

## **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

(Approved as a REIT by the JSE)

("Rebosis" or "the Group" or "the Company")

## **NOTICE OF BUSINESS RESCUE RESOLUTION AND SUSPENSION OF LISTING OF REBOSIS ORDINARY SHARES AND A-ORDINARY SHARES ON THE JSE LIMITED**

### **Introduction**

Stakeholders are referred to the JSE Limited ("**JSE**") Stock Exchange News Service announcement of 01 August 2022 where the Group committed to provide the market with an update on restructuring initiatives that will strengthen the Group's balance sheet, address the real estate investment trust ("**REIT**") concern and unlock value in the business in the long term ("**Turn-around Strategy**").

### **Turn-around Strategy**

The management and board of directors (the "**Board**") of Rebosis (collectively, "**Management and Board**") formulated the Turn-around Strategy premised on two main focus areas:

- addressing the Group's balance sheet constraints, with an immediate priority to reduce loan-to-value ("**LTV**") and improving the interest cover ratio ("**ICR**") to acceptable levels; and
- ongoing operational focus on leasing alternatives to reduce vacancies, increase tenant retention and introduce new tenants to the Group. Closely aligned to this is the implementation of a Going Green strategy. These initiatives are expected to differentiate Rebosis' assets, increasing consumer footfall and subsequent tenant demand, especially in the retail portfolio.

Central to the strategy, is disposals. Rebosis intends to, *inter alia*, place an initial total of 25 assets on the market for disposal ("**the disposals**"). These assets would have comprised of 23 commercial office buildings and two retail centres. In identifying the assets earmarked for disposal, the Management and Board considered non-core assets as well as key assets that are trading well but require some capital injections for capex and tenant installation to unlock the embedded value in these assets.

### **Business rescue resolution and JSE suspension**

Following extensive modelling and testing of all viable options to address the Group's balance sheet constraints and operational optimisation, the Management and Board believe that, based on best estimate budgets, the Group's 6-month cashflow is deemed to be vulnerable to the following significant risks:

- the expected timeframes within which shareholder approval could reasonably be obtained on the disposals;
- the impact of a rising interest rate cycle on servicing debt costs;
- the inability to recover increased municipal costs from sovereign tenants; and the high costs of rates and taxes being levied by some municipalities
- the continuous delay of rental payments by certain national , provincial government departments, as well as municipalities which contribute in excess of 50% of Rebosis' revenue.

The Management and Board therefore believe that the Company meets the definition of being "financially distressed" as contemplated in the Companies Act, 71 of 2008 as amended (the "**Companies Act**").

Considering the South African Reserve Bank's indication of further interest rate hikes in the foreseeable future, and given Rebosis' limited foreseeable cashflow, the Management and Board is of the opinion that:

- the best option to ensure the long-term survival of the Group is to commence business rescue and implement a business rescue plan as contemplated in Chapter 6 of the Companies Act;
- under the direction of an experienced business rescue practitioner ("**BRP**"), a return to sustainability may be achievable; and
- the business rescue process could incorporate some or all of the Management and Board's Turn-around Strategy as described in more detail under the heading "Turn-around Strategy" above.

Subsequent to discussions with certain of Rebosis' largest creditors, the Board accordingly resolved on 24 August 2022 to commence with voluntary business rescue proceedings as provided for in Section 129 of the Companies Act. The Board is in the process of appointing a reputable Business Rescue Practitioner

In light of this decision, the Board has applied to the JSE, and been granted approval by the JSE, for the suspension of trading in the Company's ordinary shares and A-ordinary shares on the JSE with immediate effect in terms of paragraph 1.10(a)(iii) of the JSE Listings Requirements on the following basis:

- the Board will no longer be in control of the Group, save for such residual powers and control it may have in terms of the Companies Act;
- The board is not in a position to confirm that Rebosis will be able to comply with the JSE Listings Requirements;
- with the material discussions to be undertaken with all stakeholders during the business rescue process, the risks of leaks of price sensitive information are high, which could result in different levels of information in the market;
- the nature and extent of the restructure in terms of an approved business rescue plan, and its effect on the value of the Group, is unknown; and
- it is uncertain which of the Group's assets will be retained and on what basis.

The Board considers this decision to be prudent and in the best interests of shareholders, while the Group and its BRP develop and implement the business rescue plan.

The requisite documents were lodged with the Companies and Intellectual Property Commission ("**CIPC**") on 25 August 2022 and the Company currently awaits confirmation of filing from CIPC.

Shareholders will be updated as further material information becomes available and are advised to exercise caution in relation to the Group.

26 August 2022

Legal advisor: CDH

Sponsor: Nedbank Corporate and Investment Banking, a division of Nedbank Limited