

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")

PROPOSED CATEGORY 2 TRANSACTION RELATING TO DISPOSAL OF PROPERTY

1. Introduction

Rebosis shareholders are hereby advised that the Company has, through its wholly-owned subsidiary, Ascension Properties Limited (the "**Seller**"), accepted an offer to purchase (the "**Offer**") received from Flameup Investments Proprietary Limited (the "**Purchaser**"), on 5 October 2018.

In terms of the Offer, the Purchaser will acquire the property letting enterprise (the "**Rental Enterprise**") situated on Erf 4648, Erf 4649 and Erf 4650, Cape Town, Western Cape, known as Grand Central Building (collectively, the "**Property**") for a consideration of R600,000,000 (six hundred million Rand) (inclusive of VAT at zero percent) payable in cash (the "**Disposal**").

The Rental Enterprise consists of the rental enterprise conducted by the Seller on the Property, as a going concern, consisting of the Property together with all fixed assets, assets installed therein and movable assets and the Seller's rights in terms of any leases in respect of the Property. The Disposal will be effected on the terms, and subject to the fulfilment of the conditions precedent, set out in paragraph 3 below.

2. The Disposal

2.1 Rationale

The disposal of the Property, comprising of predominantly office buildings, forms part of the Company's strategy to be a retail focused fund and to reduce the Company's gearing in line with the road-map outlined in the interim results announcement released on the Stock Exchange News Service on 8 May 2018. The proceeds of the Disposal will be used to reduce the existing debt of the Company.

2.2 The Disposal Consideration

In terms of the Offer, the consideration payable by the Purchaser for the Property is R600,000,000 (six hundred million Rand), which amount is inclusive of VAT at the rate of 0% (the "**Disposal Consideration**").

The Parties have agreed that a refurbishment contribution in the amount of R55,000,000 (fifty five million Rand) (the "**Refurbishment Contribution**") will be set-off against the Disposal Consideration and that the amount payable on the date of transfer of the Property into the name of the Purchaser (or its nominee) (the "**Date of Transfer**"), will be an amount of R545,000,000 (five hundred and forty

five million Rand) (the “**Payment Amount**”). The Refurbishment Contribution is in light of the substantial refurbishment/renovation of the retail portion of the Property that is to be undertaken by the Purchaser.

2.3 Effective date

The Disposal will become effective on the Date of Transfer.

2.4 Warranties and other terms

The Offer contains representations and warranties by the Seller in favour of the Purchaser which are standard for a transaction of this nature.

2.5 The Property and related financial information

2.5.1 Property information

Erf numbers:	4648, 4649, 4650
Geographical location:	15 Darling Street, Cape Town, Western Cape Province
Rentable area:	33 577m ²
Weighted average rental:	R133.67 per m ²
Sector:	Office
Single/multi-tenanted:	Multi-tenanted

2.5.2 Related financial information

2.5.2.1. Value of the net assets of the Disposal

The value of the net assets that are the subject of the Disposal is R636,000,000 (six hundred and thirty six million Rand), as extracted from the Company’s unaudited condensed consolidated interim results for the six months ended 28 February 2018, which have been prepared in terms of IFRS. The valuation was performed by LDM Valuation Solutions (Pty) Ltd, who is independent from the Company and registered as a professional valuer in terms of the Property Valuers Profession Act, No. 47 of 2000.

2.5.2.2 Forecast financial information on the Property

The forecast financial information excluding assumed rental on vacant space is:

	Forecast for the 12 months ending December 2019 R'million	Forecast for the 12 months ending December 2020 R'million
Rental income		
• Contracted ¹	20.9	16.4
• Near-contracted ²	38.9	47.3
• Uncontracted	0.0	0.0
Other income	17.7	19.0
Total Revenue	77.5	82.7
Net operating profit	50.1	53.6
Net profit after tax	50.1	53.6
Distributable earnings	50.1	53.6

Notes:

1. Contracted revenue is based on existing lease agreements.

2. Near-contracted rental revenue is based on legally binding agreements that have expired and that are reasonably expected to be renewed, which expectation takes into consideration the location of the property, the historical occupancy by that tenant and the tenant's profile.

The financial information provided above is the responsibility of the directors of Rebosis and has not been reported on or reviewed by a reporting accountant.

3. Conditions precedent

The Offer is subject to the fulfilment of the following outstanding conditions precedent:

3.1 Within 30 days of the later of signature of the Offer or the Purchaser having received all the due diligence information as contemplated in the Offer:

3.1.1 the Purchaser being satisfied in its sole and absolute discretion with the results of a comprehensive due diligence on the Property and Rental Enterprise; and

3.1.2 the board of directors of the Purchaser approving the Disposal;

3.2 within 30 days of the fulfilment or waiver, as the case may be, of the condition in paragraph 3.1 above, the Purchaser succeeding in raising senior debt finance to acquire the Rental Enterprise, on terms acceptable to the Purchaser; and

3.3 approval of the Disposal by the Competition Commission.

4. Additional terms of the Offer

4.1 The Western Cape Government currently leases approximately 18,800 m² of office space ("**WCG Premises**") at the Property (the "**Existing WCG Lease**"), which lease expires on or about 30 September 2018. The Seller shall provide the Purchaser with a rental guarantee in respect of the WCG Premises at a starting rental of R125 per square meter (plus municipal recoveries and VAT) and escalating at 6.5% per annum compounded on each anniversary of the lease for a period of 3 years from the Date of Transfer.

4.2 The Seller shall provide the Purchaser with additional rental guarantees in respect of certain premises known as the Post Office Storage Premises, being 1,280 m² in extent, at a starting rental of R108 per square meter (plus municipal recoveries and VAT) and the premises known as the Post Office Mezzanine Area, being 1542 m² in extent, at a starting rental of R106 per square meter (plus municipal recoveries and VAT), each escalating at 6.5% per annum compounded on each anniversary of the lease for a period of 3 years from the Date of Transfer.

4.3 The Seller shall be liable, at its cost and expense, to spend not less than R10, 000,000 (ten million Rand) excluding VAT, on upgrading the offices, foyer and lifts in respect of the premises leased under the Existing WCG Lease.

4.4 The Offer is made on the basis and presumption that the one year net forward income including assumed market rental for vacant space of the Rental Enterprise from 1 January 2019 is a minimum of R53,000,000 (Fifty three million Rand) ("**Net Forward Income**"). The Net Forward Income will be

verified as part of the comprehensive due diligence conducted by the Purchaser and is to be agreed by the parties (the “**Agreed Net Income**”).

Insofar as the Agreed Net Income is found to be less than, or more than the Net Forward Income, then the Disposal Consideration and consequently the Payment Amount shall be adjusted accordingly.

5. Formal agreement of sale

The parties will enter into a formal agreement of sale incorporating the terms and conditions of the Offer, and such further terms and conditions including but not limited to additional warranties typical for this type of transaction to be agreed by the parties, within 10 days from signature of the Offer, failing which the Offer will constitute a binding agreement between the parties.

6. Categorisation

The Disposal constitutes a Category 2 transaction for Rebois in terms of the JSE Limited Listings Requirements, which merely requires an announcement.

Johannesburg
5 October 2018

Sponsor
Nedbank Corporate and Investment Banking