

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”)



SUPPLEMENTARY ANNOUNCEMENT ON THE PROPOSED DISPOSAL OF THREE RETAIL PROPERTIES AND WITHDRAWAL OF NOTICE OF GENERAL MEETING

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 and Vukile Property Fund Limited (“**Vukile**”) in respect of the proposed transaction for the disposal by Rebosis of the rental enterprise comprising three shopping centres known as Mdantsane City Shopping Centre, Bloed Street Mall and Sunnypark Shopping Centre to Vukile (“**the transaction**”) and the announcement released on SENS on Thursday 27 June 2019 wherein shareholders were advised that a circular (“**the circular**”) pertaining to the transaction had been distributed to shareholders which included a notice of general meeting of shareholders to be held at 10:00 on Thursday 25 July 2019 for the purpose of considering the resolutions required to be approved in order to authorise and implement the transaction (“**the general meeting**”).

Following negotiations pursuant to the due diligence investigation undertaken by Vukile, Rebosis and Vukile have agreed that Vukile will only acquire the Mdantsane City Shopping Centre and that Rebosis will not dispose of Bloed Street Mall and Sunnypark Shopping Centre to Vukile. 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.

Mdantsane City Shopping centre represents the newest asset of the three centres. The more mature assets have been retained as Rebosis believes that better value can be derived from these assets. Rebosis has received and is considering other offers in regard to, *inter alia*, Bloed Street Mall and Sunnypark Shopping centre.

The Rebosis strategy of disposing at the right levels is supported by its shareholders and funders who want to see a responsible disposal programme that lowers LTV but preserves shareholder value.

2. Salient terms of the transaction

Rebosis will dispose of the rental enterprise comprising Mdantsane City Shopping Centre (“**Mdantsane City**” or “**rental enterprise**”) to Vukile 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.

The proposed amended transaction is in line with the company’s intention to reduce its loan to value 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.

2.1. Transfer date

Rebosis will dispose of the rental enterprise, with effect from the date of registration of transfer of ownership of the immovable property into Vukile’s 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.

2.3. **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, prior to 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. Property specific information

Details of Mdantsane City including the geographical location, sector, occupied GLA, weighted average rental per square metre, the net operating profit and the valuation, are set out in the table below. The financial information in this announcement has been extracted from the financial statements of Rebosis for the six month period ended 28 February 2019 which was 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.

Name and geographical location	Sector	Occupied GLA (m ²)	Weighted average rental per m ² (R/m ²)	Net operating profit (R)	Valuation [^] (R)
Mdantsane City, Eastern Cape	Retail	34 935	117.26	21 154 320	531 100 000

[^]Mdantsane City was valued as at 1 September 2019 by Mills Fitchet Magnus Penny, who are external independent valuers registered as professional valuers or as professional associate valuers in terms of the Property Valuers Profession Act, No.47 of 2000.

4. Withdrawal of notice of general meeting, categorisation and intention to reconvene general meeting

In order to ensure that shareholders are in possession of the relevant information when considering and voting on the requisite resolution relating to the proposed amended transaction, the notice of the general meeting is hereby withdrawn (and the general meeting is therefore cancelled).

In terms of the JSE Listings Requirements, the proposed amended transaction is classified as a Category 1 transaction for Rebosis, which accordingly requires approval by Rebosis shareholders. A supplementary circular detailing the terms of the proposed amended transaction and a new notice of a general meeting to approve the proposed amended transaction will be issued to Rebosis shareholders in due course.

All voting instructions, proxy forms and election forms already submitted to brokers, central securities depository participants or the company in respect of the general meeting, will be of no force or effect and will be disregarded. New forms will be provided in due course when a new notice of general meeting is issued.

23 July 2019

Transaction Sponsor



Equity and Debt Sponsor



Legal Advisor

