

Section 13

Property Entities*

Scope of section

Listed companies that carry out property related transactions are subject to additional requirements, principally relating to valuations. Property entities are subject to additional requirements (principally relating to valuations and disclosure of their property portfolio) and different requirements with respect to financial information.

The main headings of this section are:

Section 13.1	Definitions
Section 13.2	Introduction
Section 13.3	Criteria for listing
Section 13.4	Listing particulars and transactions
Section 13.12	Financial information
Section 13.17	Additional information
Section 13.20	Valuation reports
Section 13.32	Collective investment schemes in property
Section 13.35	Continuing obligations
Section 13.40	Other matters
Section 13.46	REITs

Definitions

13.1 For the purposes of Section 13, the following definitions apply:

- (a) “adjusted GAV” means GAV adjusted for the following events occurring after the reporting period of the latest published results:
 - (i) the addition of any increase in value of any existing properties, but only where any increase in value is supported by a valuation report prepared in terms of paragraph 13.20;
 - (ii) the addition of the nominal value of any new debt to the extent that the intended utilisation of that new debt is such that it results in an increase in GAV;
 - (iii) the addition of any amount of any capital raised through the issue of new securities to the extent that the intended utilisation of the capital raised is such that it results in an increase in GAV;
 - (iv) the deduction of any capital repayments that have been made on the liabilities; and
 - (v) the deduction of any amount of any capital returned to security holders through a repurchase of securities in terms of paragraphs 5.67 to 5.80 or through a payment to security holders in terms of

* These requirements were effective from 1 January 2007.

Scope of section amended with effect from 1 April 2010.

13.1 amended with effect from 1 May 2013.

paragraph 5.85.

- (b) “Asset manager” or “management company” is the entity or individual who provides strategic management services. They are responsible for making recommendations and/or taking decisions regarding the strategy of the property entity including, inter alia, the structure of the property entity, further acquisitions and disposals and new property developments. They may also provide ancillary services relating to investment opportunities;
- (c) “CIS Registrar” means the Registrar of Collective Investment Schemes;
- (d) “CISCA” is the Collective Investment Schemes Control Act, No. 45 of 2002;
- (e) “CISIP” is a collective investment scheme in property;
- (f) “CISIP investor” is the holder of a participatory interest in a CISIP;
- (g) “CISIP manager” is the person authorised in terms of the CISCA to administer the CISIP;
- (h) “external property” is a property situated outside of the Republic of South Africa;
- (i) “failed the REIT tax test” means that the applicant issuer was granted REIT status by the JSE, but on assessment by the South African Revenue Service did not qualify for a tax deduction of distributions under section 25BB(2) of the Income Tax Act;
- (j) “GAV” is the consolidated gross asset value as reflected in the applicant issuer’s latest published results which are prepared in terms of IFRS;
- (k) “Income Tax Act” means the South African Income Tax Act, 1962, Act 58 of 1962, as amended from time to time;
- (l) “independent registered valuer” is an independent registered valuer, whose independence is to be justified in accordance with the disclosure to the JSE in terms of Schedule 2 Form C1;
- (m) “market value” is the amount, as determined by the external valuer, that a property would realise if sold on the date of valuation in the open market by a willing seller to a willing buyer;
- (n) “material expenditure item” is a category of expenditure included in the statement of comprehensive income that accounts for 10% or more of the total expenditure;
- (o) “new borrowings” means

13.1(a) introduced with effect from 1 May 2013.

13.1(b), previously (a) renumbered with effect from 1 May 2013.

13.1(c), previously (b) renumbered with effect from 1 May 2013.

13.1(d), previously (c) renumbered with effect from 1 May 2013.

13.1(e), previously (d) renumbered with effect from 1 May 2013.

13.1(f), previously (e) renumbered with effect from 1 May 2013.

13.1(g), previously (f) renumbered with effect from 1 May 2013.

13.1(h), previously (g) renumbered with effect from 1 May 2013.

13.1(i) introduced with effect from 1 May 2013.

13.1(j) introduced with effect from 1 May 2013.

13.1(k) introduced with effect from 1 May 2013.

13.1(l), previously (h) renumbered with effect from 1 May 2013.

13.1(m), previously (i) renumbered with effect from 1 May 2013.

13.1(n), previously (j) renumbered with effect from 1 May 2013 and amended with effect from 30 September 2014.

- (i) the amount borrowed measured as the nominal value of the amount borrowed from a lender in respect of the new borrowing;
 - (ii) less, if applicable, the original nominal value of the borrowings which are being repaid or replaced by this new debt;
 - (iii) plus, any capital repayments that have been made on those original borrowings;
- (p) “nominal value of the new debt” means the nominal value of new borrowings including derivative liabilities entered into;
- (q) “operational net income” is the annual rental income less any expenses directly attributable to that building (including property management fees) but before interest, head office costs, any general management fees or taxation;
- (r) “promoter” means any person who is:
- (i) involved in the facilitation and/or formation of a property portfolio to be listed or acquired by an existing issuer and who earns a fee therefrom, in cash or otherwise, other than a person acting in an advisory capacity; or
 - (ii) a material shareholder in the property entity prior to the listing date; or
 - (iii) about to, or has already, acquired securities in the property entity to be listed, at a discount of 10% or more to the price at which the property entity has issued securities to any other party; or
 - (iv) deemed to be a promoter by the JSE;
- (s) “property” includes immovable freehold or leasehold property;
- (t) “property entity” is a company or CISIP who is primarily engaged, directly or indirectly, in property activities including:
- (i) the holding of properties and development of properties for letting and retention as investments; or
 - (iii) the purchase of land for development of properties for retention as investments;
- (u) “property manager” is the party responsible for the administration of individual properties, which duties include, inter alia, ensuring the properties are well maintained, collecting of rentals and filling of vacancies;
- (v) “property yield” is the operational net income divided by the purchase/disposal price of the property, for the 12 months commencing on the acquisition/listing date or prior to the disposal;
- (w) “registered valuer” is a property valuer, registered as a professional valuer or a professional associated valuer in terms of the Property Valuers

13.1(o) introduced with effect from 1 May 2013.

13.1(p) introduced with effect from 1 May 2013.

13.1(q), previously (k) renumbered with effect from 1 May 2013.

13.1(r), previously (l) renumbered with effect from 1 May 2013.

13.1(s), previously (m) renumbered with effect from 1 May 2013.

13.1(t), previously (n) renumbered with effect from 1 May 2013 and amended with effect from 1 May 2013.

13.1(u), previously (o) renumbered with effect from 1 May 2013.

13.1(v), previously (p) renumbered with effect from 1 May 2013.

Profession Act, No 47 of 2000 and who practices as such;

- (x) “REIT” means Real Estate Investment Trust and is defined as an applicant issuer which receives a REIT status in terms of the Listings Requirements.
- (y) “rentable area” is the rentable area as determined in accordance with the guidelines set out by the South Africa Property Owners Association; and
- (z) “rental revenue” means group revenue that is derived from the owning or leasing of immovable property which is let or sub-let to tenants plus dividends received from another REIT where the investment in that REIT is not consolidated in the group accounts;
- (aa) “revenue” is the revenue (determined in accordance with IFRS) disclosed in the forecast or historical statement of comprehensive income, depending on which statement of comprehensive income the property entity is obliged to present in terms of this Section 13.
- (ab) “substantial property asset” means property assets held (whether by way of leasehold or freehold title) of an applicant issuer that is not a property entity which asset/s represent, or will (post acquisition) represent, 25% or more of the total assets or generate 25% or more of the revenue or profits of that group as measured against the latest consolidated financial information of the applicant issuer.

(ac) “contracted rental revenue” means rental revenue that is derived or to be derived from a legally binding agreement for the lease of property for the period specified, including rental derived from lease agreements that are subject to automatic renewal (unless notice to termination was provided) and rental revenue from lease guarantees provided by a vendor. This figure will exclude rental revenue for legal agreements that have expired but will include.

(ad) “un-contracted revenue” means rental revenue other than contracted and near-contracted rental revenue.

(ae) “near-contracted revenue” includes the amounts relating to legal agreements that are reasonably expected to be renewed.

[Explanatory note:

SAICA Guide on reporting accountants responsibilities (“the SAICA guide”)

The Requirements do not deal adequately with all of the necessary disclosure issues. Specifically an auditor can only audit what companies are obliged to present. Currently the obligation to present certain information sits indirectly in the SAICA guide. New wording needs to be included in the Requirements to mandate the company to include information that the auditor provides assurance on.

13.1(w), previously (q) renumbered with effect from 1 May 2013.

13.1(x) introduced with effect from 1 May 2013.

13.1(y), previously (r) renumbered with effect from 1 May 2013.

13.1(z) introduced with effect from 1 May 2013.

13.1(aa), previously (s) renumbered with effect from 1 May 2013 and amended with effect from 30 September 2014.

13.1(ab) introduced with effect from 1 May 2013.

Nature of amendment and rationale

New wording needs to be included in the Requirements to mandate the company to include information that the auditor provides assurance on.

Specifically disclosure must be provided for the split between:

- contracted and uncontracted revenue (and these need to be defined); and
- Rental and non-rental revenue]

Introduction

- 13.2 (a) A listed property entity, or a property entity seeking a listing, must comply with the requirements contained in this section, in addition to all other applicable Listings Requirements.
- (b) Other issuers who own property or who conclude property transactions must comply with the valuation requirements set out in paragraphs 13.20 to 13.31. If a valuation report must be prepared, an issuer will not be required to obtain a Schedule 5 fairness opinion on a related party transaction involving property .

Criteria for listing

13.3 A property entity seeking a listing, must comply with all applicable Listings Requirements in order to qualify for a listing and must satisfy the JSE that the asset manager/management company and/or the executive directors responsible for managing the property portfolio have adequate, appropriate and satisfactory experience in the management of investments of the type in which the property entity proposes to invest. A new applicant that is a property entity that holds and develops properties for letting and retention as investments can either comply with the provisions of is, however, exempt from complying with the requirements of paragraph 4.28(c) or and must instead comply with the following:

- (a) the profit forecast, prepared in terms of paragraphs 13.12 to 13.14, as supported by the special property forecast reporting accountant's report (prepared in terms of paragraph 13.15), must indicate that there will be a forecast of R15 million profit before taxation (based only on contracted rental revenue, after taking account of the headline earnings adjustment on a pre-tax basis and before any distributions to securities holders/CISIP investors; and

(b) at least 75% of rental revenue must be derived from contracted and near-contracted rental revenue.; ~~and~~

~~(c) the property entity must satisfy the JSE that the asset manager/management company and/or the executive directors responsible for managing the property portfolio have adequate, appropriate and satisfactory experience in the management of investments of the type in which the property entity proposes to invest.~~

[Explanatory note:

Clarification regarding rental income (contracted, near-contracted and un-contracted)

The JSE needs as much certainty as possible that the entities listed under section 13 are:

13.2(b) amended with effect from 15 October 2007.

13.3(a) amended with effect from 1 April 2010 and 30 September 2014.

- in fact property entities; and
- that forecast will be met.

The definition of a property entity states that the entity must be primarily engaged in property activities of holding properties for investment purposes. Paragraph 13.14(d) states that the forecast must be prepared, as far as possible on signed leases. Paragraph 13.15(b) explains to the auditor how the JSE wants the auditor to provide assurance on the income line item.

As it relates to uncontracted income, the SAICA guide specifies certain work to be performed on this uncontracted income and that uncontracted income must be excluded from the forecast if it does not fall into one of the three categories:

- the seller has provided rental warranties in terms of an agreement;
- it is reasonable to assume that expiring leases will be renewed (with reference to terms of this lease and similar market leases)
- confirmation with a prospective tenant that a lease is in the process of being signed.

It is necessary to ensure more clarity in the Requirements in terms of the JSE's intention with regards to the income line item in the forecast both in terms of

- contracted, near-contracted vs uncontracted revenue; and
- potential non rental revenue.

This clarification is even more so important with the introduction of the REIT requirements in 2013 and the reliance on the property forecast for the determination of REIT status.

Nature of amendment and rationale

The Requirements need to be amended to deal explicitly with the issue of contracted and near-contracted vs uncontracted revenue and rental vs non rental as

- the rules currently partly sit in the SAICA guide; and
- the principles that the JSE applies are not always know.

The criteria for listing in paragraph 13.3 will be amended to state that:

- the R15 million profit before tax needed to qualify as a property entity must only be based on contracted rental revenue;
- at least 75% of the rental revenue must be derived from contracted or near-contracted rental revenue (and the balance can be uncontracted)

Paragraph 13.46 (d) of the REIT rules already states that 75% of income must be derived from rental revenue. The amendment to paragraph 13.3 above will still apply ie 75% of the rental must be contracted or near-contracted.]

Listing particulars and transactions

Pre-listing statement/prospectus/listing particulars

- 13.4 A property entity's pre-listing statement/prospectus/listing particulars must include the information required by Section 6, other than the requirements regarding historical and pro forma financial information, which requirements are replaced with those set out below:

- (a) in the case of a new listing:
 - (i) a forecast statement of comprehensive income, prepared in accordance with paragraphs 13.12 to 13.15;
 - (ii) an aggregated pro forma statement of financial position, prepared in accordance with paragraph 13.16, showing the effects of any acquisitions and/or capital raising; and
 - (iii) in respect of the property entity to be listed, the audited historical financial information prepared in accordance with paragraphs 8.2(a) and 8.3, but to the extent that there are no historical operations only a statement of financial position, accounting policies and notes thereto are required, for the most recent financial period ended. Which historical financial information must comply with paragraphs 8.4 to 8.8 and paragraphs 8.11 to 8.14. The statement of financial position must also be prepared in accordance with paragraph 8.3;
- (b) in the case of revised listing particulars for a reverse takeover:
 - (i) a forecast statement of comprehensive income prepared in accordance with paragraphs 13.12 to 13.15; and
 - (ii) an aggregated pro forma statement of financial position, prepared in accordance with paragraph 13.16, showing the effects of any acquisition(s) and/or capital raising;
- (c) in the case of revised listing particulars for an existing issuer an aggregated pro forma statement of financial position, prepared in accordance with paragraph 13.16, showing the effects of any acquisition(s) and/or capital raising; and:
- (d) the historical and/or forecast financial information is the responsibility of the directors or the CISIP manager of the new applicant/issuer, and this fact is to be stated in the document.

13.5 A property entity's pre-listing statement/prospectus/listing particulars must include the following additional information:

- (a) the relationship information required in terms of paragraph 13.17;
- (b) the property portfolio information required in terms of paragraph 13.18, which must be based on the forecast statement of comprehensive income information;
- (c) the property specific information required in terms of paragraph 13.19; and
- (d) a valuation report prepared in accordance with paragraphs 13.20 to 13.31, on the entire property portfolio, in the case of a new listing or reverse takeover.

Category 1 transactions

13.6 A property entity's circular issued as a result of a Category 1 transaction must include all of the information required by Section 9 other than in the case of an acquisition, where the requirements regarding historical and pro forma financial

13.4(a) amended with effect from 30 September 2014.

13.4(b) amended with effect from 30 September 2014.

13.4(c) amended with effect from 30 September 2014.

13.5(b) amended with effect from 30 September 2014.

13.6 amended with effect from 15 October 2007.

information are replaced with those set out in 13.7 below.

- 13.7 A Category 1 acquisition circular must include:
- (a) a forecast statement of comprehensive income on the subject matter of the acquisition, prepared in accordance with paragraphs 13.12 to 13.15; and
 - (b) a pro forma statement of financial position of the issuer, prepared in accordance with paragraph 13.16, showing the effects of the acquisition.
- 13.8 A property entity's circular issued as a result of a Category 1 transaction must include the following additional information:
- (a) the relationship information required in terms of paragraph 13.17;
 - (b) the property portfolio information required in terms of paragraph 13.18 on the subject matter of the transaction;
 - (c) the property specific information required in terms of paragraph 13.19 on the subject matter of the transaction; and
 - (d) a valuation report prepared in accordance with paragraphs 13.20 to 13.31 on the subject matter of the transaction.

Related party transactions

- 13.9 A property entity's circular issued as a result of a related party transaction must include all of the information required by Section 10 and must include the additional information set out in 13.8 above.
- 13.10 An issuer is exempt from providing a fairness opinion where a related party transaction involves property the subject of a valuation report prepared in accordance with paragraphs 13.20 to 13.31.

Transaction announcements

- 13.11 In addition to complying with the requirements set out in Sections 9 and 10, the announcement of a transaction by a property entity must comply with the following:
- (a) The property specific information required in terms of paragraph 13.19 must be prepared on the subject matter of an acquisition or disposal, for inclusion in any announcement of a transaction required in terms of Section 9 or 10 of the Listings Requirements. As a forecast might not be available at announcement stage, the information may be based on the subject matter's historical statement of comprehensive income; and
 - (b) A property entity is exempt from the requirements (in terms of Section 9 or 10) of paragraph 9.15(e), provided that it has prepared a forecast statement of comprehensive income in compliance with paragraphs 13.12 to 13.15. In the relevant announcement, the property entity must:
 - (i) disclose the forecast revenue, operational net income, net profit after tax and earnings available for distribution, calculated in accordance with the specific property entities trust deed;
 - (ii) comply with the disclosure requirements relating to assumptions

13.7 amended with effect from 15 October 2007 and 30 September 2014.

13.8 amended with effect from 15 October 2007.

13.10 amended with effect from 15 October 2007.

13.11(a) amended with effect from 30 September 2014.

13.11(b) amended with effect from 1 April 2010 and 30 September 2014.

made in respect of the rental ~~income~~revenue, as set out in paragraphs 13.14(d) and (e); and

- (iii) include a statement that the forecast financial information has not been reviewed or reported on by a reporting accountant in terms of Section 8 of the Listings Requirements.

Financial information

Forecasts

13.12 A forecast statement of comprehensive income is required on:

- (a) a property entity the subject of a new listing or reverse takeover; and
- (b) the subject matter of a Category 1 acquisition.

13.13 The forecast financial information is the responsibility of the directors or the CISIP manager of the new applicant/issuer, and this fact is to be stated in the circular.

13.14 The forecast statement of comprehensive income must:

- (a) be prepared in full compliance with the issuer's future IFRS accounting policies;
- (b) be prepared for the current financial year and for a period of 12 months after the current financial year;
- (c) be prepared on an aggregated basis for the property portfolio;
- (d) ~~be, as far as possible, based on signed lease agreements and,~~ with respect to ~~the un-contracted rental~~ income, revenue, ~~must~~ provide disclosure of the assumptions made regarding renewals and new leases;
- (e) include separate disclosure of the percentage contracted, near-contracted and un-contracted rental revenue income for each period, and separate disclosure of contracted revenue linked to a rental guarantee provided by a vendor;
- (f) disclose separately each material expenditure item;
- (g) contain full details and an explanation (or contain a negative statement) for any change of 15% or more between the historical and forecast expenditure for each material expenditure item; and
- (h) include the amount of forecast distribution, with a reconciliation to attributable earnings;

(i) include separate disclosure of rental and non-rental revenue for each period; and

[See explanatory notes above]

13.15 A special property forecast reporting accountant's report on the forecast

13.12 amended with effect from 30 September 2014.

13.12(b) amended with effect from 15 October 2007.

13.14 amended with effect from 30 September 2014.

13.14(a) amended with effect from 15 October 2007.

13.15 amended with effect from 1 April 2010 and 30 September 2014.

statement of comprehensive income detailed in paragraphs 13.12 to 13.14:

- (a) must be prepared by the reporting accountant appointed in terms of paragraph 8.46 when seeking
 - (i) a listing pursuant to paragraph 13.3(a) and (b);
 - (ii) to receive a REIT status pursuant to paragraphs 13.46(d) or paragraph 21.3(h) on that forecast;

[Explanatory note:

Paragraph 13.3 has been amended to recognise that a property entity may have a full history and be eligible for listing (and REIT status), pursuant to paragraph 4.28(c). In this instance, the additional regulation brought about by the special property forecast is not warranted and a normal Section 8 assurance report on the forecast will be suffice.

- (b) this reporting accountant must, in preparing such report, have, inter alia:
 - (i) conducted an inspection of the signed leases accounting for at least 70% of the contracted revenue;
 - (ii) conducted work on the uncontracted income in accordance with the SAICA circular entitled *The reporting accountant's reporting responsibilities in terms of section 13 of the Listings Requirements of the JSE Limited*;
 - (iii) made an assessment of the reasonableness of the information presented in terms of paragraphs 13.18(d) and (e), based on the inspection of an appropriate number of the signed leases;
 - (iv) made an assessment of the reasonableness of the information presented in terms of paragraphs 13.14(d) and (e);
- (c) must be performed in accordance with the International Standard on Assurance Engagements relating to the examination of prospective financial information and the SAICA circular entitled *The reporting accountant's reporting responsibilities in terms of section 13 of the Listings Requirements of the JSE Limited*; and
- (d) must comply with paragraphs 8.51 to 8.56.

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Pro forma statement of financial position

13.16 Pro forma financial information prepared in terms of paragraphs 13.4 and 13.7, must be prepared on the following basis:

- (a) the adjustment column of the pro forma statement of financial position must be extracted from the underlying results of the subject matter (which must be audited, if the subject matter is a company or a business) read in conjunction with the acquisition agreement and the figures must then be adjusted to their fair values in terms of IFRS;
- (b) properties acquired from the same vendor may be aggregated;
- (c) if applicable, the notes to the pro forma statement of financial position must provide details of the auditors of the underlying entities' financial

Heading above 13.16 amended with effect from 30 September 2014.

13.16(a) amended with effect from 30 September 2014.

13.16(c) amended with effect from 30 September 2014.

statements together with the details of any modifications contained in their audit report/s of those entities;

- (d) the pro forma financial information must comply with the requirements of paragraphs 8.15 to 8.33;
- (e) the reporting accountant must issue a review opinion regarding the value and existence of the assets and/or liabilities being acquired, as reflected in the adjustment column of the pro forma statement of financial position, and the review opinion must indicate that the reporting accountant has no reason to believe the assets and liabilities are not prepared, in all material respects in accordance with the accounting policies adopted by the issuer and the recognition and measurement criteria of IFRS; and
- (f) the reporting accountant's report on the historical financial information and pro forma financial information, must be prepared in compliance with the requirements of paragraphs 8.48 to 8.56.

Additional information

Relationship information

13.17 A property entity's pre-listing statement/prospectus/listing particulars/transaction circular must include the following additional information:

- (a) the following details in respect of each of the promoters, asset managers, CISIP manager, trustees/custodians and directors of the applicant, management company, or its subsidiary or holding company:
 - (i) any beneficial interest, whether direct or indirect, of those persons, in relation to any property held by the applicant or to be acquired by the applicant issuer, including, but not limited to, where any of those persons is, or has contracted to become, a tenant of any part of the property; and
 - (ii) any relationship between any of those persons and another person, where a duty in relation to that other person conflicts or may conflict, with a duty to the applicant (this often relates to relationships between those parties at a level above the issuer);
- (b) in the case of any property or property portfolio managed by an asset manager, details of their name, legal form, shareholders, directors, business address, terms of contract and remuneration, relevant experience, appointments to other listed property entities and professional qualifications;
- (c) details of any property manager, including its directors and shareholders, a brief description of the function they perform and, even though the contract may be in the ordinary course of business, a statement that their contract will be open for inspection in terms of paragraph 7G1;
- (d) the total number of securities/participatory interests to be issued, the issue price per security/participatory interest, the number to be subscribed for in order to finance the property portfolio and other relevant details regarding, inter alia, the number of securities/participatory interests to:
 - (i) be acquired by the asset manager/management company; and

13.16(e) amended with effect from 1 April 2010 and 30 September 2014.

13.16(f) amended with effect from 1 April 2010.

- (ii) be issued to the vendors of any property acquired, or to be acquired;
- (e) in cases where directors of the issuer or the directors of the asset manager/management company or CISIP manager (in the case of CISIPs) or the promoters have been beneficially interested, whether directly or indirectly, in any acquisition or disposal of any of the properties during the two years preceding the date of the valuation, details of the nature and extent of such interests, the date of the transactions and the prices paid or received or other salient terms on which the transactions were effected; and
- (f) If required in terms of Section 6 or 9, an issuer must provide the information as required in terms of paragraphs 7B18 to 7B21 in respect of any entity and its directors that performs the function of the asset manager of the property portfolio and/or the activities of the issuer.

Property portfolio information

13.18 A property entity's pre-listing statement/prospectus/listing particulars/transaction circular must include the following additional information on the property portfolio as a whole:

- (a) a geographical profile, by rentable area and by revenue;
- (b) a sectoral profile (showing existing use), by rentable area and by revenue. This sector profile should at a minimum distinguish between the following sectors: industrial, office, retail, residential, hotels and specialised sectors such as healthcare facilities, timber properties and auto dealerships;
- (c) a tenant profile, based on existing leases, graded as:
 - “A”: large national tenants, large listed tenants, government and major franchisees;
 - “B”: national tenants, listed tenants, franchisees, medium to large professional firms; and
 - “C”: other;and should include a definition of: what the issuer regards as large and major for category A; medium to large in category B; and should quantify the number of tenants included in category C;
- (d) a vacancy profile, by sector by rentable area;
- (e) a lease expiry profile, based on existing leases, by revenue and by rentable area per sector;
- (f) the weighted average rental per square metre by rentable area per sector;
- (g) a weighted average rental escalation profile, based on existing leases, by rentable area and by sector; and
- (h) the average annualised property yield.

Property specific information

13.19 A property entity's pre-listing statement/prospectus/listing particulars/transaction circular/announcement must include the following additional information for each specific property in the portfolio:

13.18(b) amended with effect from 1 May 2013.

13.19 amended with effect from 15 October 2007.

- (a) its location;
- (b) the rentable area of the property, by sector;
- (c) the weighted average rental per square metre for the rentable area. In the case of single-tenant buildings, the issuer may present this figure as the weighted average rental per square metre for the total rentable area, for all of the single tenant buildings;
- (d) the purchase price (unless it is not possible to determine the price paid for each property, in which case the total purchase price for an acquisition may be shown) and any other expenditure incurred by the company in connection with the acquisition thereof, such as agent's commission and transfer costs;
- (e) the effective date of the acquisition; and
- (f) the value attributed to that property by a valuer, the effective date of the valuation, the name of the valuer and,
 - (i) in the instance of a valuation report prepared in terms of paragraph 13.20, a statement that the valuer is an external valuer as defined by Section 13; or
 - (ii) in any other instance, a statement as to whether or not the valuer is independent and whether or not he/she is registered as a professional valuer, or professional associate valuer, in terms of the Property Valuers Profession Act, No. 47 of 2000.

Valuation reports

- 13.20 A valuation report prepared by an independent registered valuer must be obtained by:
- (a) a new applicant, if it is a property entity;
 - (b) an issuer that is the subject of a reverse listing into the property sector;
 - (c) an issuer, on the subject of any property transaction that is a Category 1 transaction, as defined in Section 9;
 - (d) an issuer, on the subject of any related party transaction involving property, which transaction requires a circular to be prepared in terms of Section 10; or
 - (e) any other applicant issuer with a substantial property asset.
- 13.21 An analysis should be provided between the value included in the valuer's report and the purchase/disposal consideration. This analysis should include a brief explanation for the reconciling amounts.
- 13.22 Where a valuation report has been prepared, any related pre-listing statement/prospectus or circular must contain a summary of the valuation report in accordance with paragraph 13.23.
- 13.23 The summary of the valuation report to be included in the pre-listing statement/prospectus or circular must:
- (a) state the following details (or include an appropriate negative statement) in respect of each property:

13.20(c) amended with effect from 19 February 2008.

13.20(e) inserted with effect from 1 May 2013.

- (i) the market valuation, as determined by the independent registered valuer;
 - (ii) the address and registered description;
 - (iii) the date of the independent registered valuer's physical inspection, which must not be more than 6 months prior to signature of the valuation report;
 - (iv) a description (e.g. land or buildings, site and floor areas);
 - (v) the existing use (e.g. shops, offices, factories, residential);
 - (vi) the relevant town planning restrictions and conditions;
 - (vii) any material contravention of statutory requirements, including town planning and title deed conditions and conditions of establishment;
 - (viii) the tenure (i.e. freehold or leasehold, giving the term);
 - (ix) a high level summary of actual tenants' leases or sub leases;
 - (x) the approximate age of the buildings;
 - (xi) the terms of any intra-group lease on property occupied by the group (identifying the property);
 - (xii) any other matters that could materially affect the value (including any assumptions and any information on contamination, if any); and
 - (xiii) the sources of information and verification thereof;
- (b) state the name and address of the independent registered valuer and, in respect of their registration in terms of the Property Valuers Profession Act , No. 47 of 2000, the registration category, the registration number and the applicable restrictions, if any;
- (c) be dated the day on which the circular is submitted for formal approval and state the effective date at which each property was valued. The latter must not, unless otherwise agreed by the JSE, be more than 6 months prior to the date of publication of the pre-listing statement/prospectus or circular and must contain a statement confirming that there have been no material changes in circumstances, since the effective date, that would affect the valuation. If this statement cannot be made, the valuation must be updated;
- (d) state the method of valuation used in its preparation and the reason for adopting the particular valuation methodology, which valuation methodology must be one of the following: a comparable sales approach, discounted cash flow or capitalisation of net income, provided that, in the case of a property in the course of development, a suitable alternative approach may be adopted and the reason for such adoption must be fully substantiated;
- (e) where it is necessary to qualify the valuation, state the reasons for any such qualification;
- (f) state any assumptions underlying the valuation including, inter alia:
- (i) vacancy levels;
 - (ii) income lost due to time delays to complete refurbishments for existing or new tenants; and
 - (iii) a summary of the adjustments made to future rental streams where the current rentals are materially different to the market rentals of that area as published in "Rode's Retail Report" or the South

African Property Owner Associations' "South African Property Index" (including full disclosure of what that differential is), or a negative statement, where there is no differential;

- (g) where the directors have required a valuation of the benefit or detriment of contractual arrangements in respect of property, or where there is thought to be a benefit in any options held, show such valuations separately and include a reconciliation of the costs and values; and
- (h) indicate whether or not there is any option for any party to purchase the property and, if so, how any pricing included in such an option has been taken into account by the independent registered valuer.

Valuations of property in the process of development

13.24 Where the valuation is in respect of land currently being developed, the following additional information should be given in the summary valuation report:

- (a) whether planning consent has been obtained and, if so, the date of such consent and whether there are any material or onerous conditions attached to such consent;
- (b) the date on which the development is expected to be completed and any estimate of letting or occupation dates;
- (c) the estimated total cost of carrying out the development including, without limitation, the cost of financial carrying charges, letting commissions or, where part of the development has already been carried out, the estimated cost of completing the development similarly;
- (d) the market value of the land and buildings in their existing state, at the date of valuation; and
- (e) the estimated values, at current prices and on the basis of current market conditions:
 - (i) after development has been completed; and
 - (ii) after completion and letting of the property.

13.25 Where property in the course of development is being developed in phases over a period of time by the erection of a number of buildings, each of which is intended to be sold soon after completion of construction, the requirements of paragraph 13.24(c) and (e) may be satisfied by the provision of information for each phase or for groups of phases. For this purpose, property in the course of development includes any phase where, at the date of valuation, work is in progress and any other phase where construction is imminent, all appropriate consents have been obtained and a building contract has been entered into. Later phases, where construction at the date of valuation has not yet started, or where all appropriate consents have not been obtained or a building contract has not been entered into, may be treated as properties held for development (see paragraph 13.26).

Properties held for development

13.26 Where property is held for future development, the summary valuation report must contain the following additional information, so far as it is known and relevant at the valuation date:

- (a) whether or not planning permission has been applied for, whether such application has been granted or refused and the date of such grant or

refusal;

- (b) the nature, and a brief description, of the proposed development;
- (c) an indication of when it is reasonable to expect development to commence;
- (d) the expected development duration; and
- (e) the estimated total costs of the development, including, without limitation, the cost of financial carrying charges, letting commissions and other ancillary costs.

Alternative use for a property

- 13.27 A property, other than a property occupied by the property entity for its own use, should be valued at its existing use (for example, as an industry property). Where the market value for an alternative use (for example, conversion to a retail shopping complex) significantly exceeds this basis, the alternative use value must also be stated in the valuation report, together with the directors' estimate of the costs of cessation and removal of the business. Where the alternative use value is significantly lower than the existing use value and the existing use value is no longer appropriate, the alternative use valuation must also be stated in the valuation report.

External property

- 13.28 Where a valuation report is required in terms of paragraph 13.20 and any of the properties in respect of which it is to be prepared are external properties, then that property must be addressed separately, and its basis of valuation must be clearly identified.

Rentals used in valuations

- 13.29 In respect of each property that is rented out by the property entity, the current annual rental and the estimated future annual rental/s at a specified date/s and for a specified period/s (where this differs materially) must be included in the detailed valuation report and a statement to that effect must be included in the summary of the valuation report.

Other general matters

- 13.30 Where a valuation is referred to in a pre-listing statement/prospectus, a Category 1 or 2 circular or a circular relating to a transaction with a related party, a copy of the full valuation report must be made available for inspection in terms of paragraph 7.G.1.

Summary of valuations

- 13.31 The valuation report must include a summary of the number of properties and the aggregate of their values and must be split to show separate totals for the aggregate freehold and leasehold properties. Negative values must be shown separately and not aggregated with the other valuations. Separate totals should be given for any external properties.

Collective investment schemes in property

- 13.32 Collective investment schemes in property are regulated by the CISCA and notices issued thereunder, a Deed (including any supplemental deeds) approved by the Registrar of Collective Investment Schemes) and must comply with the

Listings Requirements.

- 13.33 A CISIP is restricted to investment in property shares (as defined in the CISCA), directly in immovable property or in such other assets as determined by the CIS Registrar from time to time. After its initial issue of participatory interests, a CISIP may only issue further participatory interests by way of a rights issue to existing CISIP investors, as an issue of participatory interests for cash (in terms of Section 5) or in consideration for the acquisition of a property investment, subject to the Listings Requirements.

Additional information on listing

- 13.34 In its pre-listing statement/prospectus, a CISIP must also include:
- (a) evidence of registration from the CIS Registrar; and
 - (b) salient provisions of the deed.

Continuing obligations

Dealings in securities

- 13.35 The requirements of paragraphs 3.63 to 3.71 apply equally to any entity, or its directors, that performs the function of the asset manager of the property portfolio and/or the activities of the issuer.

Interim, preliminary and provisional results

- 13.36 In any interim and preliminary/provisional results announcement for which a forecast has been published on the issuer or an acquisition in terms of paragraph 13.12 to 13.15, the issuer must:
- (a) confirm that the forecast has been materially achieved; or
 - (b) provide details of, and an explanation for, any material deviation; and
 - (c) include details of how the issuer has calculated the pro-rata forecast for an interim reporting period.

Annual financial statements

- 13.37 The information required in terms of paragraphs 13.18 and 13.19(a) to (c) must be prepared on the entire property portfolio, for inclusion in the annual financial statements. The issuer's auditor shall modify the audit report as considered appropriate in cases of non-compliance with the disclosure requirements of this paragraph.

Annual valuation for financial reporting purposes

- 13.38 Even if a property entity has not adopted the fair value model for its property in terms of IFRS, it must obtain a valuation from a registered valuer (in terms of this Section 13) for its property portfolio.
- 13.39 Any valuation report prepared for the purposes of IFRS or paragraph 13.38 must be prepared:
- (a) by a registered valuer;
 - (b) on the entire portfolio on a rolling basis every 3 years and the directors must confirm in the annual report that there have been no material changes to the information used and assumptions applied by the registered valuer; or

- (c) annually, if the information used and assumptions applied by the registered valuer has changed materially.

Other matters

Asset manager/management company

- 13.40 Whenever a property entity (which is listed or intends applying for a listing), other than a CISIP, enters into, or is renewing the terms of a contract/arrangement in terms of which a party performs the function of being the asset manager of the property portfolio, the issuer and/or its directors cannot so enter into, or renew, such a contract:
- (a) without a majority of the votes cast by securities holders (excluding any parties or their associates who are party to, or have an interest in, the contract); and
 - (b) without providing therein for the right for security holders, in a general meeting called by them or held by the property entity, to cancel the contract at any time before its expiry date, subject to a majority of the votes cast by securities holders (excluding any parties or their associates who are party to or have an interest in the contract) in favour thereof.

Acceptability of the independent registered valuer

- 13.41 The JSE wishes to provide sponsors and issuers with certainty, at an early stage of the process, as to the acceptability or otherwise to the JSE of a nominated independent registered valuer who will issue a valuation report. As the issue of independence will be unique to every transaction, the information in Schedule 2 Forms C1 and C2 provide guidance rather than specific rules.

Where more than 20% of the gross fees of the registered valuer received from the issuer, the asset manager or management company of the issuer or the issuer's related parties or any other party by the registered valuer for the last financial year, the registered valuer will not be deemed by the JSE as independent.

- 13.42 A valuation report must:
- (a) be prepared by an independent registered valuer, acceptable to the JSE, who has no material interest either in the transaction or in the success or failure of the transaction;
 - (b) make appropriate disclosure where the independent registered valuer has any existing or continuing relationship with the issuer and/or any other parties involved in the transaction; and
 - (c) comply fully with the requirements of Section 13.
- 13.43 At an early stage in a contemplated transaction and preferably before engaging a party to prepare a valuation report, the sponsor, on behalf of the issuer, must submit to the JSE:
- (a) a declaration of independence completed by the nominated independent registered valuer, in accordance with Schedule 2 Form C1; and
 - (b) a declaration by the issuer, in accordance with Schedule 2 Form C1.

The above declarations must be submitted for every transaction.

13.40 amended with effect from 1 April 2010.

13.41 introduced with effect from 30 September 2014.

- 13.44 The JSE may, unless the issuer is able to provide additional information to satisfy the JSE, require the issuer to appoint a different independent registered valuer to prepare the valuation report if (based on the information received in terms of paragraph 13.43 above and the JSE's investigation thereof) the JSE is not satisfied as to:
- (a) the independence of the nominated independent registered valuer; and/or
 - (b) any reasons given by the issuer for the appointment of the nominated independent registered valuer.
- 13.45 The JSE undertakes to give the sponsor its approval, or disapproval, of the appointment of the independent registered valuer within 72 hours of receipt of the duly completed declarations required in paragraph 13.43 above. No documentation will be accepted for review by the JSE until approval for the appointment has been given.

REITs

REIT status listing criteria for property entities other than CISIPs

- 13.46 An applicant issuer seeking to receive a REIT status from the JSE must satisfy the following criteria:
- (a) the directors of the applicant issuer must provide an undertaking and must ensure that the applicant issuer complies with the distribution provisions set out in paragraph 13.47;
 - (b) the applicant issuer must have gross assets of at least R300 million, as reflected in either:
 - (i) its audited or reviewed consolidated financial statements; or
 - (ii) a pro forma consolidated statement of financial position compiled in terms of paragraph 13.16;whichever reflects the more recent financial position;
 - (c) the applicant issuer must be a property entity;
 - (d) at least 75% of the revenue as reflected in the statement of comprehensive income of the applicant issuer's group must be derived from rental revenue;
 - (e) the applicant issuer must qualify for a listing in terms of paragraphs 4.28 (for a listing on the Main Board) or paragraph 21.3 (for a listing on Alt^x) read together with paragraph 13.3. ~~Notwithstanding, however the provisions of paragraphs 4.28(d)(ii) and 21.3(j)(ii) will not be available for purposes of this paragraph, the applicant issuer must have control (which for the purposes of this section is defined as at least 50% +1 of the voting shares) over the majority of its properties;~~
 - (f) the directors must each confirm that the applicant issuer will, to the best of their knowledge (after making all reasonable enquiries to ascertain such facts), qualify for a tax deduction of distributions under section 25BB(2) of the Income Tax Act for the current or future financial year end;
 - (g) the directors of the applicant issuer must:
 - (i) provide an undertaking to the JSE and ensure that at the time that

13.46 introduced with effect from 1 May 2013.

13.46(b)(ii) amended with effect from 30 September 2014.

13.46(e) amended with effect from 30 September 2014.

they authorise any new borrowings that:

- (1) the total consolidated liabilities as reflected in the latest published interim or annual consolidated IFRS financial statements;
- (2) less, any capital repayments made on those liabilities after the statement of financial position date;
- (3) plus, the nominal value of the new debt,

divided by the greater of GAV or adjusted GAV will not be more than 60%; and

- (ii) confirm that the total consolidated liabilities, is not more than 60% of the total consolidated assets as reflected in either its:
 - (1) latest audited or reviewed consolidated IFRS financial statements; or
 - (2) pro forma consolidated statement of financial position which has been compiled in terms of paragraph 13.16, provided that the valuations attributable to the properties are supported by valuation reports prepared in terms of paragraph 13.20,

whichever reflects the more recent financial position;

- (h) the applicant issuer must ensure that the audit committee or a separate risk committee of the board is, as a minimum, responsible for:
 - (i) adopting and implementing an appropriate risk management policy, which policy must as a minimum:
 - (1) be in accordance with industry practice; and
 - (2) specifically prohibit the applicant issuer from entering into any derivative transactions that are not in the normal course of the applicant issuer's business;
 - (ii) reporting in the annual report each year that they have monitored compliance with the policy and that the applicant issuer has, in all material respects, complied with the policy during the year concerned;
 - (iii) reporting to the JSE, in the annual compliance declaration referred to in paragraph 13.49(d), that they have monitored compliance with the policy and that the applicant issuer has, in all material respects, complied with the policy during the year concerned; and
 - (iv) at the time of listing, confirming to the JSE and disclosing in the pre-listing statement that it has adopted the policy referred to in paragraph 13.46(h)(i) above.

13.47 A property entity, other than a CISIP, wishing to receive a REIT status must ensure that it complies with the following distribution provisions:

- (a) the company must distribute at least 75% of its total distributable profits as a distribution to the holders of its listed securities (which includes shares and linked units) by no later than 6 months after its financial year end, subject to the relevant solvency and liquidity test as defined in the Act and applied in section 46 of the Act;

13.46(g)(i)(2) amended with effect from 30 September 2014.

13.46(g)(ii)(2) amended with effect from 30 September 2014.

13.47 introduced with effect from 1 May 2013.

- (b) interim distributions may occur before the end of a financial year end;
- (c) the company will procure that, subject to the solvency and liquidity test and section 46 of the Act, those of its subsidiaries that are property entities incorporated in the Republic of South Africa will distribute at least 75% of their total distributable profits as a distribution by no later than 6 months after their financial year ends;
- (d) distributable profit in respect of a financial year is defined as:
 - (i) gross income, as defined in terms of the Income Tax Act;
 - (ii) less deductions and allowances that are permitted to be deducted by a REIT in terms of the Income Tax Act, other than the qualifying distribution, (as defined in terms of section 25BB of the Income Tax Act because qualifying distributions form part of distributable profit).

Application for an existing issuer to receive REIT status

13.48 An issuer wishing to make application to receive a REIT status must:

- (a) comply with the provisions of paragraph 13.46; and
- (b) not have failed the REIT tax test for the last 2 consecutive financial years; and
- (c) not have been in breach of the distribution provisions, set out in paragraph 13.47, in the last 24 months provided that it was classified as a REIT during that period; or
- (d) be a CISIP, in which case it must only comply with the provisions of paragraph 13.55 to 13.57.

Continuing obligations for REIT's (other than CISIP's)

13.49 In order to retain their REIT status, applicant issuer's must, on an ongoing basis, meet the following criteria:

- (a) comply with the distribution provisions set out in paragraph 13.47;
- (b) the applicant issuer must:
 - (i) qualify for a tax deduction of an amount equal to its distributions under section 25BB(2) of the Income Tax Act for the immediately preceding financial year end; or
 - (ii) must not have failed the REIT tax test for the last 2 consecutive financial year ends;
- (c) the directors of the REIT must ensure that:
 - (i) the total consolidated liabilities of the issuer (as reflected in the IFRS results) will not be more than 60% of the total consolidated assets (as reflected in the IFRS results); or
 - (ii) if the issuer is not in compliance with paragraph 13.49(c)(i) the directors did comply with their undertaking provided in terms of paragraph 13.46(g)(i);
- (d) the directors of the REIT must submit a compliance declaration to the JSE within 6 months of the issuer's financial year end, which declaration must:

13.48 introduced with effect from 1 May 2013.

13.49 introduced with effect from 1 May 2013.

- (i) confirm that the directors of the issuer have ensured that the applicant issuer's group complied with paragraphs 13.46(a), (f), (g), (i) and (h) above; or
- (ii) where the applicant issuer did not comply with paragraph 13.46(g)(i) above, the directors must confirm that despite the non-compliance, the total consolidated liabilities of the issuer are not more than 60% of the total consolidated assets, where the liability and asset amounts are those reflected in the group annual financial statements for that financial year end;
- (iii) be signed by each of the directors, the company secretary and the sponsor or designated advisor of the issuer; and
- (iv) be submitted at the time of submission of the applicant issuer's annual report (which report must be submitted in terms of paragraph 3.21 of the Listings Requirements).

13.50 The following procedure shall apply to an issuer that fails to comply with paragraph 13.49(d):

- (a) on the day following the due date as contemplated in paragraph 13.49(d) above, a letter of reminder will be sent by the JSE to the issuer requesting that the issuer rectify the situation and advising that it has been granted a period of 1 month, from the date of such reminder, in which to submit the compliance declaration, failing which the issuer's REIT status will be removed by the JSE;
- (b) failing compliance within 14 days of dispatch of the reminder to the issuer, the JSE will release an announcement informing holders of securities that the issuer has not submitted its compliance declaration and cautioning holders of securities that the issuer's REIT status is under threat of removal; and
- (c) the issuer's REIT status will be removed by the JSE if it fails to submit the compliance declaration within the 1 month period referred to in (a) above and the JSE will release an announcement confirming this fact.

13.51 In every announcement issued by a REIT:

- (a) it must make reference to the fact that it has a REIT status with the JSE; and
- (b) for announcements that deal with distributions it must specify:
 - (i) that this distribution is regarded as taxable dividend for income tax purposes in the hands of local tax residents and a taxable dividend for dividends tax purposes for foreign tax residents from 1 January 2014 (distributions to foreign tax residents before that date are exempt from dividends tax); and
 - (ii) for which financial period the distribution relates to.

13.52 An issuer with a REIT status must keep the market informed regarding its tax status. In this regard the issuer must release an announcement containing full details of the implications thereof for the issuer and its security holders, without delay, if it:

- (a) fails the REIT tax test or believes that it will not qualify for a tax

13.50 introduced with effect from 1 May 2013.

13.51 introduced with effect from 1 May 2013.

13.52 introduced with effect from 1 May 2013.

deduction of distributions under section 25BB(2) of the Income Tax Act;
or

- (b) has breached the distribution provisions as set out in paragraph 13.47; or
- (c) has breached the gearing provisions of paragraph 13.49(c).

13.53 Where at any time, an applicant issuer, fails to comply with any of the REIT Listings Requirements as set out in paragraph 13.49 (after taking into account paragraph 13.50):

- (a) the JSE will remove its REIT status;
- (b) the issuer must make an announcement advising the market of this fact; and
- (c) the issuer may make application at any time to reapply to the JSE to receive a REIT status in terms of paragraph 13.48.

Application for removal of the REIT status

13.54 An issuer who has received a REIT status may at any time make application to the JSE to have this status removed. An announcement must be made, advising the market of this fact, as soon as:

- (a) the board of directors has taken the decision to make such an application, stating the reasons for this decision; and
- (b) once the application has been processed by the JSE.

Applicability of the REIT provisions to CISIP's

13.55 A CISIP is eligible to receive a REIT status. To receive a REIT status, a CISIP must make application to the JSE, which application must be signed by the trustees of the CISIP, the directors of the management company and the sponsor/designated advisor and must:

- (a) provide evidence of compliance with paragraphs 13.46(b) to (e) and (h) above, where any reference to the directors of the applicant issuer must be read as being the directors of the management company appointed as such in terms of the CISCA;
- (b) provide evidence of registration as a CISIP from the CIS Registrar; and
- (c) confirm that the CISIP Deed has been approved by the CIS Registrar.

Continuing obligations for CISIP's

13.56 A CISIP must submit a compliance declaration to the JSE within 6 months of the issuer's financial year end, which declaration must:

- (a) confirm that the CISIP has complied with paragraph 13.46(h) above, where any references to the directors of the applicant issuer must be read as being the directors of the management company which is appointed as such in terms of the CISCA; and
- (b) be signed by the trustees of the CISIP and the directors of the management company.

13.53 introduced with effect from 1 May 2013.

13.54 introduced with effect from 1 May 2013.

13.55 introduced with effect from 1 May 2013.

13.56 introduced with effect from 1 May 2013.

- 13.57 In every announcement issued by a CISIP with a REIT status:
- (a) it must make reference to the fact that it has a REIT status with the JSE;
 - (b) for announcements that deal with distributions it must specify:
 - (i) that this distribution is regarded as taxable dividend for income tax purposes in the hands of local tax residents and a taxable dividend for dividends tax purposes for foreign tax residents from 1 January 2014 (distributions to foreign tax residents before that date are exempt from dividends tax); and
 - (ii) for which financial period the distribution relates to.
- 13.58 An issuer that is a CISIP with a REIT status must keep the market informed regarding its REIT status. In this regard the issuer must release an announcement containing full details of the implications thereof for the issuer and its holders of securities, without delay, if it:
- (a) fails the REIT tax test or believes that it will not qualify for a tax deduction of distributions under section 25BB(2) of the Income Tax Act;
 - (b) has breached the provisions of its Deed; or
 - (c) has breached the provisions of the CISCA.

Dual listings

- 13.59 Any applicant issuer wanting to apply to receive a REIT status must, despite the provisions of Section 18, make application for a primary listing on the JSE.

Transitional provisions

- 13.60 The following transitional provisions are applicable to property entities other than CISIP:
- (a) the following issuers are eligible to make application to receive a REIT status under these transitional provisions:
 - (i) property entities that were listed on the Main Board of the JSE in the financials-real estate sector prior to 30 November 2012; and
 - (ii) at that time the listed securities of the property entity comprised of an ordinary share linked to a debenture, and traded as a linked or combined unit;
 - (b) all issuers referred to in paragraph 13.60(a) above must make application to the JSE, by no later than 1 July 2013, to receive a REIT status under these transitional provisions;
 - (c) the application letter must be signed by the company secretary and each of the directors of the issuer as well as the sponsor/designated advisor and must contain:
 - (i) an undertaking that the company will comply with the provisions of paragraph 13.47;
 - (ii) a statement of confirmation by each of the directors that the issuer will, to the best of their knowledge (after making all reasonable

13.57 introduced with effect from 1 May 2013 and amended with effect from 30 September 2014.

13.58 introduced with effect from 1 May 2013.

13.59 introduced with effect from 1 May 2013.

13.60 introduced with effect from 1 May 2013.

enquiries to ascertain such facts), qualify for a tax deduction of distributions under section 25BB(2) of the Income Tax Act for its first financial year commencing on or after 1 April 2013;

- (iii) confirmation and evidence of compliance with paragraph 13.46(d) and (g);
 - (iv) confirmation that the applicant issuer will comply with paragraph 13.46(h) by no later than the end of its first financial year commencing on or after 1 April 2013;
 - (v) details of the applicant issuer's year end and the proposed date of the first distribution which is likely to be made by the issuer as a REIT; and
 - (vi) an extract from the applicant issuer's latest published results showing the sector profile (showing existing use) of the revenue as reflected in those results. The sector profile should at a minimum distinguish between the following sectors: industrial, office, retail, residential, hotels and specialised sectors such as healthcare facilities, timber properties and auto dealerships.
- (d) an applicant issuer that makes application to the JSE and meets the transitional Listings Requirements set out in this paragraph will receive a REIT status even though it may not necessarily meet all the criteria set out in paragraph 13.46;
- (e) applicant issuers who make the necessary application to the JSE and comply with the transitional provisions will, receive a REIT status from the commencement of their first financial year commencing on or after 1 April 2013; and
- (f) any other property entity listed on the JSE to which the transitional provisions do not apply may make application to the JSE in terms of paragraph 13.46 to receive a REIT status.

13.61 The following transitional provisions are applicable to property entities that are CISIP:

- (a) CISIP that were listed on the JSE prior to 30 November 2012 are eligible to make application to receive a REIT status under these transitional provisions;
- (b) all applicant issuers referred to in paragraph 13.61(a) above must make application to the JSE, by no later than 1 July 2013, to receive a REIT status under these transitional provisions;
- (c) the application letter must be signed by trustees of the CISIP, the directors of the management company and the sponsor/designated advisor and must contain:
 - (i) confirmation that they are in good standing with the CIS Registrar;
 - (ii) confirmation that the issuer will comply with paragraph 13.46(h) by no later than the end of its first financial year commencing on or after 1 April 2013;
 - (iii) details of the issuer's year end and the proposed date of the first distribution which is likely to be made by the issuer as a REIT; and
 - (iv) an extract from the issuer's latest published results showing the

13.61 introduced with effect from 1 May 2013.

sector profile (showing existing use) of the revenue as reflected in those results. The sector profile should at a minimum distinguish between the following sectors: industrial, office, retail, residential, hotels and specialised sectors such as healthcare facilities, timber properties and auto dealerships;

- (d) an applicant issuer that makes application to the JSE and meets the transitional Listings Requirements set out in this paragraph will receive a REIT status even though it may not necessarily meet all the criteria set out in paragraph 13.55;
- (e) applicant issuers who make the necessary application to the JSE and comply with the transitional provisions will, receive a REIT status from the commencement of their first financial year commencing on or after 1 April 2013; and
- (f) any other CISIP listed on the JSE to which the transitional provisions do not apply may make application to the JSE in terms of paragraph 13.55 to receive a REIT status.