

ACQUISITION OF A PORTFOLIO OF LETTING ENTERPRISES AND PROPERTIES

1. Introduction

Shareholders are advised that Rebosis has, subject to certain conditions precedent, concluded an agreement (“**the agreement**”) with Tupelo Properties Proprietary Limited (“**the seller**”) for the acquisition of a letting enterprise conducted by the seller in respect of and including certain properties, further details of which are set out below (collectively, “**the properties**”) (“**the acquisition**”).

2. Rationale

Whilst the company’s strategy is to remain a retail focused fund, the acquisition is in line with the company’s strategy of acquiring high quality yield enhancing government offices. The acquisition will increase the company’s portfolio by an additional 35 347m² at an initial yield of 9.61%.

3. Details of the properties

Details of the properties, including property name, geographical location, sector, gross lettable area (“**GLA**”), weighted average rental per square metre, the purchase consideration attributed to each of the properties and the estimated net income attributable to each of the properties, are as follows:

	Property name	Geographical location	Sector	GLA (m ²)	Weighted average rental per m ² (R/m ²)	Purchase consideration (R)	Estimated net income (20 September 2015 to 19 September 2016) (R)
1	11 Diagonal Street	Gauteng	Provincial government	35 347	112.15	494 000 000	47 582 266
2	West Street Parkade	Gauteng	Provincial government	-	-	1 000 000	-
	Total			35 347	112.15	495 000 000	47 582 266

4. Terms of the acquisition

- 4.1. The effective date of the acquisition is the first business day following the fulfilment or waiver, as the case may be, of the conditions precedent set out below (“**the effective date**”).
- 4.2. In terms of the agreement, Rebosis will purchase the properties from the seller for a total purchase consideration of R495 000 000 (“**the purchase consideration**”).
- 4.3. The effective date of the acquisition, in respect of all net rental income derived from the properties is 1 September 2015 and all net rental income derived from the properties will accrue to Rebosis from 1 September 2015 to the date of registration of the properties into the name of Rebosis (“**transfer date**”) (“**late transfer fee**”).
- 4.4. Should the transfer be effected during the course of a month, the late transfer fee will be prorated for the portion of that month.
- 4.5. Rebosis has the right to deduct the late transfer fee from the purchase consideration on the transfer date.
- 4.6. Within 3 days prior to the transfer date the conveyancer will calculate the late transfer fee payable by the seller to the purchaser for the period from 1 September 2015 to the transfer date, which will be paid by the seller on the transfer date.

- 4.7. The purchase consideration is payable as follows:
- 4.7.1. 70% of the purchase consideration will be payable in cash on the transfer date; and
 - 4.7.2. 30% of the purchase consideration will be discharged by the allotment and issue to the seller by Rebosis of Rebosis shares (“**Rebosis consideration shares**”), valued at the volume weighted average “clean” traded price at which Rebosis consideration shares trade on the JSE over the 30 day trading period immediately prior to the transfer date.
- 4.8. The allotment and issue of the Rebosis consideration shares will take place within 2 business days of written confirmation from the conveyancer that transfer of the properties has taken place.
- 4.9. The non-cash component of the purchase consideration will be secured by the issue of an irrevocable letter of allotment in favour of the seller within 30 business days from the effective date. The seller will be obliged to lock-in the Rebosis consideration shares for a minimum period of 12 months and the seller agrees that Rebosis will have an option to purchase the Rebosis consideration shares at market price immediately after month 12 for a period of 7 days.
- 4.10. The agreement provides for warranties and indemnities that are normal for an acquisition of this nature.

5. Conditions precedent

The agreement is subject to the fulfilment or waiver, as the case may be, of the following conditions precedent:

- 5.1. a special resolution being adopted by the seller’s shareholders and persons entitled to exercise voting rights on the disposal contemplated in the agreement in terms of section 115 of the Companies Act, 2008, as amended;
- 5.2. the seller concluding with the Gauteng Department of Infrastructure Development, who is the lessee of the properties, an extension of the leases for a minimum period of 5 years; and
- 5.3. the Competition Authorities unconditionally approving the acquisition by the issuance of a mergence clearance certificate.

6. Valuation

The board of directors of Rebosis is satisfied that the aggregate value attributed to the properties is in line with the aggregate purchase consideration being paid by Rebosis. The directors of the company are not independent and are not registered as professional valuers or as professional associate valuers in terms of the Property Valuers Profession Act, No 47 of 2000.

7. Categorisation

The acquisition is a category 2 transaction in terms of the JSE Listings Requirements and accordingly does not require approval by shareholders.

8 July 2015

Sponsor

The logo for JAVACAPITAL, featuring the word "JAVACAPITAL" in a bold, sans-serif font. A blue horizontal line is drawn across the letters "A", "V", and "C".