

REBOSIS PROPERTY FUND LIMITED  
(Incorporated in the Republic of South Africa)  
(Registration number: 2010/003468/06)  
JSE share codes:  
REA ISIN: ZAE000240552  
REB ISIN: ZAE000201687  
Alpha code: REBI  
(Approved as a REIT by the JSE)  
(“**Rebosis**” or the “**Company**”)

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## **PROPOSED DISPOSAL OF PORTFOLIO OF PROPERTIES FOR AN AGGREGATE CONSIDERATION OF CIRCA R700 MILLION**

### **BEE ANNUAL COMPLIANCE REPORT**

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#### **1. Introduction and rationale**

Rebosis shareholders are hereby advised that the Company has, through its wholly-owned subsidiary Ascension Properties Limited (the “**Seller**”), entered into a portfolio sale agreement dated 20 February 2019 (the “**Sale Agreement**”) to dispose of a portfolio of seven properties (the “**Properties**”) together with the commercial enterprises which the Seller operates separately in respect of letting each Property (“**Rental Enterprises**”), as an indivisible whole and as a going concern, in its office portfolio, to Fortune Capital (Proprietary) Limited (company registration number 2014/094485/07) (the “**Purchaser**”) (the “**Disposal**”).

The Purchaser is a 100% black owned diversified investment group of which Nhlanhla Magubane is the sole shareholder and director.

The Disposal, comprising of office buildings, further demonstrates Rebosis’ commitment to transformation in the property sector and forms part of the Company’s strategy to be a retail-focused fund and to reduce the Company’s gearing in line with the road-map outlined in the results announcement released on the Stock Exchange News Service on 12 November 2018. The proceeds of the Disposal will be used to reduce the existing debt of the Company. The Disposal will become effective on the date of registration of transfer of the Properties into the name of the Purchaser (“**Transfer Date**” or “**Transfer**”).

#### **2. The Disposal**

In terms of the Sale Agreement, the Properties will be disposed of for an individual purchase consideration (in respect of each Property, “**Individual Purchase Consideration**”) as follows:

<b>Property</b>	<b>Individual Purchase Consideration</b>
Mishumo House	R70 338 000
Swiss House	R127 005 000
Prorom Building	R54 232 000
Riverpark	R63 015 000
Riverview	R50 146 000
Schreiner Chambers	R221 713 000
Medscheme Building	R109 880 000
<b>Total</b>	<b>R696 329 000</b>

The aggregate purchase consideration payable by the Purchaser to the Seller for the Properties in terms of the Sale Agreement is R696 329 000, including value added tax ("**VAT**") at the rate of 0% or 10.5% yield on 12 months forward income, whichever is the greater (the "**Purchase Consideration**").

## **2.1 The consideration payable for the Disposal**

- 2.1.1 The Purchase Consideration shall be paid by the Purchaser to the Seller as follows:
- R696 329 000, including VAT at 0% or 10.5% yield on 12 months forward income, whichever is the greater on the Transfer Date, and will be discharged by the Purchaser by means of payment to the conveyancers appointed by the Seller (the "**Conveyancers**"), in cash, on the Transfer Date and against transfer of the Properties.
  - The payment of the Individual Purchase Consideration in respect of each Property shall be paid by the Purchaser to the Seller against registration of transfer of ownership of the applicable Property into the name of the Purchaser.
- 2.1.2 The Individual Purchase Consideration in respect of each Property shall be increased by an amount ("**Additional Amount**") determined by applying to such Individual Purchase Consideration the percentage rate obtained by multiplying the rate of 10.5%, calculated and expressed as an effective daily rate, by the number of days elapsed between 3 June 2019 and the Transfer Date of that Property, excluding the first day and including the last day of that period. The Seller and the Purchaser (the "**Parties**") have agreed that in the event that there is a delay in Transfer, which is caused by external factors beyond the control of both Parties, then the date of 3 June 2019 shall be extended to 3 July 2019. If the delay still continues and Transfer has not taken place, then the adjustment to the Purchase Consideration shall be applicable with effect from 3 July 2019.
- 2.1.3 The Purchaser will procure a loan, mezzanine funding and equity for the Disposal and the Seller shall be willing, but not obliged, to assist with equity in the form of a vendor loan at the appropriate time.

## **2.2 Warranties**

The Sale Agreement governing the Disposal contains representations and warranties by the Seller in favour of the Purchaser which are standard for transactions of this nature.

### 3. The Properties and related financial information

#### 3.1 Property information

Property	Location	Sector	Lettable area	Single or multi-tenanted	Weighted average rental per m <sup>2</sup>	Value of the Properties*
					(R)	(R'm)
Mishumo House	Erven 2975, 2976, Portion1 and RE Erf 2977 Johannesburg	Office	6 154m <sup>2</sup>	Multi tenanted	120.2	95
Swiss House	Erf 1121 Marshalls Town	Office	8 008m <sup>2</sup>	Multi tenanted	106.8	131
Prorom Building	Erf 1433 Nelspruit	Office	6 431m <sup>2</sup>	Multi tenanted	116.9	77
Riverpark	Portion 5 of Erf 40 Riverside Park Ext 6, Nelspruit	Office	4 216m <sup>2</sup>	Multi tenanted	112.9	68
Riverview	Portion 6 of Erf 40 Riverside Park Ext 6, Nelspruit	Office	4 303m <sup>2</sup>	Single tenanted	103.2	68
Schreiner Chambers	Erf 5243 Johannesburg	Office	18 815m <sup>2</sup>	Multi tenanted	116.7	233
Medscheme Building	Erf 330 Florida Noord Extension 7	Office	6 729m <sup>2</sup>	Single tenanted	113.5	115

\*The value of the Properties has been extracted from the Company's audited results for the year ended 31 August 2018, which have been prepared in terms of International Financial Reporting Standards ("IFRS"). The valuations were performed by LDM Valuation Solutions (Pty) Ltd, who is independent from the Company and registered as a professional valuer in terms of the Property Valuers Profession Act, No. 47 of 2000.

#### 3.2 Value of and profits attributable to the net asset that are the subject of the Disposal

The value of the net assets that are the subject of the Disposal is R787 million as extracted from the Company's audited results for the year ended 31 August 2018 and prepared in terms of IFRS.

The profits attributable to the net assets that are subject of the Disposal is as follows:

Property	Net profit after tax (R'm)
Mishumo House	11.1
Swiss House	12.6
Prorom Building	7.7
Riverpark	5.4
Riverview	4.9
Schreiner Chambers	25.9
Medscheme Building	10.0

The financial information provided above, which has been extracted from the Company's audited results for the year ended 31 August 2018 was prepared in terms of IFRS, is the responsibility of the directors of Rebosis and has not been reported on or reviewed by a reporting accountant.

### 3.3 Related Financial Information

The Purchase Consideration is based on the aggregated 12 months forward net income of R73.297 million in respect of the Properties. The forecast financial information provided is the responsibility of the directors of Rebosis and has not been reported on or reviewed by a reporting accountant in terms of Section 8 of the JSE Listings Requirements.

## 4. Conditions precedent

The Disposal is subject to the fulfilment of the following outstanding conditions precedent:

- 4.1 by no later than 15 March 2019, the board of directors of the Seller shall have approved the Disposal on the terms and conditions of the Sale Agreement;
- 4.2 by no later than 15 March 2019, the board of directors of the Purchaser shall have approved the Disposal on the terms and conditions of the Sale Agreement
- 4.3 by no later than 15 March 2019, the Purchaser, at its own cost and expense, shall have completed and have confirmed in writing to the Seller that it is satisfied with the outcome of a due diligence investigation and wishes to proceed with the Disposal;
- 4.4 by no later than 15 March 2019, the Purchaser shall have furnished the Seller with confirmation of funding from banks and/or financial institutions and confirmation of equity, in a form reasonably acceptable to the Seller, for the payment to the Seller of the Purchase Consideration upon registration of transfer of the Properties;
- 4.5 by no later than 1 April 2019, the Purchaser shall have furnished the Seller with guarantees from banks and/or financial institutions, in a form reasonably acceptable to the Seller, for the payment to the Seller of the Purchase Consideration upon registration of transfer of the Properties;

4.6 by no later than 15 April 2019, and only to the extent if legally required, the statutory body constituted in terms of the Competition Act No 89 of 1998, approves the Disposal in writing, either unconditionally or subject to such conditions as the Parties both agree are acceptable to them.

## **5. Categorisation**

The Disposal constitutes a Category 2 transaction for Rebosis in terms of the JSE Listings Requirements, which merely requires an announcement.

### **BEE ANNUAL COMPLIANCE REPORT**

Shareholders are advised that the Company's annual compliance certificate issued in terms of section 13G (2) of the Broad-based Black Economic Empowerment Amendment Act, No 46 of 2013, is available on the Company's website at

[http://www.rebosis.co.za/wp-content/uploads/2015/06/Rebosis\\_Certificate\\_Final\\_.pdf](http://www.rebosis.co.za/wp-content/uploads/2015/06/Rebosis_Certificate_Final_.pdf).

Johannesburg  
20 February 2019

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