

B-BBEE TRANSACTION IN RESPECT OF NEW FRONTIER PROPERTIES LIMITED

1. INTRODUCTION

Rebosis shareholders are advised that Rebosis has reduced its interest in New Frontier Properties Limited ("New Frontier") from 67.6% to 36%, by disposing of 48 284 681 New Frontier shares to a special purpose vehicle ("the BEE SPV") owned by a South African broad-based black economic empowerment consortium (the "B-BBEE Consortium") on a vendor-funded basis ("the Transaction").

2. THE TRANSACTION

Strategic Rationale

New Frontier is a Mauritian-incorporated company, which operates as a property income fund with a portfolio focus on the United Kingdom and Europe. Its shares are listed on the Mauritian Stock Exchange and are also inwardly listed on the securities exchange operated by the JSE Limited ("JSE").

Prior to the implementation of the Transaction Rebosis held an approximately 67.6% shareholding in New Frontier. Rebosis considers its investment in New Frontier as important and strategic in nature, and its current intention is to maintain a material and influential stake in New Frontier. However, Rebosis does not consider it necessary for it to maintain a controlling position in New Frontier.

The Transaction addresses the following strategic objectives for Rebosis:

- the Transaction achieves a de-consolidation of New Frontier for accounting purposes and an improvement of IFRS gearing levels of the Rebosis group;
- it is a significant transaction which contributes to B-BBEE in the property sector, and is in furtherance of Rebosis' commitment to transformation in South Africa as well as its own strategic B-BBEE objectives;
- it is a further step in the process of restructuring and optimising the balance sheet of Rebosis; and
- it creates sufficient capacity for Rebosis to again acquire additional interests in New Frontier should it wish to do, but without thereby acquiring a majority controlling position.

The B-BBEE Consortium is chaired by Nkosi-Yawo Gugushe and will be 100% black, and will include significant participation by women and broad-based organisations.

The Salient terms of the Transaction

The salient terms of the Transaction are as follows:

- Rebosis disposed of 48 284 681 New Frontier shares ("the New Frontier Shares") to the BEE SPV at a price of R19.00 per share (which equates to the 30 day V-WAP price of New Frontier shares), i.e. for a total consideration of R917 million, with effect from 31 August 2017;
- the BEE SPV is entitled to all future distributions in respect of the New Frontier Shares, including the as yet undeclared distribution in respect of the 6-month period commencing on 1 March 2017 and ending on 31 August 2017;
- Rebosis advanced a loan to the BEE SPV to enable it to fund the acquisition of the New Frontier Shares (the "Vendor Loan");
- the B-BBEE Consortium is making an equity contribution to BEE SPV which will be applied in reduction of the amount owing under the Vendor Loan and which represents risk capital in relation to the Transaction;
- the Vendor Loan bears interest at a rate equal to prime plus 1% (capitalised and compounded monthly), with effect from 1 March 2017, and the BEE SPV is required to apply all distributions received in respect of the New Frontier Shares in reduction of the outstandings under the Vendor Loan from time to time;
- Rebosis is entitled to a profit share of 20% on any value upside (whether attributable to share price and/or currency movement) at the end of the Vendor Loan term, to the extent that this exceeds any amount of accrued interest that may not have been paid during the term of the Vendor Loan though the application of distributions;
- the Vendor Loan has a maturity of 5 years, which may be extended by a further maximum period of 5 years;
- the New Frontier Shares serve as security for the obligations under the Vendor Loan, and the New Frontier Shares may not be disposed of until the Vendor Loan is repaid;
- it is contemplated that the Vendor Loan or a portion thereof may be substituted by funding provided by a third party or financial institution in due course (and the parties are currently in the process of negotiating such funding); and
- Rebosis has pre-emptive and related rights in respect of the New Frontier Shares.

The agreements relating to the Transaction contain such other terms and conditions as are common and typical for agreements of this nature.

Financial effects of the Transaction

Prior to the disposal of New Frontier Shares, Rebosis (through its wholly owned subsidiaries) owned 103 283 591 shares in the share capital of New Frontier, being 67.6% of the total number of issued shares. As a result, Rebosis consolidated New Frontier on a line-by-line basis in both the Statement of Profit or Loss and other Comprehensive Income and the Statement of Financial Position.

After the implementation of the Transaction Rebosis (through its wholly owned subsidiaries) owns 54 998 910 shares in New Frontier, which equates to a 36% shareholding. Subsequent to this disposal, New Frontier will be treated as an associate of Rebosis and will henceforth equity account for as an investment in an associate.

Based on the interim financial results published by New Frontier on 13 April 2017, the equity accounted profits, had the Transaction been effected on 1 September 2016, would have been R45 356 824, which represents a 36% profit entitlement.

The New Frontier shares have been sold cum dividend (which includes the distributions for all periods commencing on 1 March 2017), and hence it is a term of the Vendor Loan that the interest period commences 1 March 2017 to coincide with the dividend entitlement period.

New Frontier's last published results for the 9 months ended 31 May 2017 reflect profit after tax for the period of £7.459 million and a net asset value of 7.2 pence per share. The properties owned by New Frontier are as follows:

Property	Location	Rentable Area sq ft	Acquisition date	Valuation as at 31 August 2016 (£)	Weighted average rental per sq ft
Coopers Square	Burton upon Trent (UK)	396,504	14 April 2015	94 350 000	£15.65
The Cleveland Centre	Middlesbrough (UK)	392,993	14 April 2015	80 000 000	£13.66
Houndshill Shopping Centre	Blackpool (UK)	301,959	23 September 2015	98 500 000	£20.88
		1,091,456		272 850 000	

The above properties were valued on 31 August 2016 by an independent valuer, Colliers International Valuation UK LLP.

3. EFFECTIVE DATE AND CONDITIONS PRECEDENT TO THE TRANSACTION

The Transaction is not subject to any outstanding conditions precedent and it became effective and was implemented on 31 August 2017.

4. CLASSIFICATION OF THE PROPOSED TRANSACTION

The Transaction is classified as a Category 2 transaction in terms of the Listing Requirements of the JSE.

5. CONCLUSION

Rebosis is pleased to have concluded the Transaction which effectively improves its balance sheet and fulfils its B-BBEE objectives in a meaningful manner. Rebosis has confidence in the future of New Frontier and its management and will continue to support New Frontier's initiatives and drives in fulfilling its strategy.

Fourways

31 August 2017

Legal advisor



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