprop Investments Limited, Redefine Properties Limited and Liberty Two Degrees Limited
- 3 Peer group's DPS decreased by 32.4% versus Attacq's DPS that decreased by 100.0%
- 4 Peer group's share price decreased by 21.0% versus Attacq's share price that decreased by 26.2%
- 5 The B-BBEE level was verified on 29 September 2021

Remuneration of prescribed officers

For full disclosure of prescribed officers, which is in line with the company's remuneration policy, please see note 14 of the AFS, available on www.affacq.co.za.

	Guaranteed total package R'000	Short-term incentive R'000	Pension fund contributions R'000	Other benefits R'000	Long-term incentive – vesting of shares R'000	Total R'000
2021						
Michael Clampett	1 467	200	80	40	82	1 869
Peter de Villiers	1 840	220	101	49	135	2 346
Giles Pendleton	3 000	127	168	917	876	5 087
Debbie Theron	1 658	–	90	806	63	2 618
2020						
Michael Clampett	1 324	250	63	47	182	1 866
Peter de Villiers	1 792	760	85	46	109	2 792
Giles Pendleton	2 834	787	159	273	–	4 053
Debbie Theron	1 611	280	76	666	136	2 769

Total long-term incentive portfolio of prescribed officers

	Opening balance as at 1 July 2020	New options granted	Vested and exercised	Forfeited options	Expired	Unvested options as at 30 June 2021
2021						
Michael Clampett	167	80	(27)	(8)	(30)	182
Peter de Villiers	505	120	(44)	(14)	(46)	521
Giles Pendleton	478	120	(144)	–	–	454
Debbie Theron	267	80	(21)	(6)	(126)	194
Total	1 417	400	(236)	(28)	(202)	1 351

	Opening balance as at 1 July 2019	Options granted in October 2019	Vested and exercised	Forfeited options	Expired	Unvested options as at 30 June 2020
2020						
Michael Clampett	155	40	(14)	(14)	–	167
Peter de Villiers	531	60	(8)	(8)	(70)	505
Giles Pendleton	398	80	–	–	–	478
Debbie Theron	307	60	(11)	(11)	(80)	265
Total	1 391	240	(33)	(33)	(150)	1 415

On 14 October 2021, 75 394 share options (2020: 91 628 share options) granted to prescribed officers vested and were exercised and 394 869 share options (2020: 28 257 share options) was forfeited owing to performance conditions not being fully met. The following share options for prescribed officers vested, exercised and forfeited is as follows:

- Michael Clampett: 8 215 share options (2020: 35 003 shares options) vested and exercised, 30 713 share option (2020: 8 250 share options) forfeited.
- Peter de Villiers: 44 746 share options (2020: 57 972 shares options) vested and exercised, 258 332 share options (2020: 13 665 share options) forfeited.
- Debbie Theron: 7 060 share options (2020: 26 910 share options) vested and exercised, 26 397 share option (2020: 6 342 share options) forfeited.
- Giles Pendleton: 15 373 share options (2020: zero share options) vested and exercised, 79 427 share options (2020: zero share options) forfeited.

Conditional performance shares as retention shares

Peter de Villiers

In June 2018, 250 000 conditional performance shares were granted to Peter de Villiers when he was appointed as CIO. The vesting percentage of these shares is 13.42%. 33 546 share options were vested and exercised while 216 454 share options were forfeited (share option numbers quoted are included in the total above).

The market-based performance vesting condition are fully described under Remuneration of executive directors, Total long-term incentive portfolio of executive directors, Conditional performance share as retention shares, [page 138](#).

Giles Pendleton

In addition to the annual LTIP share options awarded to all employees, Giles Pendleton was awarded retention and performance shares when appointed in March 2018. In respect of his retention share options, 60.0% or 144 000 share options vested in April 2021. In respect of his performance share options, the actual performance for the three-year period ended 30 June 2021 determines the vesting percentage for 60.0% of these options.

The vesting date of these LTIs was 14 October 2021 with an actual vesting percentage of 14.67% resulting in 10 562 shares vesting and 61 438 shares being forfeited based on the following vesting conditions.

Performance conditions	Notes	Weighting %	Threshold 30.0%	Target 100.0%	Stretched target 150.0%	Actual	Weighted vesting (%)
Financial		80.0					4.67
Growth in DPS relative to peer group for the three-year period ended 30 June 2021	1, 2, 3	35.0	1.0	1.1	1.2	0.3	0.00
Share price performance relative to peer group for the three-year period ended 30 June 2021	2, 4,	35.0	0.9	1.0	1.2	0.6	0.00
Average annual development surplus for the three-year period ended 30 June 2021		10.0	R60.0 million	R120.0 million	R150.0 million	R74.3 million	4.67
Non-financial		20.0					10.0
Average annual development roll-out for the three-year period ended 30 June 2021		10.0	35 000m ²	70 000m ²	90 000m ²	33 766m ²	0.00
Transformation (based on revised property sector codes) at date of vesting	5	10.0	Level 4	Level 3	Level 2	Level 3	10.00
Total		100.0					14.67

Notes

- 1 Calculated as simple growth in DPS at the end of performance period divided by the DPS of prior financial period
- 2 The peer group refers to Emira Property Fund, Growthpoint Properties Fund, Hyprop Investments Limited, Redefine Properties Limited and Liberty Two Degrees Limited
- 3 Peer group's DPS decreased by 32.4% versus Attacq's DPS that decreased by 100.0%
- 4 Peer group's share price decreased by 21.0% versus Attacq's share price that decreased by 26.2%
- 5 The B-BBEE level was verified on 29 September 2021

Remuneration of executive directors

For full disclosure of executive directors' remuneration, which is in line with the company's remuneration policy, please see note 14 of the AFS, available on www.affacq.co.za.

With Jackie van Niekerk's appointment as CEO on 1 May 2021, she received a GTP adjustment of 34.6%.

In line with King IV, we disclose a single view of executive directors' remuneration for 2021, compared to 2020.

		Guaranteed total package R'000	Short-term incentive R'000	Pension fund contributions R'000	Other benefits	Long-term incentive – vesting of shares R'000	Total R'000
2021							
Melt Hamman	South African	3 401	–	161	69	9 739	13 370
	MAS	513	–	–	–	–	513
	International	143	–	–	–	–	143
	Total	4 057	–	161	69	9 739	14 025
Jackie van Niekerk		2 944	729	165	66	563	4 466
Raj Nana		2 950	456	157	72	106	3 741
2020							
Melt Hamman	South African	3 396	2 272	161	85	1 022	6 936
	MAS	605	–	–	–	–	605
	International	188	–	–	–	–	188
	Total	4 189	2 272	161	85	1 022	7 729
Jackie van Niekerk		2 544	1 408	142	54	–	4 148
Raj Nana		2 528	1 352	121	70	245	4 316

FY21 STI awards

The actual performance for the year ended 30 June 2021 was assessed versus the KPIs achieved by the executive directors as disclosed below. A linear approach was followed between reaching the threshold (50.0%), the target (100.0%) and the stretched target (150.0%). Certain non-financial performance metrics, as indicated below, were capped at target level (100.0%). Each executive director's KPIs for the year ended 30 June 2021 are detailed below.

Melt Hamman

Melt resigned on 30 April 2021. Since he is defined as a good leaver, Remco approved a bonus, calculated on a pro rata basis for 10 months as disclosed below.

KPIs detail	50.0% Threshold (3 months GTP)	100.0% Target (6 months GTP)	150.0% Stretch target (9 months GTP)	Target weighting (%)	Actual	STI weighting (%)
Quantitative KPIs				75.0		90.80
DIPS (cps)	5.0% below target	Target	5.0% above target	30.0	46.8	45.00
Recycling of capital (R'billion)	1.5	2.0	2.5	20.0	2.3	26.00
Debt management						
Interest cover ratio (times)	>1.2	>1.25	>1.50	15.0	1.41	19.80
New business development (m²)	20 000	22 500	25 000	5.0	16 063	0.00
Successful sale of residential units (units)	80	135	207	5.0	70	0.00
Qualitative KPIs				25.0		25.00
ESG						
Environmental						
Implementation as per agreed Operations Plan supporting the ESG strategy	Meet	Exceed	Limited to target	5.0	Exceed	5.00
Social						
Transformation (based on new charter) as at date of vesting	Level 4	Level 3	Level 2	5.0	Level 3	5.00
Employee diversity in relation to submitted EE plan	Meet	Exceed	Limited to target	5.0	Meet	2.50
Employee development/succession planning	Meet	Exceed	Limited to target	5.0	Exceed	5.00
Governance						
Risk and compliance	Meet	Exceed	Limited to target	5.0	Meet	2.50
Total				100.0		110.8
Monthly GTP						395 052
STI calculated (pro rata for 10 months)						2 188 589

Jackie van Niekerk

Jackie was appointed as CEO from 1 May 2021. Her STI is calculated based on the disclosed KPIs as COO for 10 months and on the disclosed CEO KPIs for two months.

KPIs detail as COO	50.0% Threshold (3 months GTP)	100.0% Target (6 months GTP)	150.0% Stretch target (9 months GTP)	Target weighting	Actual	STI weighting (%)
Quantitative KPIs				60.0		81.25
DIPS (cps)	5.0% below target	Target	5.0% above target	20.0	46.8	30.00
Recycling of capital (R'billion)	1.5	2.0	2.5	25.0	2.3	32.50
Property and asset management						
Trading density growth for the year (%)	CPI less 2.0%	CPI	CPI plus 2.0%	5.0	(0.4)	0.00
Occupancy (%)	93.5	95.5	97.5	7.5	95.2	6.94
Collections (%)	94.0	96.0	98.0	7.5	101.5	11.25
New business development (m²)	20 000	22 500	25 000	5.0	19 287	0.00
Qualitative KPIs				30.0		30.00
ESG						
Environmental						
Implementation as per agreed Operations Plan supporting the ESG strategy	Meet	Exceed	Limited to target	5.0	Exceed	5.00
Social						
Transformation (based on new charter) as at date of vesting	Level 4	Level 3	Level 2	10.0	Level 3	10.00
Employee diversity in relation to submitted EE plan	Meet	Exceed	Limited to target	3.0	Meet	1.50
Employee development/succession planning	Meet	Exceed	Limited to target	3.0	Exceed	3.00
Governance						
Risk and compliance	Meet	Exceed	Limited to target	4.0	Meet	2.00
Reporting including IT environment	Meet	Exceed	Limited to target	5.0	Exceed	5.00
Total				100.0		107.19
Monthly GTP						253 750
Gross STI (pro rata for 10 months)						1 359 942
Less: six times monthly salary (pro rata for 10 months)						(1 268 750)
Deferred amount						91 192
Pro rata net STI to be received in October 2021						1 268 750



KPIs detail for CEO

	50.0% Threshold (3 months GTP)	100.0% Target (6 months GTP)	150.0% Stretch target (9 months GTP)	Target weighting (%)	Actual	STI weighting (%)
Quantitative KPIs				75.0		90.80
DIPS	5.0% below target	Target	5.0% above target	30.0	46.8	45.00
Recycling of capital (R' billion)	1.5	2.0	2.5	20.0	2.3	26.00
Debt management						
Interest cover ratio (times)	>1.2	>1.25	>1.50	15.0	1.41	19.80
New business development	20 000	22 500	25 000	5.0	16 063	0.00
Successful sale of residential units (units)	80	135	207	5.0	70	0.00
Qualitative KPIs				25.0		25.00
ESG						
Environmental						
Implementation as per agreed Operations Plan supporting the ESG strategy	Meet	Exceed	Limited to target	5.0	Exceed	5.00
Social						
Transformation (based on new charter) as at date of vesting	Level 4	Level 3	Level 2	5.0	Level 3	5.00
Employee diversity in relation to submitted EE plan	Meet	Exceed	Limited to target	5.0	Meet	2.50
Employee development/succession planning	Meet	Exceed	Limited to target	5.0	Exceed	5.00
Governance						
Risk and compliance	Meet	Exceed	Limited to target	5.0	Meet	2.50
Total				100.0		110.80
Monthly GTP						350 000
Gross STI (pro rata for two months)						387 800
Less: six times monthly salary (pro rata for two months)						(350 000)
Deferred amount						37 800
Pro rata net STI to be received in October 2021						350 000
Total STI						1 747 742
Less: six times monthly salary						(1 618 750)
Total deferred amount						128 992
Total STI for 12 months for combined COO and CEO responsibilities to be received in October 2021						1 618 750



Raj Nana – CFO

KPIs detail	50.0% Threshold (3 months GTP)	100.0% Target (6 months GTP)	150.0% Stretch target (9 months GTP)	Target weighting	Actual	STI weighting (%)
Quantitative KPIs				70.0		97.87
DIPS (cps)	5.0% below target	Target	5.0% above target	25.0	46.8	37.50
Recycling of capital (R' billion)	1.5	2.0	2.5	10.0	2.3	13.00
Debt management						
Interest cover ratio (times)	>1.2	>1.25	>1.50	15.0	1.41	19.80
Gearing ratio (%)	<47.5	<45.0	<42.5	10.0	43.3	13.40
Debt expiry profile (months)	>36	>42	>48	10.0	47	14.17
Qualitative KPIs				30.0		30.00
ESG						
Social						
Employee diversity in relation to submitted EE plan	Meet	Exceed	Limited to target	2.5	Meet	1.25
Employee development/succession planning	Meet	Exceed	Limited to target	2.5	Exceed	2.50
Governance						
Risk and compliance	Meet	Exceed	Limited to target	12.5	Meet	6.25
Reporting including IT environment	Meet	Exceed	Limited to target	12.5	Exceed	12.50
Total				100.0		120.37
Monthly GTP						260 000
Gross STI						1 877 726
Less: six times monthly salary						(1 560 000)
Deferred amount						317 726
Total STI to be received in October 2021						1 560 000

Total long-term incentive portfolio of executive directors

The tables below summarise share options granted, vested and exercised, forfeited and expired during the year, as well as comparatives.

2021	Opening balance as at 1 July 2020	New options granted	Vested and exercised	Forfeited options	Expired	Unvested options as at 30 June 2021
Melt Hamman	1 584	339	(1 442)	(445)	(36)	–
Jackie van Niekerk	1 432	395	(185)	(26)	(302)	1 314
Raj Nana	859	439	(35)	(11)	(55)	1 198
Total	3 875	1 173	(1 662)	(482)	(392)	2 512

2020	Opening balance as at 1 July 2019	New options granted	Vested and exercised	Forfeited options	Expired	Unvested options as at 30 June 2020
Melt Hamman	1 539	295	(79)	(79)	(92)	1 584
Jackie van Niekerk	1 354	78	–	–	–	1 432
Raj Nana	673	224	(19)	(19)	–	859
Total	3 566	597	(98)	(98)	(92)	3 875

On 14 October 2021, 180 424 share options (2020: 327 536 share options) granted to executive directors vested and was exercised, 100 568 share options (2020: 301 705 share options) vested and was not exercised and 913 374 share options (2020: 69 998 share options) was forfeited owing to performance conditions not being fully met. The following share options for executive directors vested, exercised and forfeited is as follows:

- Jackie van Niekerk: 108 344 share options (2020: 184 567 share options) vested and exercised, 100 568 share options (2020: 301 705 share options) vested and not exercised, 461 814 share options (2020: 25 906 options) forfeited.
- Raj Nana: 72 080 share options (2020: 45 641 share options) vested and exercised, 451 560 share options (2020: 10 758 share option) forfeited.

Conditional performance share as retention shares

In June 2018, conditional performance shares were granted to Melt Hamman and Raj Nana when they were appointed as CEO and CFO respectively. At the same time, with Jackie van Niekerk's appointment to the board, conditional performance shares were granted to her.

Executive director	Conditional performance shares
Melt Hamman	1 000 000
Raj Nana	500 000
Jackie van Niekerk	500 000

The market-based performance vesting condition, used to determine the number of options that will vest, relates to the relative performance of Attacq against a peer group, over the performance period. The peer group includes the following four companies: Emira Property Fund Limited, Growthpoint Properties Limited, Hyprop Investments Limited, and Redefine Properties Limited. In November 2019, Remco included a threshold vesting. The vesting date of these LTIs was 14 October 2021.

KPIs	Weighting %	Threshold (50.0%)	Target (100.0%)	Stretch (150.0%)	Actual	Vesting %	Weighted vesting %
Compounded annual growth rate (CAGR) in DPS for the three-year period ended 30 June 2021	50.0	10.0%	20.0%	27.5%	–	–	–
Average annual development roll-out for the three-year period ended 30 June 2021	12.5	31 000m ²	70 000m ²	90 000m ²	33 766m ²	53.5	6.69
Cumulative residential development over three-year period ended 30 June 2021	12.5	250 units	500 units	600 units	269 units	53.8	6.73
ICR for the year ended 30 June 2021	25.0	Minimum of 1.9 times	Minimum of 2.0 times	Minimum of 2.35 times	1.41	–	–
Total	100.0						13.42

Based on good leaver provisions of the LTI scheme, 76.43% of the share options vested for Melt Hamman and was cash settled upon his resignation. Approximately 13.42% or 67 092 shares vested for each of Raj Nana and Jackie van Niekerk respectively, while 432 908 share options were forfeited by each of them (share option numbers quoted are included in the total above).

Remuneration of independent NEDs

Below is a summation of the actual fees paid to NEDs for the 2020 and 2021 financial years, as disclosed in note 14 of the AFS.

	2021 R'000	2020 R'000
P Tredoux	1 265	661
HR El Haimer	1 047	578
MM du Toit* (resigned 14 November 2019)	–	227
TP Leeuw^ (appointed 10 February 2021)	301	–
IN Mkhari	764	359
BT Nagle (retired on 27 November 2020)	813	594
S Shaw-Taylor^	1 385	625
AE Swiegers^ (appointed 14 January 2021)	313	–
JHP van der Merwe*	732	397
Total	6 619	3 441

* Including travel fees for attendance of meetings. Travel fees are added for directors based outside Gauteng and they receive a flat fee per meeting involving travel of R9 600 (2020: R9 240)

^ The amount for 2021 is inclusive of VAT; 2020 is exclusive of VAT

P Tredoux's fees were paid to Tredoux Family Holdings Proprietary Limited
Except for the above, all non-executive directors' fees were paid to the individuals in their personal capacity



Eikestad Mall, Stellenbosch



Glossary and company information

Glossary

ACI	African, Coloured and Indian
AFS	Audited group annual financial statements for the year ended 30 June 2021
AGM	Annual general meeting
ARC	Audit and risk committee
ASR	Annual salary review
Attacq	Attacq Limited and its subsidiaries
AttAfrica	AttAfrica Limited
AWIC	Attacq Waterfall Investment Company Proprietary Limited
B-BBEE	Broad-based Black Economic Empowerment
CAF	Combined assurance forum
CDO	Chief development officer
Cap rates	Capitalisation rates
CEO	Chief executive officer
CFO	Chief financial officer
CIO	Chief investment officer
Companies Act	Companies Act 71 of 2008, as amended
COO	Chief operating officer
CSI	Corporate social investment
CX journey	Customer experience journey
DIPS	Distributable income per share
Development rights	Leasehold and development rights to develop and register long-term lease agreements against the title deeds of Waterfall City land parcels
DPS	Dividend per share
EAP	Economically active population
ECL	Expected credit loss
EE	Employment equity
ESD	Enterprise and supplier development
ESG	Environmental, social and governance
Exco	Executive management committee
EVP	Employee value proposition

EY	Ernst & Young Incorporated
FTSE4Good	FTSE4Good Index Series
FY19	For the year ended 30 June 2019
FY20	For the year ended 30 June 2020
FY21	For the year ended 30 June 2021
FY22	For the year ending 30 June 2022
GBCSA	Green Building Council of South Africa
GLA	Gross lettable area
GMR	Weighted average gross monthly rental
Gruppo	Gruppo Investments Limited
GTP	Guaranteed total package
IC	Investment committee
ICR	Interest cover ratio
ICT	Information and communications technology
ICT Steerco	ICT steering committee
IFRS	International Financial Reporting Standards
JV	Joint venture
King IV™	The King Report on Corporate Governance™ for South Africa 2016. Copyright and trademarks are owned by the Institute of Directors in South Africa NPC and all of its rights are reserved.
kVA	Kilo volt amps
kWp	Kilowatt peak
KPI	Key Performance Indicator
JSE	Johannesburg Stock Exchange Limited
LEED	Leadership in Energy and Environmental Design
LTI	Long-term incentive award
LTIP	Long-term incentive plan
MAS	MAS Real Estate Inc.
MOI	Memorandum of Incorporation
MSCI	Morgan Stanley Capital International

NAV	Net asset value
NED	Non-executive directors
OHS	Occupational Health and Safety
PDP	Personal development plan
POPIA	Protection of Personal Information Act, which came into effect on 1 July 2021
PV	Photovoltaic
PwC	PricewaterhouseCoopers Incorporated
REIT	Real estate investment trust
Remco	Remuneration and nomination committee
SA	South Africa
SA REIT BPR	SA REIT Best Practice Recommendation, second edition
SAR	Share appreciation rights
SASRIA	South African Special Risks Insurance Association
SAPOA	South African Property Owners Association
SED	Socio-economic development
SENS	Stock Exchange News Service
SDG	Sustainable development goals
SLA	Service level agreement
SMME	Small, medium and micro-enterprises
STI	Short-term incentive award
tCO₂e	tonnes carbon dioxide emission
The board	The board of directors of Attacq Limited
TSE	Transformation, social and ethics committee
UK	United Kingdom
UN	United Nations
UNGC	United Nations Global Compact
WALE	Weighted average lease expiry
Year under review	Financial year ended 30 June 2021 or FY21

Company information

Independent non-executive directors

- P Tredoux
(chairperson)
- HR El Haimer
(lead independent)
- TP Leeuw
(appointed 10 February 2021)
- IN Mkhari
- S Shaw-Taylor
- AE Swiegers
(appointed 14 January 2021)
- JHP van der Merwe

Executive directors

- JR van Niekerk
(CEO, appointed 1 May 2021)
- R Nana
(CFO)

Company secretary

A Matwa

Registered office

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2090

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Transfer secretaries

Computershare Investor Services (Pty) Ltd

Rosebank Towers,
15 Biermann Avenue,
Rosebank,
2196
(Private Bag X9000, Saxonwold, 2132)

Sponsor

Java Capital

6th Floor, 1 Park Lane
Wierda Valley
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(PO Box 522606, Saxonwold, 2132)



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