*Financial Modelling disclaimers:*

- *The Financial Models were prepared solely for the use(s) as described in the Engagement Letter with the BRP and were not prepared for any other use(s) in mind.*
- *The BRP will not be held accountable for how any extracts from the Financial Models are utilised. Events may have occurred after the date of the Financial Model(s) which could change its content, had they been known when the Financial Models were prepared. The Financial Models are prepared using a variety of assumptions related to possible alternative strategies in relation achieving the objective of Business Rescue. The actual outcome that is eventually achieved is likely to differ from the version presented herein due to the underlying nature of forecast financial information.*
- *The extracts of the Financial Model(s) reflected below represent one of these possible potential outcomes and are not meant to reflect an exhaustive set of scenarios and possible outcomes.*
- *Reliance on the extracts of the Financial Model(s) is entirely at your own risk.*

## Material Assumptions Underpinning the Financial Model(s)

The financial model has been designed to cater for a number of alternative cases, one of which is described below.

| **Scenario** | **Description** |
|---|---|
| All investment property assets sold | • All investment property assets are sold.<br>• This is the active scenario depicted in this annexure. |
| | |
| Proceeds from investment property asset sales | • The greater of the Quadrant Properties (Pty) Ltd ('Quadrant') investment property asset valuations (see Investment property asset revaluation assumptions below) or the capitalised 12-month aggregate forward looking net operating income ('NOI') at the date of sale based on Management's forecast assumptions.<br>• The proceeds from investment property asset sales are gross amounts with transaction costs being recognised as an expense in the Income Statement(s). |
| Transaction costs | • 2.5% of sales proceeds. |
| Investment property asset transfer period | • Two months from the date of finalisation of the agreement of sale of each investment property asset. |
| Business rescue plan approval date | • 03/04/2023 which is ten business days from BR plan publication date.<br>• Given that the model is in a monthly format, 30/04/2023 is assumed. |
| Business rescue plan Date of Substantial Implementation ('the DoSI') | • 30/06/2024<br>• At the DoSI, the aggregate amount of any outstanding secured and unsecured debt is assumed to be transferred to the relevant 'Reinstated debt' accounts until the lenders decide how to deal with these loans (i.e. written off/converted/credit bid/continued/etc.).<br>• At the DoSI, the aggregate amounts of any Debt, Current and Non-current Liabilities Subject to Compromise ('LSC') are |

| | |
|---|---|
| | credited to equity, and any 'Reinstated Debt' is debited to equity. |
| Operational income and expense assumptions | • The current active scenario is the 'Base case', which reflects the operational cash flows from the NOI models, which were reviewed and signed off by Management.<br>• NOI capitalisation rate assumptions were provided by Quadrant. |
| Revenue | • The revenue line item in the summarised income statements below is a sum of i) Rental income; ii) Other income; iii) Recoveries; and iv) Straight-line rental adjustment. Once the asset is sold, the straight-line rental accrual asset account is closed out and may result in the summarised revenue line item below being negative in the individual subsidiaries. This straight-line rental adjustment is a non-cash item and is added back in the cash flow statement. |
| Investment property asset revaluation | • Investment property assets were valued by Quadrant in March 2023, and these valuations are reflected from FY2023 onwards. |
| Minimum cash balances | • R20m at Rebosis and R20m at Ascension, resulting in a R40m minimum cash balance at Group level. |
| Allocation of head office ('H/O') costs | • H/O costs are allocated on the basis of apportionment according to each property's aggregate gross lettable area ('GLA') as a percentage of the Group's aggregate GLA.<br>• Staff retrenchment costs are included in the H/O costs line item. These are apportioned according to the aggregate market value of investment assets sold at a point in time, as a percentage of the Group's aggregate remaining investment property assets. |
| Income tax assumptions | • The entity continues to enjoy REIT tax status, i.e. no capital gains tax ('CGT') upon sale of investment property assets.<br>• There are no s19 Income Tax Act gross income inclusions due to any concession or compromise in respect of a debt because of reliance upon specific exemptions available to the Group entities as a result of their REIT status. |
| Post commencement finance overdraft ('PCF overdraft') | • The 'PCF overdraft' reflects the cumulative amount of all operating expenses, capex and other post commencement amounts funded by the relevant lenders in each entity from the date the business rescue commenced. |
| 'Deposit account' in each entity balance sheet | • All investment property revenue flows into deposit accounts under the Lender's control until the DoSI, at which time the full balance of these accounts in each entity is released to pay down any PCF balance outstanding.<br>• It is assumed that interest is earned on any balance at the deposit rate.<br>• In some entities, the release of the deposit account cash is insufficient to settle all of the PCF outstanding balance, resulting in an 'Exit overdraft'. |
| Exit overdraft | • The Exit overdraft at the DoSI in each entity reflects any remaining PCF balance after the release (offset) of any |

| | |
|---|---|
| | Deposit account cash and serves as a liquidity facility for each entity thereafter.<br>• To the extent that liquidity is required, this will be reflected by an increasing Exit overdraft balance post the DoSI. For instance, it is assumed that any interest on outstanding debt is paid, and this is funded from this Exit overdraft. |
| Deferred tax asset | • The financial model(s) include a Deferred tax allowance account that is netted off against the Deferred tax asset account, because it is unlikely that any assessed losses will be utilised in the future. |
| Classification of investment property | • Investment property has not been reclassified to 'Investment property held for sale' as the forecasts depict the intention to sell all assets by FY2024. |
| Intercompany loans | • The 'New interco loans' reflect the transfer of cash between the various entities to settle debt in terms of the debt waterfall(s). |
| Outstanding account balances | • As each lender maintains their rights in relation to the outstanding account balances post the DoSI, the forecasts contain certain accounts with balances that persist beyond the DoSI.<br>• The intention is to only finalise these accounts after the DoSI. |
| Consolidation treatment | • At the consolidated levels, the 'Investment in subsidiaries', intercompany loans and subsidiary equity is eliminated with positive or negative Goodwill as the adjustment amount. |

## Financial Extracts:

### Forest Hill:

| Income statement | *FY 2023* | *FY 2024* | *FY 2025* | *FY 2026* |
|---|---|---|---|---|
| | *31 Aug 2023* | *31 Aug 2024* | *31 Aug 2025* | *31 Aug 2026* |
| Revenue | 118 266 025 | (51 874 409) | - | - |
| Property expenses | (96 110 992) | (25 132 110) | - | - |
| **Net property income** | **22 155 033** | **(77 006 519)** | **-** | **-** |
| Operating expenses and other fees | (15 872 568) | (18 453 716) | - | - |
| **Operating income** | **6 282 465** | **(95 460 235)** | **-** | **-** |
| Net interest | (159 907 119) | (74 348 639) | (36 156 618) | (40 121 295) |
| **Net operating (loss)/income** | **(153 624 654)** | **(169 808 874)** | **(36 156 618)** | **(40 121 295)** |
| Other incomes | - | - | - | - |
| Profit/(loss) from sale of investment property | - | (12 160 072) | - | - |
| Changes in fair value and impairments | (366 749 102) | - | - | - |
| **Total (loss)/profit before taxation** | **(520 373 755)** | **(181 968 945)** | **(36 156 618)** | **(40 121 295)** |
| Taxation expense | 99 946 848 | 26 477 102 | - | - |
| **Total comprehensive (loss)/income** | **(420 426 908)** | **(155 491 844)** | **(36 156 618)** | **(40 121 295)** |

| Balance sheet | *FY 2023* | *FY 2024* | *FY 2025* | *FY 2026* |
|---|---|---|---|---|
| | *31 Aug 2023* | *31 Aug 2024* | *31 Aug 2025* | *31 Aug 2026* |
| **Assets** | | | | |
| **Non-current assets** | **695 328 454** | **626 423 950** | **626 423 950** | **626 423 950** |
| Investment property | 582 669 757 | - | - | - |
| Fair value of property portfolio | *500 000 000* | - | - | - |
| Straight-line rental income accrual | *82 669 757* | - | - | - |
| Property, plant and equipment | 11 306 024 | - | - | - |
| New interco loan to Rebosis | - | 500 000 000 | 500 000 000 | 500 000 000 |
| Leasing commission | 672 801 | - | - | - |
| Tenant Installations | 733 024 | - | - | - |
| Deferred tax assets | 99 946 848 | 126 423 950 | 126 423 950 | 126 423 950 |
| **Current assets** | **120 343 360** | **-** | **-** | **-** |
| Trade and other receivables | 8 104 139 | - | - | - |
| Cash and cash equivalents | - | - | - | - |
| Deposit account | 112 239 221 | - | - | - |
| **Total assets** | **815 671 813** | **626 423 950** | **626 423 950** | **626 423 950** |
| | | | | |
| **Equity and liabilities** | | | | |
| **Equity** | **(1 586 526 854)** | **(1 709 662 557)** | **(1 745 819 175)** | **(1 785 940 470)** |
| Stated capital and share premium | 375 328 954 | 407 685 094 | 407 685 094 | 407 685 094 |
| Retained income/(accumulated losses) | (1 961 855 808) | (2 117 347 651) | (2 153 504 269) | (2 193 625 564) |
| **Non-current liabilities (prefiling)** | **550 021 252** | **550 021 252** | **550 021 252** | **550 021 252** |
| Loans from group entities | 550 021 252 | 550 021 252 | 550 021 252 | 550 021 252 |
| **Current liabilities (prefiling)** | **1 597 654 242** | **-** | **-** | **-** |
| Interest-bearing borrowings | 1 541 375 890 | - | - | - |
| Deferred payment liability | - | - | - | - |
| Trade and other payables | 55 122 616 | - | - | - |
| Allowance for Losses | 1 155 736 | - | - | - |
| **Non-current liabilities (post BR plan acceptance)** | **-** | **-** | **-** | **-** |
| **Current liabilities (BR plan acceptance)** | **254 523 173** | **1 702 221 099** | **1 738 377 717** | **1 778 499 012** |
| Current LSC accounts | 32 356 140 | - | - | - |
| New interco loan from Rebosis | - | 1 457 531 735 | 1 457 531 735 | 1 457 531 735 |
| PCF overdraft | 222 167 033 | - | - | - |
| Exit overdraft | - | 244 689 365 | 280 845 982 | 320 967 278 |
| **Reinstated debt (post BR plan acceptance)** | **-** | **83 844 156** | **83 844 156** | **83 844 156** |
| **Total liabilities** | **2 402 198 667** | **2 336 086 507** | **2 372 243 125** | **2 412 364 420** |
| **Total equity and liabilities** | **815 671 813** | **626 423 950** | **626 423 950** | **626 423 950** |

| <u>Cash flow statement</u> | *FY 2023* | *FY 2024* | *FY 2025* | *FY 2026* |
|---|---|---|---|---|
| | *31 Aug 2023* | *31 Aug 2024* | *31 Aug 2025* | *31 Aug 2026* |
| | | | | |
| Net cash inflow/(outflow) from operating activities | (211 966 975) | (20 839 222) | (36 156 618) | (40 121 295) |
| Net cash (outflow)/inflow from investing activities | (10 230 706) | 498 316 891 | - | - |
| Net cash (outflow)/inflow from financing activities | 222 167 033 | (722 167 033) | - | - |
| Net cash (outflow)/inflow from emergence from business rescue | - | 244 689 365 | 36 156 618 | 40 121 295 |
| **Net increase/(decrease) in cash and cash equivalents** | **(30 647)** | **-** | **-** | **-** |
| **Cash and cash equivalents at the end of the year** | **(0)** | **(0)** | **(0)** | **(0)** |