*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, two of which are 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:**

### Main Street:

| Income statement | *FY 2023* | *FY 2024* | *FY 2025* | *FY 2026* |
|---|---|---|---|---|
| | *31 Aug 2023* | *31 Aug 2024* | *31 Aug 2025* | *31 Aug 2026* |
| Revenue | 29 141 240 | 3 993 106 | - | - |
| Property expenses | (7 079 740) | (1 824 955) | - | - |
| **Net property income** | **22 061 500** | **2 168 151** | **-** | **-** |
| Operating expenses and other fees | (1 659 418) | (4 501 044) | - | - |
| **Operating income** | **20 402 081** | **(2 332 893)** | **-** | **-** |
| Net interest | (446 605) | (1 034 351) | 167 161 | 174 319 |
| **Net operating (loss)/income** | **19 955 477** | **(3 367 244)** | **167 161** | **174 319** |
| Other incomes | - | - | - | - |
| Profit/(loss) from sale of investment property | - | 2 407 445 | - | - |
| Changes in fair value and impairments | (21 334 125) | - | - | - |
| **Total (loss)/profit before taxation** | **(1 378 648)** | **(959 799)** | **167 161** | **174 319** |
| Taxation expense | 206 304 | (620 808) | (9 027) | (9 413) |
| **Total comprehensive (loss)/income** | **(1 172 345)** | **(1 580 607)** | **158 134** | **164 906** |

| <u>Balance sheet</u> | *FY 2023* | *FY 2024* | *FY 2025* | *FY 2026* |
|---|---|---|---|---|
| | *31 Aug 2023* | *31 Aug 2024* | *31 Aug 2025* | *31 Aug 2026* |
| **Assets** | | | | |
| **Non-current assets** | **291 141 147** | **290 665 708** | **290 665 708** | **290 665 708** |
| Investment property | 153 443 445 | - | - | - |
| Fair value of property portfolio | *150 000 000* | - | - | - |
| Straight-line rental income accrual | *3 443 445* | - | - | - |
| Loans to group entities | 131 929 843 | 131 929 843 | 131 929 843 | 131 929 843 |
| New interco loan to Ascension | - | 152 658 922 | 152 658 922 | 152 658 922 |
| Leasing commission | 4 664 | - | - | - |
| Tenant Installations | 4 075 | - | - | - |
| Deferred tax assets | 5 759 119 | 6 076 943 | 6 076 943 | 6 076 943 |
| **Current assets** | **32 796 060** | **3 692 959** | **3 851 093** | **4 015 999** |
| Trade and other receivables | 3 612 817 | - | - | - |
| Cash and cash equivalents | 0 | 3 692 959 | 3 851 093 | 4 015 999 |
| Deposit account | 29 183 244 | - | - | - |
| **Total assets** | **323 937 207** | **294 358 667** | **294 516 801** | **294 681 706** |
| | | | | |
| **Equity and liabilities** | | | | |
| **Equity** | **196 341 571** | **216 868 747** | **217 026 881** | **217 191 786** |
| Stated capital and share premium | - | 22 107 783 | 22 107 783 | 22 107 783 |
| Retained income/(accumulated losses) | 196 341 571 | 194 760 963 | 194 919 098 | 195 084 003 |
| **Non-current liabilities (prefiling)** | **77 489 920** | **77 489 920** | **77 489 920** | **77 489 920** |
| Loans from group entities | 77 489 920 | 77 489 920 | 77 489 920 | 77 489 920 |
| **Current liabilities (prefiling)** | **8 758 426** | **-** | **-** | **-** |
| Trade and other payables | 8 704 157 | - | - | - |
| Current tax payable | - | - | - | - |
| Allowance for Losses | 54 269 | - | - | - |
| **Non-current liabilities (post BR plan acceptance)** | **-** | **-** | **-** | **-** |
| **Current liabilities (BR plan acceptance)** | **41 347 290** | **-** | **-** | **-** |
| Current LSC accounts | 22 107 783 | - | - | - |
| PCF overdraft | 19 239 507 | - | - | - |
| Exit overdraft | - | - | - | - |
| **Reinstated debt (post BR plan acceptance)** | **-** | **-** | **-** | **-** |
| **Total liabilities** | **127 595 637** | **77 489 920** | **77 489 920** | **77 489 920** |
| **Total equity and liabilities** | **323 937 207** | **294 358 667** | **294 516 801** | **294 681 706** |

| Cash flow statement | *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 | (18 079 170) | 23 248 356 | 158 134 | 164 906 |
| Net cash (outflow)/inflow from investing activities | (1 161 486) | 152 343 032 | - | - |
| Net cash (outflow)/inflow from financing activities | 19 239 507 | (171 898 428) | - | - |
| Net cash (outflow)/inflow from emergence from business rescue | - | - | - | - |
| **Net increase/(decrease) in cash and cash equivalents** | **(1 149)** | **3 692 959** | **158 134** | **164 906** |
| **Cash and cash equivalents at the end of the year** | **(0)** | **3 692 959** | **3 851 093** | **4 015 999** |