

TW
28 March 2014

Dear Sponsors/ Designated Advisors

REITS: RESTRUCTURING OF CAPITAL STRUCTURE

We refer to the introduction of the REIT requirements in March 2013 which allowed issuers to make application for REIT status. Those issuers that had linked units in issue and made application were granted REIT status but our approval letters imposed the following condition:

“In your application letter you have excluded the existing debentures issued as part of your listed linked units and the related premium from liabilities for the purposes of the gearing test. We hereby agree that you can make such an adjustment for the purposes of the gearing test but only until 1 July 2015. After that date the gearing must be based on the total consolidated liabilities as reflected in the IFRS financial statements and no separate adjustment may be made for any debentures, even if they are part of an historic linked unit structure.”

As a result of the above, we are aware that several issuers are intending to propose a capital restructuring (“**the restructuring**”). This letter serves to guide you on the administrative process around the restructuring and the process to be followed.

Whilst the restructuring proposals that we have seen to date have varied between issuers, they had the following common elements:

- There is a delinking of the linked units;
- The linked units are replaced with a new share certificate and a new ISIN;
- The debentures are effectively redeemed (albeit for no additional consideration) ;
- There is a debenture holders meeting; and
- The value of the debentures is capitalised to equity.

Taking all of the above into account we believe that the appropriate Listings Requirements (“**the Requirements**”) applicable to the restructuring is a combination of parts of the following sections:

- (i) Capitalisation issues (par. 5.39-5.43 of the Requirements);
- (ii) Redemption of listed redeemable securities (par. 11.38 of the Requirements read together with par. 11.34);



JSE Limited Registration Number: 2005/022939/06
One Exchange Square, Gwen Lane, Sandown, South Africa.
Private Bag X991174, Sandton, 2146, South Africa. Telephone:
+27 11 520 7000, Facsimile: +27 11 520 8584, www.jse.co.za

Member of the World Federation of Exchanges

Executive Director: NF Newton-King (CEO),
A Takoordeen (CFO)

Non-Executive Directors: HJ Borkum (Chairman), AD Botha,
MR Johnston, DM Lawrence, A Mazwai, Dr. MA Matooane , NP
Mnxasana, NS Nematswerani, N Nyembezi-Heita, N Payne

Alternate Directors: JH Burke, LV Parsons

Company Secretary: GC Clarke

- (iii) Alternations of share capital (par. 11.37);
- (iv) Amendment to the MOI; and
- (v) Schedule 24(i) or (p).

The checklist combining the above Requirements is attached to this letter as Annexure “A” and we would require compliance therewith. Please note that should a specific issuers’ restructuring deviate dramatically from the types of examples we have seen in the past we may ask for compliance with other aspects of the Requirements.

As it relates the practicalities of the above we wish to advise that:

- In respect of par. 13.34(d), if the effect of the restructuring on the per linked unit indicators is insignificant, such effect need not be included. Instead, the issuer must include a statement to that effect and describe what the impact will be on both the statement of financial position (including the gearing), the statement of comprehensive income and the per share/linked unit indicators; and
- The information required by par. 13.34(c) is critical and details must be included. It is inappropriate for the issuer to merely advise linked unitholders to seek their own advice.

In order to facilitate the administrative process we have created a new event type in Webstir called “REIT restructuring” that must be used for your submissions. This event type will be invoiced at an amount of R11 154.94 (inclusive of VAT) which has been derived from the sum of event types (i) to (iv) set out above. Should the restructuring be implemented via a scheme of arrangement, that event type must be included separately in Webstir, but the JSE will not invoice separately for it. Furthermore, even if the restructuring is implemented through a scheme, the JSE will impose the above requirements and will not follow its usual approach for a document under the jurisdiction of the Panel.

Should you have any queries regarding the content of this letter please contact Tania Wimberley.

Yours faithfully



**A F VISSER: GENERAL MANAGER
ISSUER REGULATION**

Annexure A

CHECKLIST: DELINKING OF PROPERTY LINKED UNITS (“linked units”)

LR Ref.	Paragraph reference where this is addressed or reason why not addressed
1) 3.11	
2) 3.54	
3) 3.55	
4) 3.56(a)	
5) 3.56(b)	
6) 5.39	
7) 5.40	
8) 5.43	
9) 7.C.14	
10) 7.C.15(a)	<i>Reference to capitalization issue must be construed as the conversion of linked unites to equity securities as a whole.</i>
11) 7.C.15(b)	
12) 7.C.15(c)	
13) 7.C.15(d)	
14) 7.C.15(e)	
15) 7.C.15(g)	
16) 7.C.15(h)	
17) 7.C.15(i)	
18) 7.C.15(j)	
19) 11.17(a)	
20) 11.17(b)	
21) 11.17(c)	
22) 11.34	
23) 11.34(a)	
24) 11.34(b)	
25) 11.34(c)	
26) 11.34(d)	
27) 11.34(e)	
28) 11.37(a)	
29) 11.37(b)	
30) 11.37(c)	
31) 11.37(d)	
32) 11.37(e)	
33) 11.37(f)	
34) 11.38(a)	
35) 11.38(b)	
36) 11.38(c)	
37) 11.44	
38) 11.45	
39) 16.16(a)	
40) 16.16(b)	
41) 16.16(c)(i)	
42) 16.16(c)(ii)	
43) 16.16(d)	
44) 16.16(e)	
45) 16.16(f)	
46) 16.25	
47) 16.34(a)	

48) 16.34(b)	
49) 16.34(c)	
50) 16.34(d)	
51) 16.34(e)	
52) Appendix to 16	
53) S3	
54) S17	
55) S24.2(m) or (p)	<i>Whichever is applicable</i>

