

## **REBOSIS PROPERTY FUND LIMITED (IN BUSINESS RESCUE)**

Incorporated in the Republic of South Africa

(Registration number: 2010/003468/06)

JSE share code: REA ISIN: ZAE000240552

JSE share code: REB ISIN: ZAE000201687

(Approved as a REIT by the JSE)

("Rebosis" or the "Company")

### **MONTHLY UPDATE ANNOUNCEMENT ON THE PUBLIC SALES PROCESS AND OPERATIONAL UPDATE**

Shareholders are referred to the announcement released by the Company on 6 April 2023 which provided salient information regarding the Public Sales Process ("**PSP**") and the extension to the PSP timetable announcement on 28 June 2023. This announcement sets out the monthly update on the PSP as well as an operational update as at 30 June 2023.

#### **1. PSP progress to 30 June 2023**

- 1.1 Following conclusion of the expression of interest phase ("**EOI Phase**"), the lenders, advisors and joint business rescue practitioners ("**Joint BRPs**") (collectively, "**PSP Team**") selected 22 participants ("**Preferred Bidders**") to proceed to the due diligence and offer phase ("**DD & Offer Phase**"). The Preferred Bidders include private individuals, joint ventures, and JSE-listed REITS. In addition, the Government-tenanted portfolio has received interest from unlisted property groups and seasoned property entrepreneurs specialising in this asset class.
- 1.2 The Preferred Bidders have accessed the virtual data room which includes the requisite information for Preferred Bidders to undertake their due diligence processes. This has included requests for site visits.
- 1.3 Rebosis management and the PSP Team continue to respond to questions from the Preferred Bidders. Rebosis management have, on request and on a one-on-one basis, engaged with the Preferred Bidders regarding operational, technical and other matters relating to the property portfolio. On request, further one-on-one engagements with Rebosis management are expected to take place over the next two weeks.
- 1.4 Various Preferred Bidders have already conducted site visits including, in certain cases, deploying specialist teams to conclude technical due diligences in respect of the various properties. These site visits are being co-ordinated by the PSP Team upon request by the Preferred Bidders. In certain circumstances this has required communication with and/or consent being obtained from the relevant tenants.
- 1.5 The PSP is currently on track for the Company to receive final binding offers ("**Binding Offers**") by 17 July 2023.
- 1.6 Set out below is the indicative timetable in respect of the remainder of the PSP. As previously communicated, the Joint BRPs have the right to amend these indicative dates.

Remaining PSP Milestones	Original PSP Indicative Date	Creditor-Approved Extended Dates
Binding Offer Date	29 June 2023	17 July 2023
Final Offer Date	20 July 2023	7 August 2023
Selection of Final Purchaser and conclusion of Final Sale Agreement	27 July 2023	14 August 2023

- 1.7 Binding Offers have to be accompanied by proof of funding in a form acceptable to the Joint BRPs for the full purchase price contained in the Binding Offer. Preferred Bidders are encouraged to secure firm funding commitments ahead of submitting Binding Offers, including credit approved term sheets from reputable financial institutions, where applicable.

## 2. Delay in financial reporting

Rebosis has not been able to publish its annual financial statements for the year ended 31 August 2022 ("**FY22 AFS**"), nor its interim report for the six months ended 28 February 2023 ("**Interim Results**"), within the required timelines prescribed by the JSE Listings Requirements, due to the following reasons:

- 2.1 the audit process in respect of the FY22 AFS is still ongoing. To finalise the audit opinion, Rebosis is required to have authorised and approved the valuations of its Investment Properties. These valuations have been completed by an independent third party and are currently being reviewed internally; and

- 2.2 the Interim Results can only be completed once the FY22 AFS have been finalised.

## 3. Employees and support functions

During the business rescue process, and up until 30 June 2023, the Company has ensured that all Rebosis employees have been paid, such that support functions, facilities management services and property and asset management functions across the portfolio remain uninterrupted.

## 4. Operational highlights

### 4.1. Commercial leases:

21,160m<sup>2</sup> commercial leases were renewed for the 10-month period between 1 September 2022 to 30 June 2023 (the "**period**").

This includes a two-year renewal with the Department of Economic Development in Pietermaritzburg (9,517m<sup>2</sup>) and new leases (total GLA of 5,902m<sup>2</sup>), which includes a five-year lease with the Department of Social Services in Nelspruit (2,264m<sup>2</sup>), and a five-year lease with the Department of Statistics in Cape Town (800m<sup>2</sup>).

Over the period, commercial vacancies have increased from 26.7% to 27.27%, which is higher than the South African Property Owners Association ("**SAPOA**") current vacancy rate of 16.7%.

The increased vacancy is attributable to various factors including the current economic downturn, rising interest rates and inflationary pressures from rising fuel and food prices that have further reduced the demand for office requirements, as remote working and flexible office space remain attractive, alternative business solutions.

Businesses are facing further pressures from the increased cost of doing business, with electricity supply shortages, high municipal costs such as rates and taxes, as well as the negative implications thereof on business confidence. Landlords are offering attractive installation allowances and longer occupation periods to attract tenants in an increased competitive environment, which is mostly due to the excess supply of offices in the precincts in which Rebosis operates (Johannesburg and Pretoria central business districts).

#### **4.2. Rental collections:**

Rental collections (including arrears) have been maintained at 100%. Large tenants such as the Gauteng Department of Infrastructure & Development and the Department of Public Works and Infrastructure do not have any arrears in excess of 30 days. Long-outstanding arrears continue to improve through steady collections.

The Joint BRPs remain confident that there is a reasonable prospect of rescuing the business.

Capitalised terms used in this announcement are as defined in the Business Rescue Plan, unless otherwise stated.

14 July 2023

Joint BRPs:	Phahlani Mkhombo and Jacques du Toit
Advisors to the Joint BRPs:	Java Capital Proprietary Limited, Black Acres Proprietary Limited, Deloitte & Touche
Legal Advisors to the Joint BRPs:	Cliffe Dekker Hofmeyr Inc.
Sponsor to Rebosis:	Nedbank Corporate and Investment Banking, a division of Nedbank Limited