REBOSIS PROPERTY FUND LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 2010/003468/06)
JSE code: REB ISIN code: ZAE000156147
("**Rebosis**" or "**the company**")

FINANCIAL EFFECTS RELATING TO THE PROPOSED ACQUISITION OF A PORTFOLIO OF OFFICE PROPERTIES AND WITHDRAWAL OF CAUTIONARY

INTRODUCTION

Linked unitholders are referred to the announcement released on SENS on 5 December 2012 in which it was announced that Rebosis had concluded agreements for the acquisition of a portfolio of letting enterprises and properties ("**the Nthwese office portfolio**") from various sellers, all of which are ultimately controlled by Peolwane Properties (Proprietary) Limited and the Nthwese Trust (each an "**acquisition**" and together "**the acquisitions**").

The Nthwese office portfolio consists of the properties known as 99 Market Street, 64 Eloff Street, 189 Schoeman Street, 18 Rissik Street and 124 Main Street (collectively, "**the acquisition properties**").

The aggregate purchase price of R1 005.1 million as previously stated has been revised in negotiations following the release of the announcement on SENS on 5 December 2012. The revised purchase prices payable by Rebosis in respect of each acquisition are as follows:

Acquisition	**Purchase price payable**
99 Market Street acquisition	R142.6 million*
64 Eloff Street acquisition	R53.5 million
189 Schoeman Street acquisition	R257.7 million
18 Rissik Street acquisition	R193.6 million#
124 Main Street acquisition	R413.0 million
Total	**R1 060.4 million**

* *The purchase price includes an amount of R14.0 million allocated for refurbishments and will be adjusted to the extent that all or a portion of the refurbishment amount is expended by the vendor before transfer of the property.*

\# *The purchase price includes an amount of R31.3 million allocated for refurbishments and will be adjusted to the extent that all or a portion of the refurbishment amount is expended by the vendor before transfer of the property.*

As further advised on 5 December 2012, it is the intention of the company to fund the aggregate purchase price of the acquisitions through a combination of an issue of linked units in terms of a vendor consideration placement and/or a specific issue of linked units for cash ("**specific issue**") and debt funding.

The purpose of this announcement is to present the financial effects of the acquisitions.

FORECAST FINANCIAL INFORMATION

Set out below are the forecast statements of comprehensive income of the Nthwese office portfolio ("**forecasts**") for the four months ending 31 August 2013 and the year ending 31 August 2014 ("**forecast periods**"). The forecasts have been prepared on the assumption that the acquisitions will be implemented on 1 May 2013 and on the basis that the forecasts include forecast results for the forecast periods.

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 and have been reported on by the independent reporting accountants whose report will be provided in the circular to be issued, in due course, in connection with the acquisition of the Nthwese office portfolio.

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

	Forecast for the four months ending 31 August 2013 R'000	**Forecast for the year ending 31 August 2014 R'000**
Rental revenue and recoveries	43 480	145 499
Straight-line rental income accrual	13 987	28 598
Rental revenue	57 467	174 097
Net property income	44 071	132 731
Net operating profit*	43 011	129 550
Total profit/(loss) and comprehensive income for the four months/year after debenture interest*	62 756	(2 914)
Distributable earnings	19 002	60 866

* Includes the effects of straight-lining rental income and asset management fees.

The forecasts incorporate the following material assumptions in respect of revenue and expenses that can be influenced by the directors of Rebosis:

1. The forecasts are based on an analysis of historical information, information provided by the property manager and work performed by the independent property valuer, Quadrant Properties (Proprietary) Limited ("**Quadrant Properties**").
2. The properties underlying the forecasts comprise only the acquisition properties.
3. Contracted revenue is based on existing lease agreements including stipulated increases, all of which are valid and enforceable.
4. Uncontracted revenue comprises 0.5% and 5.9% of rental income excluding recoveries of R36.9 million and R124.6 million for the four months ending 31 August 2013 and the year ending 31 August 2014, respectively.
5. No tenant is subject to turnover rental (rental income based on the actual turnover of the tenant).
6. 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.
7. 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.
8. 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.

9. In terms of IFRS, the difference between the aggregate purchase price and the revaluation of the acquisition properties has resulted in a fair value adjustment, for the four months ending 31 August 2013, as further detailed in note 11 below. No fair value adjustments have been provided for the acquisition properties in respect of the year ending 31 August 2014.
10. Properties will be paid for as and when they are transferred. Although transfer of the acquisition properties is expected on 1 June 2013, the effective date of the acquisitions is 1 May 2013.
11. All the acquisition properties are assumed to be acquired with effect from 1 May 2013 for an aggregate purchase price of R1 061.7 million (comprising the purchase price for the acquisition properties of R1 060.4 million and capitalised transaction costs of R1.3 million). The acquisition properties have been valued at R1 140.5 million by Quadrant Properties, the independent property valuer. The valuation results in an upward revaluation adjustment of R62.8 million after deducting deferred tax of R16.0 million.
12. R532.8 million (comprising the cash portion of the purchase price for the acquisition properties of R530.2 million and transaction costs of R2.6 million) of the aggregate purchase price is assumed to be funded through interest-bearing borrowings. These interest-bearing borrowings are assumed to incur interest at an effective melded fixed and variable rate of 7.5% per annum.
13. R546.7 million of the aggregate purchase price, including transaction costs, will be settled through the issue of 46 726 216 linked units at a market related price (estimated using the 30 day volume weighted average price immediately prior to the date of this announcement).
14. R530.2 million of the proceeds of the issue of linked units are assumed to be utilised to partially fund the acquisitions while R4.1 million is assumed to be utilised to settle transaction costs and the balance of R12.4 million is assumed to be interest received on linked units issued *cum* distribution.
15. Total transaction costs are assumed to be approximately R6.7 million of which R1.3 million is capitalised, R4.2 million deducted against stated capital and the balance of R1.2 million relating to debt raising costs deducted against non-current liabilities. It has been assumed that R2.6 million of the transaction costs will be settled in cash (funded by interest-bearing borrowings), with the balance of R4.1 million being settled through the issue of linked units.
16. Rebosis is assumed to have a loan-to-value ratio of approximately 28.5% once all properties that have been contracted for, have been transferred.

The forecasts incorporate the following material assumptions in respect of revenue and expenses that cannot be influenced by the directors:

17. There will be no unforeseen economic factors that will affect either the lessees’ ability to meet their commitments in terms of the existing lease agreements or the forecast future profitability of these properties.
18. In terms of the asset management agreement with Billion Asset Managers (Proprietary) Limited, Rebosis pays the asset manager a monthly fee equivalent to 1/12th of 0.3% of the aggregate of the market capitalisation and the borrowings of Rebosis.
19. In terms of the property management agreement with Billion Property Services (Proprietary) Limited, Rebosis pays the property manager a monthly fee equivalent to 2.5% of gross revenue collected from or paid to tenants (including VAT) for providing the services of a property management agent in respect of letting, property maintenance and property accounting.
20. Debenture interest will be paid to linked unitholders in accordance with the provisions of the debenture trust deed.
21. Consumption based recoveries are consistent with the independent property valuer’s property income statements.

Material items of expenditure within the operating costs line items include:

1. R1.2 million in property management expenses, R2.1 million in repairs and maintenance and R6.0 million in electricity costs in respect of the four months ending 31 August 2013; and
2. R4.1 million in property management expenses, R5.5 million in repairs and maintenance and R18.9 million in electricity costs for the year ending 31 August 2014.

UNAUDITED *PRO FORMA* FINANCIAL EFFECTS OF THE ACQUISITIONS

Set out below is the unaudited *pro forma* financial effects of the acquisitions.

The unaudited *pro forma* financial effects have been prepared to reflect the financial position of Rebosis after adjusting for the acquisitions, the vendor consideration placement and/or the specific issue and the debt raising for the acquisitions (collectively, "**the adjustments**"), on the assumption that the adjustments took place on 31 August 2012 and on the basis set out in the notes to the unaudited *pro forma* financial effects below.

The unaudited *pro forma* financial effects are the responsibility of the directors of Rebosis and have been prepared for illustrative purposes only, to illustrate the effects on Rebosis' financial position following the adjustments. Due to the nature of the unaudited *pro forma* financial effects, it may not fairly present Rebosis' financial position subsequent to the adjustments. The unaudited *pro forma* financial effects have been reported on by the independent reporting accountants whose report will be provided in the circular to be issued, in due course, in connection with the acquisition of the Nthwese office portfolio.

The unaudited *pro forma* financial effects have been prepared in accordance with IFRS, *The Guide on Pro forma Financial Information* issued by SAICA and Rebosis' accounting policies.

The table below reflects the unaudited *pro forma* financial effects of the acquisitions on a Rebosis linked unitholder:

	***Pro forma* after the rights offer**	***Pro forma* after the acquisitions**	**Change after the acquisitions (%)**
	Note 1	*Note 3*	
Net asset value per linked unit (Rands)	10.18	10.52	3.3%
Net tangible asset value per linked unit (Rands)	9.87	10.25	3.9%
Net asset value per linked unit (excl. deferred tax)(Rands)	10.97	11.24	2.5%
Net tangible asset value per linked unit (excl. deferred tax)(Rands)	10.66	10.97	2.9%
Number of linked units in issue	307 183 417	353 909 633	15.2%

Notes and assumptions:

1. The "*Pro forma* after the rights offer" column has been extracted, without adjustment, from the unaudited *pro forma* financial information set out in the rights offer circular to Rebosis linked unitholders issued on 14 January 2013.
2. The acquisitions comprise the acquisitions of properties and the related property-letting businesses as going concerns. The acquisitions are initially accounted for at cost, and then subsequently fairly

valued in terms of IAS 40, in accordance with the company's accounting policy of accounting for investment property at fair value.

3. The "*Pro forma* after the acquisitions" column has been calculated after taking in to account the following adjustments:
   a. The acquisition properties are to be acquired for an aggregate purchase price of R1 061.7 million (comprising the purchase price for the acquisition properties of R1 060.4 million and capitalised transaction costs of R1.3 million). The acquisition properties have been valued at R1 140.5 million by Quadrant Properties, the independent property valuer. The valuation results in an upward revaluation adjustment of R64.1 million after deducting deferred tax of R14.7 million.
   b. R532.8 million (comprising the cash portion of the purchase price for the acquisition properties of R530.2 million and transaction costs of R2.6 million) of the aggregate purchase price is assumed to be funded through interest-bearing borrowings. The capitalised transaction costs include debt raising costs of R1.2 million that are assumed to be funded from the debt facility. These interest-bearing borrowings are assumed to incur interest at an effective melded fixed and variable rate of 7.5% per annum.
   c. R546.7 million of the aggregate purchase price, including transaction costs, will be settled through the issue of 46 726 216 linked units at a market related price (estimated using the 30 day volume weighted average price immediately prior to the date of this announcement).
   d. R530.2 million of the proceeds of the vendor consideration placement and/or the specific issue are assumed to be utilised to partially fund the acquisitions while R4.1 million is assumed to be utilised to settle transaction costs and the balance of R12.4 million is assumed to be interest received on linked units issued *cum* distribution.
   e. Total transaction costs are assumed to be approximately R6.7 million of which R1.3 million is capitalised, R4.2 million deducted against stated capital and the balance of R1.2 million relating to debt raising costs deducted against non-current liabilities. It has been assumed that R2.6 million of the transaction costs will be settled in cash (funded by interest-bearing borrowings), with the balance of R4.1 million being settled through the issue of linked units.

WITHDRAWAL OF CAUTIONARY

Rebosis linked unitholders are referred to the cautionary announcement dated 11 February 2013 and are advised that following the release of the financial effects of the acquisitions, caution is no longer required to be exercised by linked unitholders when dealing in their linked units.

27 March 2013

Corporate advisor and sponsor

JAVA CAPITAL

Independent reporting accountants

PKF

Chartered Accountants
& Business Advisers