

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**”)



UPDATE ON THE DISPOSAL OF MDANTSANE CITY SHOPPING CENTRE

1. Introduction

Shareholders are referred to the announcement released on SENS on 23 July 2019 relating to the proposed disposal by Rebosis of the rental enterprise comprising Mdantsane City Shopping Centre (“**Mdantsane City**”) to Vukile Property Fund Limited (“**Vukile**”) (the “**Mdantsane disposal**”). The maximum disposal consideration as agreed between Rebosis and Vukile is R556.372 million (the “**disposal consideration**”) comprising R511.372 million in respect of Mdantsane City enterprise plus any payment in respect of the Mdantsane bulk (capped at R45 million).

Shareholders are hereby advised that on 6 September 2019 Vukile and Rebosis concluded the formal agreement to effect the Mdantsane disposal. In terms of the agreement the parties have agreed that the disposal consideration may be adjusted downwards in respect of any vacancy in the gymnasium in Mdantsane City (“**the gym**”) as further detailed in paragraph 2 below and any capital expenditure to be undertaken by Vukile after the date of registration of transfer of ownership of Mdantsane City into the name of Vukile (“**transfer date**”) as further detailed in paragraph 3 below.

2. The gym

Rebosis has instituted legal proceedings to evict the gym tenant (the “**gym tenant**”) and will retain liability for all costs in connection with the eviction proceedings and Rebosis has indemnified Vukile accordingly. Any rentals recovered by or are paid by the gym tenant to Vukile, either prior to or after the transfer date will be reimbursed to Rebosis.

Rebosis has procured a new tenant for the gym at a rental of not less than R50 per square metre (excluding VAT) per month escalating at 8% per annum (the “**gym forecast rental**”) and on terms acceptable to Vukile, however the new tenant can only occupy the space once the gym tenant has been evicted. The rentable area of the gym is 1 667m². Rebosis and Vukile have calculated that the rental for the gym amounts to R5.8 million (excluding VAT) over a 5-year period from transfer date (“**indemnity period**”).

If by the transfer date the gym tenant has not been evicted and a lease agreement with a substitute tenant has not been concluded by Rebosis, Rebosis has indemnified Vukile for any loss suffered by Vukile in an aggregate maximum amount of R5.8 million (“**indemnity amount**”) in relation to any loss of rental in respect of gym (as determined with reference to the gym forecast rental) for the indemnity period until a substitute tenant is procured for the gym. Vukile will be entitled to withhold the indemnity amount from the disposal consideration, which amount will be held in an escrow account by an escrow agent who will make monthly payments to Vukile from the escrow account in an amount equal to the gym forecast rental for the relevant month. Should a replacement tenant be procured prior to the expiry of the indemnity period, all amounts remaining in the escrow account, after payment of any indemnity amounts due to Vukile and the deduction of all fees and expenses payable to the escrow agent, will be refunded to Rebosis.

3. Capital expenditure

Rebosis has agreed to attend to the completion of certain specified capital expenditure items at an estimated cost of R5 428 739 which amount has been taken into account in determining the purchase consideration. To the extent that as at the transfer date there is outstanding work in respect of the capital expenditure items, Vukile will be entitled to withhold the amount equal to the anticipated cost of completing the outstanding work (capped at R5 428 739) from the amount payable in respect of the disposal consideration.

4. Categorisation

Save as otherwise detailed in this announcement, the rationale, terms and other details relating to the Mdantsane disposal as set out in the 23 July 2019 announcement remains unchanged.

The Mdantsane disposal is classified as a Category 1 transaction for Rebosis, which accordingly requires approval by Rebosis shareholders. Save for the receipt of shareholder approvals required to be obtained in respect of the Mdantsane disposal prior to 31 October 2019, all other conditions precedent have been fulfilled.

A circular (“**circular**”) relating to the supplementary information relating to the Mdantsane disposal is progressing through the JSE approval process. The information contained in the circular as it relates to Mdantsane City is supplemental to the circular issued to shareholders on 27 June 2019 (“**original circular**”) and has been included in the circular for the purposes of providing additional information in terms of section 11.56 of the JSE Listings Requirements. The additional information relates to the amended terms upon which Rebosis will implement the original transaction as announced on SENS on 13 May 2019 and, as a consequence, the material changes to the *pro forma* financial information, the historical financial information, the anticipated material borrowings of Rebosis post implementation of the Mdantsane disposal and the property information as included in the original circular. Accordingly, the circular should be read in conjunction with the original circular and incorporates all information in the original circular by reference, as amended by the content of the circular, to obtain a full appreciation of the Mdantsane disposal.

A further announcement will be made in due course.

9 September 2019

Transaction sponsor

The logo for Java Capital, featuring the word "JAVA" in a bold, sans-serif font with a blue swoosh underline, followed by the word "CAPITAL" in a lighter, all-caps sans-serif font.