

VUKILE PROPERTY FUND LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 2002/027194/06)
JSE share code: VKE NSX share code: VKN
ISIN: ZAE000180865
Debt company code: VKEI
(Granted REIT status with the JSE)
("Vukile" or "the company")



UPDATE ON THE ACQUISITION OF THREE SHOPPING CENTRES

1. Introduction

Shareholders are referred to the announcement released on SENS on Monday, 13 May 2019 relating to the conclusion of an agreement ("**the agreement**") between Rebosis Property Fund Limited ("**Rebosis**") and Vukile in respect of the proposed transaction for the acquisition by Vukile of the rental enterprise comprising three shopping centres known as Mdantsane City Shopping Centre, Bloed Street Mall and Sunnypark Shopping Centre from Rebosis ("**the transaction**").

Following negotiations pursuant to the due diligence investigation undertaken by Vukile, Vukile and Rebosis have agreed that Vukile will not proceed with the acquisition of Bloed Street Mall and Sunnypark Shopping Centre and that Vukile will only purchase the Mdantsane City Shopping Centre for a purchase consideration of R512.222 million being an implied 9.00% acquisition yield. Consequently, Rebosis and Vukile have agreed in principle to amend the terms of the transaction as further detailed below. It is envisaged that the formal agreement recording the amended transaction terms will be executed within the next week.

2. Salient terms of the transaction

Vukile will acquire the rental enterprise comprising Mdantsane City Shopping Centre ("**Mdantsane City**" or "**rental enterprise**") from Rebosis for a consideration of R512.222 million ("**the base price**") (the "**proposed amended transaction**").

The rental enterprise includes the immovable property, land and buildings together with all movable assets, fixed assets, assets installed therein used in connection with the operations including Rebosis' rights and obligations in terms of all lease agreements and other contracts used in the operation of the rental enterprise.

2.1. Transfer date

Vukile will acquire the rental enterprise, with effect from the date of registration of transfer of ownership of the immovable property into its name (the "**transfer date**"), which is anticipated to be on 15 October 2019. Ownership, risk and benefit in the rental enterprise will vest in Vukile as from the transfer date.

2.2. Purchase consideration

2.2.1. The total consideration payable by Vukile to Rebosis will be the base price plus any payment in respect of any development of the undeveloped bulk at Mdantsane City referred to in paragraph 2.3 below ("**Mdantsane bulk**") (the "**purchase consideration**"). Accordingly, the maximum purchase consideration that may be payable in respect of the proposed amended transaction (assuming no escalation of the base price as contemplated in paragraph 2.2.2 below) will be R557.222 million, subject

to a downward adjustment to be agreed between Rebosis and Vukile in respect of any capital expenditure to be undertaken by Vukile after the transfer date if and to the extent that Rebosis has not by the transfer date undertaken the agreed capital expenditure in relation to Mdantsane City.

- 2.2.2. If Mdantsane City is not transferred into Vukile's name on or before 15 September 2019, the base price will be escalated by 6.00% per annum, calculated and expressed as an effective daily rate, from 15 September 2019 until the transfer date.
- 2.2.3. The base price will be settled in cash and will be discharged on the transfer date.
- 2.2.4. The proposed amended transaction will no longer be conditional on Vukile undertaking any form of vendor consideration placement.

2.3. **Mdantsane bulk**

- 2.3.1. If Vukile, within 24 months of the transfer date, commences construction of an extension in respect of the 15 000m² Mdantsane bulk, then subject to the development delivering at least a 10.5% development yield in the first year to Vukile, Vukile will pay to Rebosis an amount attributable to the Mdantsane bulk used in the extension.
- 2.3.2. Any amount payable in respect of the Mdantsane bulk (capped at R3 000.00 per m² and R45 million in aggregate) is to be determined by an independent quantity surveyor, Norval Wenzel Steinberg ("NWS"), from a development feasibility to be prepared by NWS. If the development yield as determined by NWS is lower than 10.5% in the first year, then the cost attributable to the Mdantsane bulk to be used in the extension will be reduced by such an amount in order for Vukile to achieve a development yield of 10.5%. The payment of any amount payable in terms of this paragraph will be paid to Rebosis, within 30 days of the practical completion of the development.

2.4. **General terms**

- 2.4.1. Rebosis will remain liable for all liabilities associated with the rental enterprise up to the transfer date and has provided Vukile with appropriate indemnities in this regard.
- 2.4.2. Employees of Rebosis directly involved in the management and operation of Mdantsane City will transfer together with the rental enterprise. It is anticipated that these employees will be accommodated within Vukile's existing outsourced property management arrangements.
- 2.4.3. The agreement provides for undertakings, warranties and indemnities which are normal for transactions of this nature.

2.5. **Conditions precedent**

The proposed amended transaction will be conditional on the fulfilment or waiver, as the case may be, of the conditions precedent which are summarised below, by no later than 30 September 2019:

- 2.5.1. the securing, to the extent necessary, of any necessary regulatory approvals required to implement the proposed amended transaction including, in particular, any required Competition Authority approval;

- 2.5.2. the securing by Rebosis of any necessary consents, approvals and/or waivers of any third party pre-emptive rights in order for Rebosis to effect transfer of Mdantsane City to Vukile; and
- 2.5.3. any necessary shareholder approvals required by Rebosis for it to dispose of the rental enterprise.

3. Categorisation of the proposed amended transaction

The proposed amended transaction would not be categorisable from a Vukile perspective and no shareholder approval is required by Vukile for its implementation.

It is anticipated that the formal agreement to effect the proposed amended transaction will be concluded within a week. Shareholders will be informed once the formal agreement has been concluded.

23 July 2019

Corporate advisor and JSE
sponsor



NSX sponsor



Attorneys and Competition law
advisors

