

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 THREE RETAIL PROPERTIES FOR AN AGGREGATE CONSIDERATION OF CIRCA R1.8 BILLION

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### 1. Introduction

Rebosis shareholders are hereby advised that the Company has entered into a sale of rental enterprise agreement with Vukile Property Fund Limited ("**Vukile**" or the "**Purchaser**"), dated 12 May 2019 ("**Signature Date**") ("**Sale Agreement**"), to dispose of three retail properties comprising Mdantsane City Shopping Centre, Sunnypark Shopping Centre and Bloodstreet Mall (the "**Properties**") together with the rental enterprises conducted thereon by Rebosis (the "**Rental Enterprise**") for an aggregate consideration anticipated to be R1 777 777 778 ("**Disposal Consideration**") (the "**Disposal/s**"), which excludes the Agterskot (as defined in paragraph 3.2 below) and the consideration payable in respect of the Mdantsane Bulk (as detailed in paragraph 3.3 below).

The proceeds of the Disposals will be used to reduce the existing debt of the Company. The Disposals will become effective on the date of registration of transfer of ownership of the Properties into the name of the Purchaser ("**Transfer Date**") which is anticipated to be 31 August 2019 ("**Anticipated Transfer Date**").

### 2. Rationale

The Disposals are in line with the Company's intention to reduce its loan to value ("**LTV**") ratio as outlined in the road-map included in the results announcement released by the Company on SENS on 12 November 2018 and the pre-close presentation presented to Rebosis shareholders on 27 February 2019.

The Company has experienced delays in the planned disposals of its office portfolio, as funding the acquisition of office properties rely on tenants' long term leases which have been taking longer than anticipated to renew. The Company is of the view that it is important to expedite the reduction of its LTV ratio in order to achieve a lower cost of funding, an improved credit rating and a stronger balance sheet, all of which are expected to return market confidence in Rebosis.

### 3. Salient Terms

#### 3.1 Disposal Consideration

The amount payable for the Rental Enterprise including the Properties shall be the Disposal Consideration including additional amounts which may be payable in respect of the Agterskot and the Mdantsane Bulk. The Disposal Consideration shall be payable by the Purchaser in cash on the Transfer Date. If the transfer of the Properties takes place after the Anticipated Transfer Date, the Disposal Consideration will escalate by 6% per annum, calculated and expressed as an effective daily rate, from 31 August 2019 until the Transfer Date.

The Disposal Consideration is calculated on the basis of a forecast net property income ("**NOI**") in relation to the Rental Enterprise for the 12 month period commencing on the Anticipated Transfer Date, which excludes the vacant office accommodation comprising approximately 2 300m<sup>2</sup> situated in the office and retail components of the Sunnypark Shopping Centre ("**Sunnypark Vacancy**").

If during the due diligence investigation to be carried out by the Purchaser, it is established that the forecast NOI is less than R160 million but equal to or more than R155 million (as determined by way of agreement between Vukile and Rebosis or, failing agreement, as determined by an independent expert), the purchase price payable by the Purchaser shall be determined by applying a forward yield of 9% to the forecast NOI as agreed or as so independently determined. However, if the agreed or determined forecast NOI is greater than R160 million, the Disposal Consideration shall remain unchanged. If it is established that the NOI is less than R155 million, the Purchaser may elect to either purchase the Properties and the Rental Enterprise for a consideration of R1 722 222 222, or not to proceed with the Disposals.

#### 3.2 Agterskot

An additional amount may be payable by Vukile in respect to the letting of the Sunnypark Vacancy, which amount shall not exceed R55 555 555 ("**Agterskot**"). Rebosis shall be entitled, but not obliged, to procure a tenant/s for the Sunnypark Vacancy, for a period terminating 12 months after the Transfer Date, subject to the Purchaser approving the tenant/s and the provisions of the respective lease/s. The Agterskot payment shall be determined by applying a forward yield of 9% to the NOI of the first year of the relevant lease/s. If post the Transfer Date and prior to the first anniversary of the Transfer Date the Purchaser leases out all or portion of the Sunnypark Vacancy, the Purchaser will pay to Rebosis 35% of the relevant Agterskot payment.

#### 3.3 Mdantsane Bulk

If the Purchaser, within 24 months of the Transfer Date, commences construction with an extension in respect of the undeveloped bulk at Mdantsane Shopping Centre, then subject to the development delivering at least a 10.5% development yield in the first year to the Purchaser, the Purchaser will pay to Rebosis an amount attributable to the undeveloped Mdantsane bulk used in the extension. Such amount is to be determined by Norval Wenzel Steinberg ("**NWS**") from a development feasibility to be prepared by NWS. If the development yield is determined by NWS as being lower than 10.5% in the first year, then the cost attributable to the undeveloped bulk to be used in the extension will be reduced by such an amount in order for the Purchaser to achieve a development yield of 10.5%. The payment of any amount payable in terms of this paragraph shall be paid to Rebosis, within 30 days of the practical completion of the development.

#### 4. The Properties and related financial information

The financial information provided below has been extracted from the Company's audited results for the year ended 31 August 2018, which were prepared in terms of International Financial Reporting Standards. The financial information in this announcement is the responsibility of the directors of Rebosis and has not been reported on or reviewed by a reporting accountant.

Property	Location	Sector	Gross lettable area	Single or multi-tenanted	Weighted average rental per m <sup>2</sup>	Net operating income	Value of the Properties*
			(m <sup>2</sup> )		(R)	(R'm)	(R'm)
Mdantsane City Shopping Centre	East London	Retail	34 935	Multi-tenanted	116.20	40.2	635
Sunnypark Shopping Centre	Gauteng	Retail	27 507	Multi-tenanted	157.00	55.1	770
		Office	1 423	Multi-tenanted			
Bloedstreet Mall	Pretoria	Retail	26 400	Multi-tenanted	155.20	48.7	695
<b>Total</b>			<b>90 265</b>			<b>144</b>	<b>2 100</b>

\*The valuations were performed by Mills Fitchet Magnus Penny & Wolffs (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.

#### 5. Conditions precedent

The Disposals are subject to the fulfilment of the following outstanding conditions precedent, the last of which is required to be fulfilled by not later than 150 days of the Signature Date:

- 5.1 the Purchaser confirms in writing to Rebosis that it is satisfied with the outcome of the due diligence investigation to be carried out by the Purchaser, in its sole and absolute discretion;
- 5.2 Rebosis securing any necessary consents, approvals and/or waivers of any third party pre-emptive rights in order for Rebosis to effect transfer of the Properties and/or the assignment of the Bloed Street Mall notarial leases to the Purchaser;
- 5.3 the shareholders of Rebosis have passed such resolutions as may be required in terms of the JSE Listings Requirements in respect of a Category 1 transaction, and, if applicable, the Companies Act No 71 of 2008;
- 5.4 the Purchaser secures approval from its shareholders for the Disposals and for the Purchaser to undertake a vendor consideration placement to fund at least 75% of the Disposal Consideration ("**Vendor Placement**");
- 5.5 the Disposal is approved by the relevant competition authority/ies in terms of the Competition Act, No 89 of 1998, either unconditionally or conditional on terms acceptable to the parties; and

5.6 the Purchaser successfully concludes the Vendor Placement to raise at least 75% of the Disposal Consideration by way of vendor placement at a placement price and on terms acceptable to the Purchaser.

## **6. Other**

6.1 The Sale Agreement provides for undertakings, warranties and indemnities which are normal for transactions of this nature.

6.2 Employees of Rebosis directly involved in the management and operation of the shopping centres will transfer together with the Rental Enterprise.

6.3 The Disposals were not directly or indirectly introduced by or concluded through the agency of any third party and no finder's fee, brokerage, commission or similar compensation is payable in respect of the Disposals or any part thereof.

## **7. Categorisation**

In terms of the JSE Listings Requirements, the Disposals are classified as a Category 1 transaction for Rebosis, which accordingly requires approval by Rebosis shareholders. Details of the Disposals, together with *inter alia, pro forma* financial effects of the Disposals and a valuation report on the Properties will be included in a circular to Rebosis shareholders ("**Circular**"). The salient dates and times pertaining to the Disposals will be released on SENS and published in the press at the time of posting of the Circular.

Johannesburg  
13 May 2019

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