REBOSIS PROPERTY FUND LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 2010/003468/06)
JSE share code: REB ISIN: ZAE000201687
(Approved as a REIT by the JSE)
("**Rebosis**" or "**the company**")

RELATED PARTY TRANSACTION, INTERNALISATION OF MANAGEMENT AND WITHDRAWAL OF CAUTIONARY

1. INTRODUCTION

Shareholders are referred to the previous cautionary announcements, the last of which was released on SENS on Thursday, 5 May 2016 and are advised that Rebosis and Billion Group (Proprietary) Limited ("**Billion**"), which is wholly-owned by the Amotolo Family Trust and an associate of Sisa Ngebulana, have concluded a binding heads of agreement ("**HOA**") in terms of which Rebosis will acquire from Billion and/or its subsidiaries an interest in three dominant regional shopping centres and two service businesses being Billion Asset Managers (Proprietary) Limited ("**BAM**") and Billion Property Services (Proprietary) Limited ("**BPS**") (the acquisition of such service businesses being "**the manco internalisation**") with commercial effect from 1 September 2016 ("**the transaction**").

2. MECHANICS OF THE TRANSACTION

2.1. In terms of the HOA and on completion of the transaction contemplated in the HOA, Rebosis will hold an effective interest in:

2.1.1. 100% of the shopping centre known as Baywest City;

2.1.2. 100% of the shopping centre known as Forest Hill City; and

2.1.3. a 50.1% undivided share in the shopping centre known as BT Ngebs City,

collectively referred to as "**the shopping centres**".

2.2. In addition, Rebosis will acquire:

2.2.1. 100% of the shares and shareholder claims in BAM, which holds an agreement to provide asset management services to Rebosis; and

2.2.2. 100% of the shares and shareholder claims in BPS, which provides property management and letting services to members of Rebosis and the Billion group,

collectively referred to as "**the service businesses**".

2.3. The transaction will be implemented five business days after all the conditions precedent set out in paragraph 4 below have been fulfilled or waived ("**the closing date**").

2.4. Billion will guarantee the forecast aggregate net operating income of the shopping centres in respect of the period from 1 September 2016 to 31 August 2018. The total amount of forecast aggregate net operating income guaranteed will be capped at R59 million.

2.5. The consideration payable by Rebosis in respect of the transaction is an amount of R6,007.2 billion ("**the consideration**") and comprises the following:

2.5.1. R2,332.0 billion in respect of the interest in 100% of Baywest City;

2.5.2. R2,213.0 billion in respect of the interest in 100% of Forest Hill City;

2.5.3. R873.2 million in respect of the interest in 50.1% of BT Ngebs City;

2.5.4. R360.0 million in respect of the interest in 100% of BAM; and

2.5.5. R229.0 million in respect of the interest in 100% of BPS.

2.6. On the closing date, a portion of the consideration in an amount of R5,307.2 billion ("**the initial consideration**") will be paid as follows:

2.6.1. by taking over or settling debt in the amount of R4,270.7 billion; and

2.6.2. by paying the balance of R1,036.5 billion in cash ("**the initial cash consideration**") (on the basis that such cash payment obligation will be discharged as set out in paragraph 2.9 below).

2.7. The balance of the consideration in an amount of R700.0 million ("**the deferred consideration**") will be deferred and settled as follows:

2.7.1. immediately after the record date for the Rebosis income distribution for the 6 month period ended 31 August 2017, an amount of R350.0 million will be paid, in cash; and

2.7.2. immediately after the record date for the Rebosis income distribution for the 6 month period ended 31 August 2018, an amount of R350.0 million will be paid, in cash.

2.8. Immediately after the record date for the Rebosis income distribution for the 6 month period ended 31 August 2019, an amount of R115 million ("**additional consideration**") will be paid, in cash, in recognition of the fact that a significant portion of the consideration has been deferred, which amount is subject to appropriate adjustment in the event of an acceleration in the payment of the deferred consideration as referred to in paragraph 2.15 below.

2.9. Rebosis will, on or about the closing date, launch a renounceable claw-back offer of 91 725 445 shares to all its shareholders at R11.30091 per share ("**the initial claw-back offer**") in order to fund the payment of the initial cash consideration. The claw-back offer shares issued in terms of the initial claw-back offer will not participate in the distribution for the period 1 March 2016 to 31 August 2016.

2.10. The initial claw-back offer will be fully underwritten by Billion and the shares to be offered in terms of the initial claw-back offer will in terms of such underwriting be required to be issued to Billion on the closing date. There will be no underwriting fees payable. Billion's obligation to pay for all of the initial claw-back offer shares on the closing date in terms of its underwriting commitment will be set-off against Rebosis' obligation to pay to Billion the initial cash consideration on the closing date.

2.11. The company also intends to fund the payment of the deferred consideration and the additional consideration by way of renounceable claw-back offers to its shareholders ("**the subsequent claw-back offers**"), at a price equal to the 30 day volume weighted average price ("**vwap**") of Rebosis shares immediately before the relevant subsequent claw-back offer is launched. The shares issued in terms of any subsequent claw-back offers will not rank for distribution in respect of the immediately preceding distribution period. Billion may elect not to proceed with any particular subsequent claw-back offer, and may fund the payment of the relevant deferred consideration or the additional consideration amount in such other manner as it deems fit.

2.12. Any subsequent claw-back offer that may be launched will be underwritten by Billion on the same basis as the initial claw-back offer. Billion's obligation to pay for the subsequent claw-back offer shares on the relevant payment dates in terms of its underwriting commitment will be set-off against Rebosis' obligation to pay to Billion the deferred consideration and the additional consideration on the relevant payment dates.

2.13. To the extent that Rebosis shareholders take up shares in terms of any of the claw-back offers, Rebosis may elect to require that Billion reinvests all or portion of the cash proceeds of the claw-back offers by way of a subscription for further shares in Rebosis, subject to the required shareholder approvals and a cap of 80% of any cash proceeds of the initial claw-back offer.

2.14. Billion undertakes not to dispose of any of the Rebosis shares it may acquire in terms of its underwriting commitments referred to in paragraph 2.10 and 2.12 above, or any reinvestment of claw-back offer proceeds referred to in paragraph 2.13 above, for a period of 18 months after it has acquired the relevant Rebosis shares without the prior written consent of the board of Rebosis.

2.15. In the event that Rebosis receives an unsolicited offer from a serious source (excluding Billion) in respect of an affected transaction, as contemplated in the Companies Act 71 of 2008, the deferred consideration and the additional consideration, adjusted as appropriate, will become immediately payable and Rebosis will launch a claw-back offer, underwritten by Billion on the same basis as the subsequent claw-back offers, to fund such payment obligations.

2.16. In terms of the HOA, the parties may agree to a transaction mechanism which is considered to be the most appropriate mechanism to implement and give effect to their respective commercial intentions.

2.17. The HOA contemplates the provision of warranties and indemnities that are standard for transactions of this nature.

3. RATIONALE FOR THE TRANSACTION

3.1. The acquisition of the interest in the shopping centres is in line with Rebosis' core strategic objective of being a retail-biased fund. The transaction will provide Rebosis with an opportunity to acquire scarce, high quality, income generating retail assets, thereby substantially increasing the company's retail exposure and improving the overall quality of the Rebosis portfolio. Given the regional dominance of the shopping centres, the transaction is expected to further enhance the defensive nature of the Rebosis portfolio, offering long-dated lease expiries with above inflation escalations. Post the transaction, Rebosis will hold 7 prime retail assets with a value of approximately R9 billion which represents 66% of the total asset value. This enhanced scale is expected to increase liquidity for investors, increase Rebosis' weighting in the JSE's SAPY index and drive down operational costs through economies of scale.

3.2. The internalisation of the asset management and property management companies will better align the interests of management with that of Rebosis shareholders and is in line with global best practice. The internalisation will further allow for equity incentivisation of experienced members of staff who are of strategic importance to improving overall growth in distributable income. This incentivisation will be achieved at no further cost to existing shareholders.

3.3. It is not anticipated that the internalisation of BAM will prejudice Rebosis' status as the landlord to government tenanted offices.

4. CONDITIONS PRECEDENT

4.1. The HOA is conditional upon the parties concluding formal agreements, regulating the transaction ("**transaction agreements**").

4.2. The transaction is subject to the fulfilment or waiver of the following outstanding conditions precedent that:

4.2.1. by no later than 30 June 2016, Rebosis has obtained valuation reports from an independent property valuer in respect of each shopping centre and the fairness opinions from an independent expert in relation to the acquisition of the service businesses, as required in terms of the JSE Listings Requirements;

4.2.2. by no later than 30 June 2016, Billion and the other applicable members of the Billion group have obtained all such approvals as may be required under the Companies Act in connection with the transaction;

4.2.3. by no later than 30 June 2016, Billion or another member of the Billion Group has entered into a transaction with Baywest and the remaining shareholder of Baywest, as a result of which Billion or another member of the Billion Group will hold 100% of the shares in Baywest, on the basis that at least 50% of the cost attributable to such transaction is ultimately funded by the delivery or issue of Rebosis shares at a price not less than R11.20 per share;

4.2.4. by no later than 30 June 2016, Billion has agreed with Nedbank in writing that if the transaction is proceeded with, its profit share and related arrangements in relation to the shopping centres may be settled by the delivery or issue of Rebosis shares at a price not less than R11.20 per share;

4.2.5. by no later than 1 August 2016, Rebosis has obtained all such shareholder approvals as may be required under the Companies Act and the JSE Listings Requirements in connection with the transaction;

4.2.6. by no later than 1 August 2016, any third party consents or waivers that may be necessary to be able to give effect to the transaction, have been obtained;

4.2.7. by no later than the earlier of (i) 31 August 2016 and (ii) the date upon which all the conditions precedent in paragraphs 4.2.4, 4.2.5, 4.2.6, 4.2.8, and 4.2.9 have been fulfilled, the board of directors of Rebosis has satisfied itself that the acquisition by Rebosis of BAM and BPS is not likely to result in Rebosis not being in compliance with any applicable requirements of the Department of Public Works in connection with any leases in respect of the Rebosis group property portfolio, where such non-compliance can reasonably be expected to have a material adverse economic impact on Rebosis;

4.2.8. by no later than the earlier of (i) 31 August 2016 and (ii) the date upon which all the conditions precedent in paragraphs 4.2.4, 4.2.5, 4.2.6, 4.2.7 and 4.2.9 have been fulfilled, Rebosis has delivered to Billion a written notice stating that Rebosis is satisfied with the results of the due diligence investigation and wishes to proceed with the transaction; and

4.2.9. by no later than 31 August 2016, all necessary approvals from the competition authorities have been obtained, unconditionally or upon such conditions as may be acceptable to the parties.

4.3. If, between the date of this announcement and the day prior to receipt of shareholder approval as contemplated in paragraph 4.2.5, the 30 day vwap of the Rebosis share price reduces so that Rebosis calculates that the dilution in the distribution per Rebosis share for the period 1 September 2016 to 31 August 2017 will be more than 9.1%, where the calculation is with reference to the Rebosis internal forecast for the period which has not been published, then Rebosis will so inform Billion and either party to the HOA may elect not to proceed with the transaction. Conversely, if Rebosis calculates that the dilution will be less than 9.1%, then the amount of the initial consideration payable to Billion will be increased and the deferred amount correspondingly decreased so that the forecast dilution to Rebosis for the period remains 9.1%.

4.4. Rebosis calculates that the impact of the deferral of portion of the purchase price, measured with reference to an independent forecast of the Rebosis distribution per share for the year ending 31 August 2017, is to reduce the first year dilution in distribution per share from 15.8% to 9.1%, with the balance of the dilution over the period of the deferral impacted inter alia by the market aligned issue price of shares at the end of each deferral period.

5. PROPERTY SPECIFIC INFORMATION

5.1. Property specific details of the shopping centres, including property name and address, location, rentable area, weighted average rental per square meter and valuation are set out below.

Property name	**Physical address**	**Rentable area (m^2)**	**Weighted average rental per square metre (R/m^2)**	**Valuation as at 31 August 2016 (R)**
Forest Hill City Shopping Centre	6922 Forrest Beech Street, Monavoni, Pretoria, Gauteng	73 952	151.4	2,213 billion
BT Ngebs City Shopping Centre	33 Errol Spring Avenue, Mthatha, Eastern Cape	60 163	139.0	1,743 billion*
Baywest Mall Shopping Centre	100 Baywest Boulevard, Baywest City, Port Elizabeth, Eastern Cape	87 707	125.9	2,332 billion

*Represents 100% ownership

5.2. The value of the shopping centres is as negotiated between Rebosis and Billion. The directors of Rebosis are satisfied that the value attributed to the shopping centres is in line with the consideration being paid by Rebosis. The directors of Rebosis are not independent and are not registered as external professional valuers or as professional associate valuers in terms of the Property Valuers Profession Act, No 47 of 2000.

6. FINANCIAL EFFECTS

6.1. Forecast statements of comprehensive income

Set out below is an extract from the forecast statement of comprehensive income for the transaction ("**the forecasts**") for the year ending 31 August 2017 and the year ending 31 August 2018 ("**the forecast periods**"), prepared in terms of section 13.7 of the JSE Listings Requirements.

The forecasts, including the assumptions on which they are based and the financial information from which they are prepared, are the responsibility of the directors of Rebosis. The forecasts have not been reviewed or reported on by independent reporting accountants.

The forecasts have been prepared in compliance with IFRS and in accordance with Rebosis' accounting policies.

	Forecast for the year ending 31 August 2017	**Forecast for the year ending 31 August 2018**
Basic and diluted earnings per share (cents)	93.01	86.08
Headline earnings per share (cents)	93.01	86.08
Distributable income per share (cents)	32.89	57.96

Notes and assumptions:

1. Management's forecasts for the year ending 31 August 2017 and the year ending 31 August 2018 are based on an analysis of historical information, contracts and information provided by the property manager. Rebosis will acquire the interests in the shopping centres, BAM and BPS on an assumed effective date of 1 September 2016.
2. Contracted revenue is based on existing lease agreements including stipulated increases, all of which are valid and enforceable.
3. Uncontracted revenue comprises 17.9% and 18.2% of rental income excluding recoveries for the year ending 31 August 2017 and the year ending 31 August 2018, respectively.
4. Current vacant space has been forecast on a property-by-property basis and has been assumed to remain vacant unless it is deemed probable that such space will be let, in which case rental is forecast at prevailing market rates. Vacant space has been assumed to be let during the forecast periods only if management are at an advanced stage of discussions with prospective tenants and where offers to tenants have been made.
5. Leases expiring during the forecast periods have been forecast on a lease-by-lease basis, and have been assumed to renew at current market rates unless the lessee has indicated its intention to terminate the lease.
6. Property operating expenditure has been forecast on a line-by-line basis for each property based on management's review of historical expenditure, where available, and discussion with the property manager.
7. The acquisition of the interests in the shopping centres comprise the acquisition of interests in investment properties only and do not include the associated rental and property management businesses. The acquisition of the interests in the shopping centres is therefore not considered to be the acquisition of a business and is therefore accounted for in terms of *IAS 40: Investment Property*. Investment property is initially recognised at the acquisition consideration attributable to the underlying investment. Subsequently at the reporting period-end, the investment property is measured at fair value in accordance with the fair value model adopted in Rebosis' accounting policy.
8. The consideration for the transaction will be paid for in terms of the payment structure referred to in paragraph 2 above. The consideration pertaining to the interests in the shopping centres will be an amount of R5 418.2 million in cash while the consideration pertaining to the interests in BAM and BPS, collectively, will be an amount of R589.0 million in cash.
9. R4 270.7 million of the aggregate consideration is assumed to be funded through interest-bearing borrowings. These interest-bearing borrowings are assumed to incur interest at an estimated effective rate of 9.5% per annum.
10. R1 036.5 million of the aggregate consideration is assumed to be funded by way of a claw-back offer of 91 725 445 shares at an issue price per Rebosis share of R11.30091.
11. The balance of R700.0 million will be deferred and settled in cash in two tranches of R350.0 million each. The first tranche will be settled immediately after the record date for the Rebosis income distribution for the six month period ended 31 August 2017 and the second tranche will be settled immediately after the record date for the Rebosis income distribution for the six month period ended 31 August 2018. The company will fund the payment of each tranche by way of a claw-back offer, at a price equal to the 30 day vwap of Rebosis shares immediately before the claw-back offer is launched, to its shareholders on the date upon which each such amount becomes payable.
12. Once-off expenses relating to the transaction of R37.7 million have been set of against stated capital as acquisition costs in terms of IFRS 3.53. It has been assumed that transaction costs will be settled in cash funded by way of interest-bearing borrowings at an estimated effective rate of 9.5% per annum.

6.2. Consolidated *pro forma* financial information

Due to its nature, the consolidated *pro forma* financial information may not fairly represent Rebosis' financial position, changes in equity, results of operations and cash flows subsequent to the transaction.

The consolidated *pro forma* financial information is the responsibility of the directors of Rebosis and has been prepared for illustrative purposes only in order to provide information about the financial position of Rebosis assuming that the acquisition of the shopping centres and the manco internalisation had been implemented on 29 February 2016 for statement of financial position purposes and implemented on 1 March 2015 for statement of comprehensive income purposes.

The consolidated *pro forma* financial information has been prepared in compliance with IFRS, the SAICA Guide on *Pro forma* Financial Information and in accordance with the accounting policies of the Rebosis group that were used in the preparation of the published unaudited condensed consolidated interim results for the six months ended 29 February 2016.

6.2.1. The *pro forma* financial effects of the transaction on Rebosis' basic and diluted earnings per share, headline and diluted headline earnings per share and distributable income per share is set out below and has been prepared in terms of section 10.9 of the JSE Listings Requirements.

	Rebosis interim results for the six months to 28 February 2015 1,2	**Rebosis reviewed results for the year ended 31 August 2015** 1,3	**Rebosis results for the six months to 31 August 2015** 1	**Rebosis interim results for the six months to 29 February 2016** 1,4	**Rebosis before the transaction**	***Pro forma* after the transaction**	***% change***
Basic and diluted earnings per share (cents)	46.03	54.64	12.27	294.56	306.40	342.87	11.9
Headline and diluted headline earnings per share (cents)	82.10	85.55	24.04	22.17	45.37	45.72	0.8
Distributable income per share (cents)	52.46	110.42	57.96	56.79	114.75	102.60	(10.6)

Notes and assumptions:

1. The manco internalisation is assumed to be implemented on 1 March 2015 for statement of comprehensive income purposes. To calculate a *pro forma* twelve month period for Rebosis, a six month period to 31 August 2015 first has to be calculated by deducting the unaudited interim results for the six months to 28 February 2015 from the summarised reviewed annual results for the year ended 31 August 2015. The resultant *pro forma* six month period to 31 August 2015 is then aggregated with the unaudited interim results for the six months to 29 February 2016 to obtain the twelve month unadjusted column forming the basis for this pro forma statement of comprehensive income. In following this methodology, all source information is derived from published interim and year-end reports.
2. The amounts set out in the "Rebosis interim results for the six months to 28 February 2015" column have been extracted, without adjustment, from the statement of comprehensive income within the unaudited interim results of Rebosis as at 29 February 2016 and as published on 14 April 2016.
3. The amounts set out in the "Rebosis reviewed results for the year ended 31 August 2015" column have been extracted, without adjustment, from the statement of comprehensive income within the summarised reviewed annual financial results of Rebosis as at 31 August 2015 and as published on 28 October 2015.
4. The amounts set out in the "Rebosis interim results for the six months to 29 February 2016" column have been extracted, without adjustment, from the statement of comprehensive income within the unaudited interim results of Rebosis as at 29 February 2016 and as published on 14 April 2016.
5. The amounts used in respect of the shopping centres have been extracted from management accounts prepared for the year ended 31 August 2015. Rebosis is satisfied the management accounts are unlikely to be materially different from final published financial information. The management accounts have not been audited or reviewed by Rebosis' auditors.
6. The BAM financial information applied in the *pro forma* financial information has been extracted, without adjustment, from the audited statement of financial position of BAM at 31 August 2015, prepared in compliance with IFRS and audited by Grant Thornton.
7. The BPS financial information applied in the *pro forma* financial information has been extracted, without adjustment, from the audited statement of financial position of BPS at 31 August 2015, prepared in compliance with IFRS and audited by Grant Thornton.
8. The amounts set out in the "*Pro forma* after the transaction" column were calculated by consolidating the *pro forma* results of Rebosis for the period from 1 March 2015 to 29 February 2016, the audited financial statements of BAM and BPS for the year ended 31 August 2016 and the financial information of the shopping centres, subject to the adjustments and assumptions set out below:

   8.1 The acquisition of the service businesses has been accounted for in terms of *IFRS 3: Business Combinations* whereby Rebosis will acquire the shares in the service businesses and goodwill will be recognised. In accordance with this standard, at the date of the manco internalisation, the fair value of the goodwill of BAM and BPS was determined to be R566.8 million following a preliminary exercise to recognise and measure the identifiable assets acquired and the liabilities assumed. The goodwill was the primary asset of the respective service businesses. For both BAM and BPS, the asset was valued on a relief from royalty or cost approach using inputs generated from the agreement signed initially between the service businesses and Rebosis as these were arm's length agreements and were considered representative of potentially similar agreements.

   8.2 The acquisition by Rebosis of the shopping centres represents the acquisition of investment properties only and does not include the associated rental and property management businesses. The payment of the aggregate consideration of R5 418.2 million is assumed to be funded through (i) the issue of 83 849 973

Rebosis shares by way of a claw-back offer at an issue price of R11.30091 per share, (ii) interest-bearing borrowings of R4 270.7 million and (iii) R200.0 million representing the balance of the consideration due, funded through the deferred issue of Rebosis shares. Refer to 8.4.

8.3 The acquisition by Rebosis of BAM and BPS represents the acquisition of the entire issued share capital of the service businesses as part of the manco internalisation. The aggregate cash consideration of R589.0 million is assumed to be funded through (i) the issue of 7 875 472 Rebosis shares by way of a claw-back offer at an issue price of R11.30091 per share and (ii) R500.0 million representing the balance of the consideration due, funded through the deferred issue of Rebosis shares. Refer to 8.4.

8.4 R700.0 million of the aggregate consideration due for the transaction will be deferred and is assumed to be funded from the proceeds of claw-back offers to be undertaken by Rebosis in two tranches. R350.0 million of the aggregate consideration due will be funded through the issue of 28 928 571 Rebosis shares immediately after the record date for the Rebosis income distribution for the six month period ended 31 August 2017 at an issue price based on the ruling 30 day vwap and R350.0 million, representing the balance of the deferred consideration due, funded through the issue of 28 928 572 Rebosis shares immediately after the record date for the Rebosis income distribution for the six month period ended 31 August 2018 at an issue price based on the then ruling 30 day vwap.

8.5 The additional distributable income which results from the transaction is assumed to be earned evenly throughout the period ended 29 February 2016.

8.6 All adjustments are assumed to have a continuing effect.

6.2.2. The *pro forma* financial effects of the acquisition of the shopping centres and the manco internalisation on Rebosis' net asset value per share and net tangible asset value per share are set out below in terms of section 10.9 and section 13.7 of the JSE Listings Requirements.

	Before	***Pro forma* after**	**% change**
NAV per share (Rand)	14.34	13.82	(3.6)
NTAV per share (Rand)	14.15	12.73	(10.1)

Notes and assumptions:

1. The "Before" column has been extracted, without adjustment, from the statement of financial position within the unaudited interim results of Rebosis as at 29 February 2016 and as published on 14 April 2016.

2. The acquisition of the shopping centres comprises the acquisition of investment properties only and does not include the associated rental and property management businesses. These acquisitions are therefore not considered to be the acquisition of a business and are therefore accounted for in terms of *IAS 40: Investment Property*. Investment property is initially recognised at the acquisition consideration attributable to the underlying investment. Subsequently at the reporting period-end, the investment property is measured at fair value in accordance with the fair value model adopted in Rebosis' accounting policy.

3. The BAM financial information applied in the *pro forma* financial information has been extracted, without adjustment, from the audited statement of financial position of BAM at 31 August 2015, prepared in compliance with IFRS and audited by Grant Thornton.

4. The BPS financial information applied in the *pro forma* financial information has been extracted, without adjustment, from the audited statement of financial position of BPS at 31 August 2015, prepared in compliance with IFRS and audited by Grant Thornton.

5. The following adjustments have been applied and are reflected in the *pro forma* financial effects:

5.1 The acquisition by Rebosis of the shopping centres is assumed to be with effect from 1 September 2016 for an aggregate purchase consideration of R5 418.2 million. R947.6 million of the aggregate purchase consideration is assumed to be funded through (i) the issue of 83 849 973 Rebosis shares by way of a claw-back offer at an issue price of R11.30091 per Rebosis share, (ii) interest-bearing borrowings of R4 270.7 million and (iii) R200.0 million representing the balance of the consideration due, funded through the deferred issue of Rebosis shares. Refer to 5.3.

5.2 The acquisition by Rebosis of the entire issued share capital of the service businesses as part of the manco internalisation is assumed to be with effect from 1 September for an aggregate purchase consideration of R589.0 million. R89.0 million of the aggregate purchase consideration is assumed to be funded through (i) the issue of 7 875 472 Rebosis shares by way of a claw-back offer at an issue price of R11.30091 per Rebosis share and (ii) R500.0 million representing the balance of the consideration due, funded through the deferred issue of Rebosis shares. Refer to 5.3.

5.3 R700.0 million of the aggregate consideration due for the transaction will be deferred and is assumed to be funded from the proceeds of claw-back offers to be undertaken by Rebosis in two tranches. R350.0 million of the aggregate consideration due will be funded through the issue of 28 928 571 Rebosis shares immediately after the record date for the Rebosis income distribution for the six month period ended 31 August 2017 at an issue price based on the ruling 30 day vwap and R350.0 million, representing the balance of the deferred consideration due, funded through the issue of 28 928 572 Rebosis shares immediately after the record date for the Rebosis income distribution for the six month period ended 31 August 2018 at an issue price based on the then ruling 30 day vwap.

5.4 The acquisition of the service businesses has been accounted for in terms of *IFRS 3: Business Combinations* whereby Rebosis will acquire the shares in the service businesses and goodwill will be recognised. In accordance with this standard, at the date of the manco internalisation, the fair value of the goodwill of BAM and BPS was determined to be R566.8 million following a preliminary exercise to recognise and measure the identifiable assets acquired and the liabilities assumed. The goodwill was the primary asset of the respective service businesses. For both BAM and BPS, the goodwill was valued on a relief from royalty or cost approach using inputs generated from the agreement signed initially between the service businesses and Rebosis as these were arm's length agreements and were considered representative of potentially similar agreements.

5.5 Once-off expenses relating to the transaction of R37.7 million have been set of against stated capital as acquisition costs in terms of IFRS 3.53. It has been assumed that transaction costs will be settled in cash funded by way of interest-bearing borrowings.

7. UNDERTAKINGS BY BILLION IN RESPECT OF MANAGEMENT

7.1. Billion will ensure that the service businesses are appropriately staffed and resourced so as to be able to continue providing the services they currently provide at least to the same level they are currently provided.

7.2. Billion will ensure that retention and non-compete arrangements are made with key staff members of the service businesses, including Sisa Ngebulana, to the reasonable satisfaction of Rebosis.

8. CATEGORISATION AND RELATED PARTY CONSIDERATIONS

8.1. The transaction, which is classified as a category 1 transaction in terms of the JSE Listings Requirements, requires shareholder approval.

8.2. Further, in terms of paragraph 10.1(b)(vii) of the Listings Requirements, Sisa Ngebulana is a related party to the transaction as he is both a director of Rebosis and a trustee and beneficiary of the Amatolo Family Trust, which owns 100% of the share capital of Billion, BAM and BPS. Accordingly, the transaction is subject to approval of Rebosis shareholders, excluding the votes cast by Sisa Ngebulana and his associates.

8.3. In addition, the reinvestment by Billion, of any cash proceeds received from the initial claw-back offer or any subsequent claw-back offer, by way of the subscription for additional Rebosis shares, is subject to approval of Rebosis shareholders by way of a special resolution.

8.4. A circular, detailing the terms of the transaction and incorporating a form of instruction and a notice convening a general meeting in order to pass the necessary resolutions to implement the transaction, will be posted to Rebosis shareholders in due course.

9. ROADSHOW PRESENTATION

Shareholders are advised that the roadshow presentation made to certain institutional shareholders is available on the Rebosis website, www.rebosis.co.za from today.

10. WITHDRAWAL OF CAUTIONARY

The cautionary announcements mentioned in paragraph 1 above were in relation to the transaction and are accordingly withdrawn. Rebosis shareholders are advised that caution is no longer required to be exercised by shareholders when dealing in the company's shares.

23 May 2016

Corporate advisor and sponsor

JAVA CAPITAL

Legal advisor

CDH CLIFFE DEKKER HOFMEYR

Corporate advisor and investment bank

MAKE THINGS HAPPEN NEDBANK CIB