

# STENPROP

7 February 2018

Dear Shareholder,

## **Proposed London Stock Exchange listing, REIT conversion and migration from Bermuda to Guernsey**

### 1. **INTRODUCTION**

The objective of Stenprop Limited ("**Stenprop**" or the "**Company**") is to deliver sustainable growing income to its investors. The Company's investment strategy for achieving this objective has always been to identify and invest in sectors and assets that have positive growth fundamentals and where there is an opportunity to add value and grow earnings through active asset management.

In early 2017 Stenprop identified UK multi-let industrial ("**MLI**") as a sector likely to deliver superior long-term growth in sustainable earnings, as a result of a structural imbalance in supply and demand dynamics with increasing tenant demand and static (and in some cases reducing) supply that is likely to translate into higher rents over time. Stenprop also identified that, in order to exploit opportunities in the MLI sector and deliver consistent returns, it required sufficient scale and an excellent management team and operating platform.

The June 2017 Stenprop acquisition of the industrials.co.uk multi-let industrial portfolio and C2 Capital management platform for £130.5 million (the "**MLI acquisition**") achieved both of these objectives, positioning the Company to achieve its objective of becoming the leading MLI business in the UK.

Following the successful integration of the C2 Capital team and the significant growth in earnings experienced from the industrials.co.uk portfolio since acquisition, Stenprop has taken the strategic decision that its objective to deliver sustainable growing income to shareholders will be best achieved by becoming a specialised UK MLI property company. This strategic change in direction means that Stenprop intends, over the next few years, to sell all of its non-MLI assets and utilise the sale proceeds to build a focused UK MLI business. In the shorter term, over the next two years Stenprop intends to sell approximately £460 million of non-MLI assets and to acquire at least £220 million of MLI assets, with the balance of the proceeds from the sale of non-MLI assets being used to reduce overall leverage over that period to a targeted loan-to-value ratio of less than 40%.

As part of this strategic change in focus to UK MLI, Stenprop has decided that it is now opportune to seek to migrate from Bermuda to Guernsey, convert to a UK REIT and to seek a listing on the London Stock Exchange.

The purpose of this letter is to provide you with details of the various proposals and the actions that you may need to take in connection with those proposals.

### 2. **PROPOSALS**

Following the decision to focus the Company solely on UK MLI assets, it is the view of the directors of Stenprop (the "**Directors**" or the "**Board**") that a listing on the London Stock Exchange (the "**LSE**") will assist the Company in achieving its strategic objectives. Accordingly, the Company intends to seek a listing on the Specialist Fund Segment of the LSE (the "**SFS**"). In the longer term, accessibility to additional investors, including, in particular, UK investors focused on specialist income funds, should improve liquidity in the Company's shares and provide access to equity capital, both of which will be beneficial to the strategic aims of the Company and should add value to shareholders. The LSE listing will provide Stenprop with the further benefit of a listing in the same geographical jurisdiction as the majority of its property assets. Following a successful listing on the LSE (the "**UK Listing**"), the Company will delist from the Bermuda Stock Exchange ("**BSX**"). The Company will retain its primary listing on the Johannesburg Stock Exchange ("**JSE**").

Ultimately Stenprop's intention is to list on the Premium Segment of the Main Market of the LSE (the "**Premium Segment**"). The Company and its advisers believe that it would currently satisfy all of the criteria for a listing on the Premium Segment, other than the requirement that 25% of its issued shares be held by the public in one or more of the European Economic Area member states (the "**EEA free float requirement**"), and could move at any time once this requirement was satisfied.

In addition to having announced its investigation of a listing on the LSE, the Company has previously reported its intention to consider a conversion to a UK real estate investment trust (a "**REIT**"). The Directors also considered that, given the intention to list on the LSE, the transparent and proven track record of the UK REIT brand would potentially unlock new sources of investor interest, whilst potentially improving after-tax returns for some shareholders. The recently announced consultation to bring non-resident landlord companies such as Stenprop into the scope of UK corporation tax further strengthens the case for the Company converting to a REIT.

The Company commissioned a REIT feasibility study which concluded that the Company will be able to meet and maintain the conditions necessary for conversion to UK REIT status. In light of the benefits outlined above the Company now proposes to convert to UK REIT status.

Finally, as a consequence of the intended listing on the LSE, the Company proposes to migrate its jurisdiction of incorporation from Bermuda to Guernsey (the "**Migration**"). For the reasons set out in paragraph 5 below, Guernsey has a regulatory and legal framework which is more familiar and acceptable to investors in the London markets.

Details of these proposals are set out below.

### 3. **LSE LISTING**

The Board considers that an LSE listing will:

- enable a wider array of international and UK investors to access the shares of the Company. This will have the potential to improve the liquidity of trading in the Company's shares;
- increase the profile of the Company with potential new investors who are closer geographically to the assets that the Company holds and intends to hold given its focus on the MLI sector in the UK; and
- improve the ability of the Company to raise capital,

and thereby the Company will be better placed to reposition its portfolio and achieve its corporate strategic goal of becoming the leading MLI business in the UK.

As mentioned above, the current intention is for the Company to seek a listing on the SFS, with the scope to move to the Premium Segment once the EEA free float requirement has been achieved. As noted above, the Company will maintain its primary listing on the JSE and as such will continue to comply with the Listings Requirements of the JSE for as long as such listing is maintained.

### 4. **REIT CONVERSION**

The Directors believe that the Company and its shareholders would benefit significantly from a conversion of the Stenprop group (the "**Group**") to a UK REIT structure with the Company becoming the principal company of the group REIT (a "**Group REIT**") for the following reasons:

- REITs are recognised globally as tax efficient structures for investment in real estate and have a proven track record of attracting international capital. There are significant investment pools and fund allocations specifically designed for investment in REITs, and conversion to REIT status may therefore unlock new sources of funding and over time improve the liquidity and rating of the Company's shares;
- the changing tax environment in the UK (e.g. the future introduction of restrictions on interest deductibility, the inclusion of non-resident landlord companies within the scope of UK corporation tax and the introduction of capital gains tax for non-UK residents disposing of UK property) means the UK tax burden of non-resident landlords is likely to increase; and
- any latent capital gains on rental properties are effectively eliminated on entry into the REIT regime.

The broad intention of the UK REIT regime is to replicate the tax treatment of a direct investment in property. REIT status therefore effectively removes the traditional 'double-layer' of taxation, where profits are taxed at both the property company and shareholder levels. Instead, within a REIT and with respect to UK property rental profits and gains on disposal of UK property directly, tax is generally only payable at the shareholder level. If the Group converts to a REIT, the Company will become UK tax resident.

This will require a number of changes to the composition and operation of the Board of the Company (to take effect from REIT conversion) to ensure that the Company complies with the REIT conditions. It is anticipated that Julian Carey, who is currently the Company's Group Property Director, will be appointed to the Board of the Company. Any changes to the Board will be announced via SENS as and when they occur.

Conversion of the Group to a UK REIT structure is subject to satisfaction of various conditions. Confirmation that these conditions have been satisfied and the effective date of the REIT conversion will be announced via SENS in due course.

An overview of the tax considerations for shareholders arising as a result of the UK REIT conversion as described above is set out in Appendix 1.

**Shareholders are advised to seek independent professional advice regarding the implications for them of the Group converting to a UK REIT structure (with the Company becoming the principal company of the Group REIT).**

## 5. **MIGRATION OF THE COMPANY FROM BERMUDA TO GUERNSEY**

In connection with the proposed LSE listing, it is proposed that the Company migrate to Guernsey.

The principal reasons that Guernsey was selected ahead of other jurisdictions (including Bermuda) are as follows:

- Guernsey is one of the world's largest offshore finance centres. Many of the closed-ended funds listed on the LSE (including various REITs) are Guernsey companies;
- Guernsey is seen as having an efficient and flexible regulatory regime which is well regarded globally; and
- shareholders of Guernsey-registered companies listed on the LSE will typically benefit from the protections of the UK City Code on Takeovers and Mergers (the "**Takeover Code**") which are set out below.

The Migration is subject to the approval of shareholders at the Special General Meeting referred to below.

## 6. **TAKEOVER CODE**

The Takeover Code is made and administered by the UK Panel on Takeovers and Mergers. Subject to certain exceptions, the Takeover Code applies, *inter alia*, to offers for companies which have their registered offices in the UK, the Channel Islands or the Isle of Man if any of their securities are admitted to trading on a regulated market in the UK (such as the LSE) or a multilateral trading facility in the UK (such as AIM). Consequently, it is anticipated it will apply to the Company on completion of the UK Listing.

The Takeover Code comprises six general principles, 38 rules and nine appendices, and is designed principally to ensure that shareholders of the same class in a target company are treated fairly and equally and are not denied an opportunity to decide on the merits of a takeover.

The Takeover Code also provides an orderly framework within which takeovers are conducted and is designed to promote, in conjunction with other regulatory regimes, the integrity of the financial markets.

## 7. **NEW ARTICLES**

The Company will be required to adopt new articles of incorporation ("**New Articles**") in connection with the Migration. A summary of the New Articles, which are proposed to be adopted by the Company with effect from completion of the Migration, is set out in Appendix 2.

The adoption of the New Articles is subject to the approval of shareholders at the Special General Meeting referred to below.

The New Articles are available on the Company's website at <http://stenprop.com/>. They will also be available for inspection during normal business hours at the registered office of the Company (20 Reid Street, Williams House, 3rd Floor, Hamilton HM11, Bermuda) and at the registered office of the Company's JSE sponsor, Java Capital Trustees and Sponsors Proprietary Limited (6A Sandown Valley Crescent, Sandown, Sandton, 2196, South Africa) from the date of this letter until the conclusion of the Special General Meeting referred to below.

## 8. **SPECIAL GENERAL MEETING**

The Directors are convening a special general meeting ("**Special General Meeting**") in order to seek Shareholder approval of:

- the Migration;
- (conditional upon and from the Migration becoming effective) the adoption of the New Articles; and
- the disapplication of the pre-emption rights contained in the New Articles, as set out below.

## **Migration**

It is also proposed that the Directors be authorised to take any action necessary to effect the Migration.

### **Disapplication of pre-emption rights**

At the 2017 Annual General Meeting of the Company, and in accordance with the Listings Requirements of the JSE, shareholders granted to the Directors the authority to issue up to an aggregate of 43,757,771 new shares in the capital of the Company (representing 15% of the issued share capital of the Company as at 7 August 2017) for cash (the "**Existing Authority**").

As is customary for companies intending to list on the LSE, the Company has incorporated provisions in the New Articles which provide that where new equity securities are proposed to be issued for cash (other than in connection with a scrip dividend, rights issue or an open offer), they must first be offered to existing holders **pro rata** to their holdings. As a result of such provisions in the New Articles it is appropriate to replace the Existing Authority with a fresh authority to be granted at the Special General Meeting (the "**New Authority**").

Subject to the passing of the relevant resolutions at the Special General Meeting, the New Authority will be limited to the issue of an aggregate of 29,171,848 new ordinary shares, representing approximately 10% of the issued share capital of the Company as at 2 February 2018 (as opposed to 15% of the issued share capital of the Company as at 7 August 2017 under the Existing Authority). Any proposed issue for cash pursuant to such authority will, in addition, be subject to the Listings Requirements of the JSE.

The Directors have elected to seek to refresh this disapplication of pre-emption rights to ensure that the Company has maximum flexibility in managing capital resources and to take advantage of opportunities as they arise.

The Directors do not intend to raise additional capital by issuing new shares unless the shares can be issued at a price equal to or above the prevailing net asset value per share at the relevant time.

### **Notice of Special General Meeting**

You will find enclosed with this letter a notice convening the Special General Meeting, which is to be held at 9.30 am (GMT)/11.30am (SAST) on Wednesday, 7 March 2018.

## **9. INDICATIVE TIMING AND TIMETABLE**

The precise timing of the REIT conversion and UK Listing is yet to be confirmed. The Migration is expected to occur as per the indicative timetable below. The REIT conversion is expected to occur in April 2018; however, it may be delayed depending on whether a performance fee for the sale of a property which is part of the legacy managed portfolio becomes due to Stenprop. Such a performance fee may temporarily increase the proportion of Stenprop's profits from its non-property rental business above the prescribed level of 25% and thus delay the conversion to UK REIT status for a short period. It is anticipated that the UK Listing will take place in June 2018.

### *Indicative timetable for the Migration*

Special General Meeting held (at 9:30 am (GMT)/11.30am (SAST)) on	Wednesday, 7 March 2018
Announcement of results of Special General Meeting released on SENS and the BSX website on	Thursday, 8 March 2018
Effective date of Migration	Friday, 23 March 2018
Issue of new ISIN and finalisation announcement released on SENS and the BSX website on	Monday, 26 March 2018
Last day to trade on the JSE and BSX under the existing ISIN: BMG 8465Y1093	Tuesday, 3 April 2018
Listing and trading of the Company's shares under the new ISIN	Wednesday, 4 April 2018
Record date for the change in ISIN	Friday, 6 April 2018
CSDP and broker accounts of dematerialized shareholders updated on	Monday, 9 April 2018

*The above timetable is indicative only and is subject to change. Any changes will be released on SENS and in the press.*

Share certificates may not be dematerialised or rematerialised between Wednesday, 4 April 2018 and Friday, 6 April 2018, both days inclusive, nor may transfers of shares between sub-registers in South Africa and Bermuda take place between Tuesday, 27 March 2018 and Friday, 6 April 2018, both days inclusive. Please note that the new ISIN will only be issued following the effective date of the Migration. Details of the new ISIN will be included in the finalisation announcement, which is expected to be released on SENS and the BSX website on Monday, 26 March 2018.

#### 10. **ACTION TO BE TAKEN**

##### ***For shareholders on the Bermudian share register only***

Shareholders unable to attend are requested to complete the attached form of proxy and return it via email to [externalproxyqueries@computershare.co.uk](mailto:externalproxyqueries@computershare.co.uk), vote online in accordance with the instructions in the form or deposit it physically at the address stated in the notes to the form of proxy no later than 3.30 pm GMT/5.30 pm SAST on Friday, 2 March 2018.

##### ***For shareholders on the South African share register only***

- Dematerialised shareholders who wish to attend the Special General Meeting must instruct their CSDP or broker to provide them with the necessary authority to attend.
- Certificated shareholders unable to attend the Special General Meeting, but who wish to vote, are requested to complete the enclosed form of proxy and return it (together with the power of attorney and other authority, if any, under which it is signed, or a notarially certified office copy thereof) to Computershare Investor Services (South Africa) Proprietary Limited, either by depositing it at Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, South Africa, via email to [proxy@computershare.co.za](mailto:proxy@computershare.co.za), or via post to PO Box 61763 Marshalltown 2107 South Africa, to be received no later than 3.30 pm GMT/5.30 pm SAST on Friday, 2 March 2018.
- Dematerialised shareholders who are unable to attend the Special General Meeting, but who wish to vote, must timeously provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between that Shareholder and the CSDP or broker.

**If you are in any doubt as to what action you should take in relation to this letter and the enclosed notice of meeting and form of proxy, please consult your CSDP, BSD, broker, banker, investment dealer or other professional adviser immediately.**

#### 11. **RECOMMENDATION**

The Directors consider that the proposals set out in this letter are in the best interests of the Company and shareholders as a whole. Accordingly, the Directors unanimously recommend that shareholders vote in favour of the resolutions to be proposed at the Special General Meeting.

Yours faithfully

**Stephen Ball**

*Chairman*

*For and on behalf of Stenprop Limited*

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## UK REIT REGIME – TAX CONSIDERATIONS FOR SHAREHOLDERS

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### 1. INTRODUCTION

A UK REIT is a UK tax resident company (or a group headed by a principal company tax resident in the UK) that carries on a qualifying property rental business ("**PRB**") and is afforded certain exemptions from corporation tax in return for an obligation to distribute a significant amount of its net rental income to shareholders and meet certain other prescribed conditions.

As a UK REIT, the Group would be able to benefit from a tax exemption on its UK PRB income and UK capital gains on direct disposal of UK property provided that it meets certain conditions.

A UK REIT is required to distribute at least 90% of the PRB profits in each accounting period to shareholders, in the form of a Property Income Distribution ("PID"), within 12 months of the end of that accounting period. Depending on the precise circumstances and nature of income in the Group, any additional dividend above the 90% minimum PID may be treated as either a PID or an ordinary dividend ("**Non-PID**"). Following the conversion of the Group to a UK REIT structure (with the Company becoming the principal company of the Group REIT), the Company currently expects that future dividend payments may comprise either a mixture of both PID and Non-PID or solely a PID, depending on the circumstances at the time. The amount of PID and any Non-PID elements of each dividend will be shown on the associated tax certificates that will be provided to shareholders.

Shareholders should note that the tax treatment of PID and Non-PID dividends differs. Profits distributed as a PID will not have been taxed in the Group and therefore will be subject to the deduction of (currently) 20% withholding tax by the Company on distribution (certain shareholders e.g. UK companies and UK pension funds are entitled to receive PIDs gross of tax). The treatment of the income in the hands of the shareholders will depend on their nature and tax residence. Any Non-PID dividends will be treated in the same way as dividends paid by non-UK REIT companies.

The tax treatment for the various categories of shareholders has been summarised below.

### 2. UK TAX RESIDENT SHAREHOLDERS

#### 2.1 UK tax treatment of PIDs

UK tax resident shareholders will be taxed on PIDs as property rental income separate from any other property rental business. The gross amount of the PID will be subject to UK tax with a credit for UK withholding tax deducted from the payment by the Company (see further below).

HM Revenue & Customs ("**HMRC**") tax returns contain a separate box and explanatory notes to enable individual tax payers to declare amounts received in the form of PIDs.

#### 2.2 Withholding tax on PIDs

Subject to limited exceptions, the Company will be required to withhold tax at source from its PIDs at the UK basic rate of income tax, currently 20%.

As a result, a basic rate individual taxpayer should have no further tax to pay. By contrast, a higher rate individual taxpayer (taxable at the rate of 40%) or an additional rate taxpayer (taxable at the rate of 45%) will have a further 20% and 25% respectively of UK income tax to pay. An individual, who does not pay tax, for example because of personal allowances, may reclaim the tax withheld in their tax return.

PIDs are paid gross to shareholders that are within the charge to UK corporation tax (i.e. UK tax resident companies and UK permanent establishments of non-UK resident companies). For these shareholders, PIDs will be treated as profits of UK property business subject to a standard rate of tax, currently 19% (reducing to 17% from April 2020).

#### 2.3 Gross payment of PIDs for certain categories of shareholder

Under the UK REIT rules, certain categories of shareholder are entitled to receive PIDs without withholding (subject to having completed the relevant exemption form). Shareholders qualifying for gross payment are principally:

- UK resident companies and UK permanent establishments of non-UK resident companies;
- UK public bodies;
- UK charities;
- UK pension funds; and
- Managers of ISAs, PEPs and Child Trust Funds.

Where a registered holding has mixed beneficial owners including non-qualifying shareholders, the PID will be paid net of 20%.

Individuals and all non-UK residents will not qualify for gross payment. Unlike withholding tax on interest, it is unlikely that a shareholder resident outside the UK can obtain advance clearance for the PID to be paid gross.

#### *Tax treatment of Non-PID Dividends*

Other Non-PID dividends paid by REITs out of non-exempt income, being residual (non-PRB) income and non-property rental business gains are treated as ordinary dividends and are not subject to withholding tax.

### 3. **FOREIGN SHAREHOLDERS**

Where a shareholder who is resident for tax purposes outside the UK receives a PID, the PID will generally be chargeable to UK income tax as profit of a UK property business and this tax will generally be collected by way of a withholding. The tax treatment of South African tax resident shareholders is dealt with in further detail below.

Non-resident shareholders in countries with double tax treaties with the UK, which provide for withholding tax on dividends at a rate lower than 20%, may be able to make claims for repayment of the difference from HMRC.

Non-PID dividends paid by the Company will be taxed in the same way as normal corporate dividends paid by a UK company, whether in the hands of individual or corporate shareholders.

### 4. **SOUTH AFRICAN TAX RESIDENT SHAREHOLDERS**

#### 4.1 **UK Withholding tax**

As referred to above, under UK law the Company will be required to withhold UK income tax at source at the basic rate (currently 20%) from its PIDs.

The South Africa-UK double tax treaty provides for a withholding tax rate of 15% on dividends. Subject to a successful claim being made to HMRC, South African tax resident shareholders will be able to obtain repayment of 5% of the UK tax withheld on the PID from HMRC.

No UK withholding tax will be charged on non-PID distributions.

#### 4.2 **Treatment of PIDs**

The taxation of a PID for South African tax purposes will depend on whether the PID is a "foreign dividend" as defined by section 1 of the Income Taxes Act, No. 59 of 1962. The analysis below assumes this will be the case.

##### *South African shareholders who are individuals*

No South African income tax will be payable on the PID, although individual shareholders will be subject to South African dividend withholding tax at a rate of 20% (see below). The dividend withholding tax may be reduced by the foreign withholding tax suffered on the dividend, subject to certain administrative requirements being met. A credit of the UK withholding tax may therefore be available. As the net UK WHT applied to the PIDs should be 15% (subject to a successful claim being made under the South Africa-UK double tax treaty as above), the South African dividend withholding tax would be reduced to 5%, provided the administrative requirements are satisfied.

##### *South African corporate shareholders*

South African corporate shareholders in the Company will be exempt from South African income tax on PID income and South African dividend withholding tax provided that the South African companies are the beneficial owners of the dividends, and the Company is (by the date determined by the Company or its regulated intermediary, or where no such date is determined the date of payment of the dividend) in possession of declaration and undertaking forms relating to the beneficial ownership of the dividends.

On the basis of the above, no additional South African income tax or dividends tax should arise on the PID. The only incidence of tax will be the 15% net withholding tax once a successful claim has been made to and processed by the UK authorities under the UK-South Africa double tax treaty.

#### *South African exempt shareholders*

No South African income tax is payable by income tax exempt entities such as retirement funds and public benefit organisations on receipts from PID distributions. In addition, such bodies are exempt from South African dividend withholding tax provided the Company or its regulated intermediary is, (by the date determined, see above) in possession of declaration and undertaking forms relating to the beneficial ownership of the dividends.

There is generally no provision to enable the PID to be paid gross to such bodies and therefore the UK withholding tax will be withheld on distributions to such bodies, currently at a rate of 20%. Assuming the shareholder is able to make a successful claim to HMRC under the UK-South African double tax treaty the net tax suffered will be 15%.

### 4.3 **Treatments of non-PIDs**

#### *South African shareholders who are individuals*

Non-PID distributions will not be subject to UK withholding taxes. Such distributions should be treated as foreign dividends in South Africa and will not be chargeable to South African income tax but will be subject to South African dividends withholding tax at a rate of 20%. However, no credit will be available to South African resident shareholder on the underlying UK or overseas corporate income taxes charged on the income and gains from which the dividends are paid.

#### *South African corporate shareholders*

South African corporate shareholders in the Company will be exempt from South African income tax on non-PID income and South African dividend withholding tax provided that the South African companies are the beneficial owners of the dividends, and the Company is (by the date determined by the Company or its regulated intermediary, or where no such date is determined the date of payment of the dividend) in possession of declaration and undertaking forms relating to the beneficial ownership of the dividends.

On the basis of the above, no income tax or dividend withholding tax charge should arise in South Africa and the only incidence of tax will be the underlying UK or overseas corporate income tax.

#### *South African exempt shareholders*

No South African income tax will be payable by income tax exempt entities or entities such as retirement funds and public benefit organisations on receipts from non-PID distributions. In addition, such entities are exempt from South African dividend withholding tax provided the Company paying the distribution is in possession of declaration of undertaking forms relating to the beneficial ownership of the dividends.

### 4.4 **South African dividend withholding tax**

South African dividend withholding tax applies to dividends paid by the Company to certain South African residents because the Company will be a non-South African tax resident company which is listed on the JSE.

The Company will be obliged to withhold the South African dividend tax on dividend payments to South African residents and pay the tax which has been withheld over to the South African Revenue Service unless an exemption applies (for example if the beneficial owner is a SA retirement fund or SA resident company).

The Company will also be obliged to submit a dividend tax declaration form to the South African Revenue Service in respect of these dividends.

#### **Important note**

*This summary of tax considerations for shareholders is intended to provide only a general outline of the subjects covered. It should neither be regarded as comprehensive nor sufficient for making decisions, nor should it be used in place of professional tax advice. The Company accepts no responsibility for any loss arising from any action taken or not taken by any person using this material. If you are in any doubt as to your tax position, you are advised to seek independent professional advice.*



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## SUMMARY OF NEW ARTICLES

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The New Articles contain provisions, *inter alia*, to the following effect.

### 1. OBJECTS

The New Articles do not limit the objects of the Company.

### 2. SHARE CAPITAL

Subject to the provisions of the New Articles, the directors may:

- (a) issue an unlimited number of shares or grant rights to subscribe for, or convert any security into shares, in accordance with the Companies (Guernsey) Law, 2008 (as amended) (the "**Companies Law**");
- (b) issue shares of different types or shares of different classes;
- (c) convert all or any classes of the Company's shares into redeemable shares;
- (d) issue shares which have a nominal or par value;
- (e) issue shares of no par value;
- (f) issue any number of shares they see fit;
- (g) issue fractions of a share;
- (h) make arrangements on the issue of shares to distinguish between members as to the amounts and times of payments of calls on their shares;
- (i) issue shares that provide for the payment of dividends and distributions in differing proportions in accordance with the terms of issue of such shares; and
- (j) pay commissions in such manner and in such amounts as the Directors may determine.

Shares may be issued and designated as ordinary shares or such other classes of shares as the board determines (provided that from such time as the Company becomes a REIT, any such issue of new shares shall not cause the Company to fail Condition E (single class of ordinary share capital) in section 528 of the UK Corporation Tax Act 2010 (the "**Tax Act**"). Shares may be denominated in such currencies as the board determines. The price per share at which shares of each class are offered to subscribers shall be fixed by the board.

### 3. DISCLOSURE OF INTERESTS IN SHARES

The provisions of Chapter 5 of the Disclosure Guidance and Transparency Rules ("**DTR 5**") of the FCA Handbook are deemed to apply to the Company as if the Company were an "issuer" whose "Home State" is in the United Kingdom (rather than a "non-UK issuer"), as such terms are defined in DTR 5. As such, the relevant percentage thresholds that apply to the Company are 3%, 4%, 5%, 6%, 7%, 8%, 9%, 10% and each 1% threshold thereafter up to 100% notwithstanding that in the absence of these provisions in the New Articles such thresholds would not apply to the Company.

The Company may by written notice require a member to disclose, within 14 days of receipt of such notice, the nature of his interest in shares in the Company held at any time in the previous three years. If the information is not received within 14 days the directors may suspend the member's voting and/or dividend rights and/or refuse to register any transfers in respect of the relevant shares until such time as the appropriate disclosures are properly made.

### 4. VOTING RIGHTS

Subject to the rights or restrictions attached to any shares, on a show of hands (i) every member who (being an individual) is present in person or (being a corporation) is present by a duly authorised representative shall have one vote; and (ii) every proxy appointed by a member shall have one vote, save that every proxy appointed by one

or more members to vote for the resolution and by one or more other members to vote against the resolution, has one vote for and one vote against.

## 5. **RESTRICTIONS ON VOTING**

A member is not entitled to receive notice of or attend or vote (either in person or by proxy) at any general meeting of the Company in respect of any share held by him unless all calls and other amounts payable by him in respect of that share have been paid.

In the event that a member fails to make the appropriate disclosures in accordance with paragraph 3, the directors may, by notice in writing and in their discretion, suspend voting rights until such time as the appropriate disclosures are properly made.

## 6. **ISSUE OF SHARES**

Subject to the terms and rights attaching to shares already in issue, the provisions of the New Articles and, for so long as the Company maintains a primary listing of its ordinary shares on the JSE, the Listings Requirements of the JSE applicable from time to time (the "**JSE Listings Requirements**"), any new shares shall be of such class and amount and have such preference or priority as regards dividends or in the distribution of assets or as to voting or otherwise over any other shares of any class whether issued or not or be subject to such stipulations deferring them to any other shares with regards to dividends or in the distribution of the assets or as to voting or otherwise and such other rights and restrictions as the board may determine in accordance with the Companies Law.

For so long as the Company maintains a primary listing of its ordinary shares on the JSE, (i) the Company may only issue shares which are fully paid up, freely transferable and rank *pari passu* in all respects and only within the classes and to the extent that those shares have been authorised by or in terms of the New Articles and (ii) all issues of shares for cash and all issues of options and convertible securities granted or issued for cash must be granted or issued (as applicable) in accordance with the JSE Listings Requirements.

The Company is not permitted to issue 'equity securities' (being ordinary shares in the Company or rights to subscribe for, or to convert securities into, ordinary shares in the Company) on any terms unless it has first made an offer to each person who holds ordinary shares in the Company to issue to him on the same or more favourable terms a proportion of those equity securities, the aggregate value of which is as nearly as practicable equal to the proportion in number of the ordinary shares in the Company held by such person. Subject to the JSE Listings Requirements (to the extent applicable to the Company), these pre-emption rights may be excluded or modified by extraordinary resolution.

The pre-emption rights do not apply to an issue (or sale, in the case of treasury shares) of (i) bonus shares, shares issued in connection with a scrip dividend or shares that are, or are to be, wholly or partly paid otherwise than in cash, (ii) equity securities in connection with a rights issue or open offer, or (iii) equity securities under an employees' share scheme.

## 7. **DIVIDENDS**

The Company may, subject to the Companies Law, declare a dividend to be paid to the members, according to their respective rights and interests in the profit. No dividends payable in respect of an ordinary share shall bear interest. The directors may, if authorised by an ordinary resolution, offer the holders of ordinary shares the right to elect to receive further ordinary shares, credited as fully paid instead of cash in respect of all or part of a dividend i.e. a scrip dividend.

In the event that a member fails to make the appropriate disclosures in accordance with paragraph 3, the directors may, by notice in writing and in their discretion, suspend dividend rights (including any right to elect to receive a scrip dividend) until such time as the appropriate disclosures are properly made. Any dividends declared and paid in such period shall be withheld by the Company and shall be payable without interest as soon as reasonably practicable upon compliance.

Subject to the JSE Listings Requirements, the Company may by ordinary resolution or the board may fix any date as the record date for any dividend, distribution or issue. Any such record date may be on or at any time before or after the date on which such dividend, distribution or issue is declared, paid or made.

A dividend unclaimed for a period of 12 years from the date when it became due for payment shall be forfeited and cease to remain owing by the Company.

## 8. RETURN OF CAPITAL

If the Company is wound up, the liquidator may, with the sanction of a special resolution and any other sanction required by law, divide among the members *in specie* or kind the whole or any part of the assets of the Company and may, for that purpose, value any assets as he deems fair and determine how the division shall be carried out as between the members or different classes of members. The liquidator may with the same sanction vest the whole or any part of the assets in trustees on trusts for the benefit of the members as the liquidator, with the same sanction, thinks fit but no member shall be compelled to accept any shares or other securities on which there is any liability.

## 9. VARIATION OF RIGHTS

All or any of the rights attaching to a class of shares in the Company may be varied with the written consent of the holders of not less than 75% in number of the issued shares of the class (excluding any shares of the class held as treasury shares), or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the relevant class, provided that for so long as the Company maintains a primary listing of its ordinary shares on the JSE any such rights may only be varied in accordance with the JSE Listings Requirements. The quorum for the separate general meeting shall be three members holding, or representing by proxy, at least 25% in number of the issued shares of the relevant class (excluding any shares of the class held as treasury shares).

## 10. TRANSFER OF SHARES

Subject to the provisions of the New Articles, a member may transfer all or any of his shares in any manner which is permitted by the Companies Law or in any other manner approved by the board.

The New Articles provide that the board has power to implement such arrangements as it may, in its absolute discretion, think fit in order for any class of shares to be admitted to settlement by means of the CREST system. If the board implements any such arrangements, no provision of the New Articles will apply or have effect to the extent that it is in any respect inconsistent with:

- (a) the holding of shares in uncertificated form;
- (b) the transfer of title to shares by means of the CREST system; or
- (c) the CREST regulations or rules.

Where shares are admitted to settlement by means of the CREST system, such securities may be issued in uncertificated form in accordance with and subject to the CREST regulations and rules. Unless the board otherwise determines, shares held by the same holder or joint holders in certificated form and uncertificated form will be treated as separate holdings. Shares may be changed from uncertificated to certificated form, and from certificated to uncertificated form, in accordance with and subject to the CREST regulations and rules. Title to such of the shares as are recorded on the register as being held in uncertificated form may be transferred only by means of the CREST system.

The board may, in its absolute discretion and without giving a reason, refuse to register a transfer of any share in certificated form or uncertificated form (to the extent permitted by the CREST regulations and rules) which is not fully paid or on which the Company has a lien or if (i) it is in respect of more than one class of shares, (ii) it is in favour of more than four joint transferees, (iii) if applicable, it is delivered for registration to the registered office of the Company or such other place as the board may decide and it is not accompanied by the certificate for the shares to which it relates and such other evidence of title as the board may reasonably require, (iv) the transfer is in favour of any 'non-qualified holder', or (v) it would cause the Company to fail Condition D (not a close company) in section 528 of the Tax Act, provided that, in the case of a listed share, this would not prevent dealings in the share from taking place on an open and proper basis on the relevant stock exchange.

If any shares are owned directly, indirectly or beneficially by a person believed by the board to be a non-qualified holder, the board may give notice to such person requiring him either (i) to provide the board within 30 days of receipt of such notice with sufficient satisfactory documentary evidence to satisfy the board that such person is not a non-qualified holder or (ii) to sell or transfer his shares to a person who is not a non-qualified holder within 30 days and, within such period, to provide the board with satisfactory evidence of such sale or transfer and pending such sale or transfer, the board may suspend the exercise of any voting or consent rights and rights to receive notice of or attend any meeting of the Company and any rights to receive dividends or other distributions with respect to such shares. Where condition (i) or (ii) is not satisfied within 30 days after the serving of the notice, the person will be deemed, upon the expiration of such 30 days, to have forfeited his

shares. If the board in its absolute discretion so determines, the Company may dispose of the shares at the best price reasonably obtainable and pay the net proceeds of such disposal to the former holder.

In the event that a member fails to make the appropriate disclosures in accordance with paragraph 3, the directors may, by notice in writing and in their discretion, refuse to register any transfers in respect of the relevant shares, until such time as the appropriate disclosures are properly made.

## **11. ALTERATION OF CAPITAL AND PURCHASE OF OWN SHARES**

The Company may by ordinary resolution redesignate, consolidate or subdivide its shares, provided that for so long as the Company maintains a primary listing of its ordinary shares on the JSE, the Company shall be required to pass an extraordinary resolution before undertaking any such action.

Subject to the provisions of the Companies Law and, for so long as the Company maintains a primary listing of its ordinary shares on the JSE, the JSE Listings Requirements, the Company may from time to time purchase its own shares (including any redeemable shares) and may cancel any such shares or hold any such shares as treasury shares, provided that the number of shares held as treasury shares shall not at any time exceed such amount as provided in the Companies Law.

The Company and any of its subsidiaries may give financial assistance (as defined by the Companies Law) directly or indirectly for the purpose of or in connection with the acquisition of its shares or in connection with reducing or discharging any liability incurred in connection with the purchase of shares in the Company.

## **12. GENERAL MEETINGS**

### **12.1 Annual general meetings**

An annual general meeting shall be held once in every calendar year (provided that no more than 15 months may elapse between one annual general meeting and the next), and in default of an annual general meeting any member may, not less than 14 days after the last date upon which the meeting ought to have been held, apply to the court to make such order as the court thinks fit.

### **12.2 Convening of general meetings**

All meetings other than annual general meetings shall be called general meetings. The directors may convene a general meeting whenever they think fit. A general meeting shall also be convened by the directors on the requisition of members who hold more than 10% of such of the capital of the Company that carries the right to vote at general meetings of the Company.

### **12.3 Place of meetings**

All general meetings (including annual general meetings) shall be held (i) outside the United Kingdom from the date of the adoption of the New Articles until such time as the Company becomes a REIT and (ii) in the United Kingdom from such time as the Company becomes a REIT or such earlier date as the directors determine.

### **12.4 Orderly conduct of meetings**

The board may both prior to and during any general meeting make any arrangements and impose any restrictions which it considers appropriate to ensure the security and/or the orderly conduct of any such general meeting, including, without limitation, arranging for any person attending any such meeting to be searched, for items of personal property which may be taken into any such meeting to be restricted and for any person (whether or not a member of the Company) who refuses to comply with any such arrangements or restrictions to be refused entry to or excluded from any such meeting.

### **12.5 Notice of general meetings**

A general meeting shall be convened by the longer of the minimum period specified under the Companies Law and the requirements of any stock exchange on which the Company's shares are quoted from time to time (to the extent applicable).

The notice shall specify the place, date and time of the meeting and the general nature of the business to be dealt with at the meeting. In the case of any proposed special resolution, waiver resolution or unanimous resolution, the notice shall include the text of the proposed resolution and notice of the

fact that the resolution proposed is proposed as a special resolution, waiver resolution or unanimous resolution (as applicable).

Notice of every general meeting shall be given to all members other than any members who under the provisions of the New Articles are not entitled to receive such notices from the Company, to the Company's auditor and to each director who is not a member.

#### 12.6 **Quorum**

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the choice or appointment of a chairman of the meeting which shall not be treated as part of the business of the meeting.

Save as otherwise provided in the New Articles, the quorum for a general meeting shall be three persons entitled to attend and vote on the business to be transacted, each being a member present in person or by proxy or a duly authorised representative of a corporation which is a member.

If within 30 minutes after the time appointed for the commencement of the general meeting a quorum is not present, or if during the meeting, a quorum ceases to be present, the meeting, if convened by or on the requisition of members, shall be dissolved. If otherwise convened, it shall stand adjourned to the same day in the next week (or, if that day is not a business day, to the next business day thereafter) at the same time and place, or to later on the same day or to such other day and at such time and place as the chairman of the meeting may decide, and no notice of such adjournment need be given. At any such adjourned meeting, the quorum requirements set out above shall continue to apply. If a quorum is not present at the adjourned meeting, the meeting shall be dissolved.

#### 12.7 **Chairman**

At any general meeting, the chairman of the board shall preside as chairman. In the absence of the chairman (or if there is not chairman), the directors present shall choose one of their number to act. If only one director is present he shall preside as chairman of the meeting if willing to act. If no director is present, or if the director present declines to take the chair, the members present shall appoint one of their number to be chairman of the meeting by an ordinary resolution.

#### 12.8 **Directors entitled to attend and speak**

Each director shall be entitled to attend and speak at any general meeting of the Company and at any separate general meeting of the holders of any class of shares of the Company, regardless of whether that director is a member of the Company or of the relevant class.

#### 12.9 **Adjournment**

With the consent of any meeting at which a quorum is present the chairman of the meeting may (and if so directed by the meeting shall) adjourn the meeting from time to time and from place to place (or to another time, date and/or place).

In addition, the chairman of the meeting may at any time without the consent of the meeting adjourn the meeting (whether or not it has commenced or a quorum is present) from time to time and place to place (or to another time, date and/or place) if, in his opinion, it would facilitate the conduct of the business of the meeting to do so, notwithstanding that by reason of such adjournment some members may be unable to be present at the adjourned meeting.

#### 12.10 **Method of voting and demand for poll**

At a general meeting a resolution put to the vote of the meeting shall be decided on a show of hands, unless (before or immediately after the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded by:

- (a) the chairman of the meeting; or
- (b) a majority of directors present at the meeting; or
- (c) no fewer than five members present in person or by proxy having the right to vote on the resolution; or

- (d) one or more of the members present in person or by proxy representing not less than 10% of the total voting rights of all of the members having the right to vote on the resolution (excluding any voting rights attached to any shares in the Company which are held as treasury shares); or
- (e) one or more of the members present in person or by proxy holding not less than 10% of the total shares in the Company conferring a right to vote on the resolution (excluding any shares in the Company conferring a right to vote at the meeting which are held as treasury shares),

and a demand for a poll by a person as proxy for a member shall be as valid as if the demand were made by the member himself.

#### 12.11 **Taking a poll**

If a poll is demanded, it shall be taken at the meeting at which the same is demanded or at such other time and place as the chairman of the meeting shall direct, and the result of such poll shall be deemed the resolution of the meeting. The demand for a poll may be withdrawn.

#### 12.12 **Proxies**

A proxy need not be a member of the Company and a member may appoint more than one proxy in relation to a meeting to attend and to speak and to vote on the same occasion provided that each proxy is appointed to exercise the rights attached to a different share or shares held by a member.

Subject to the provisions of the Companies Law, the instrument appointing a proxy shall be in any common form or in such other form as the directors may approve and whether sent to the Company in hard copy or in electronic form it shall be made under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, under its common seal or under the hand of an officer or attorney duly authorised in writing.

In relation to any shares which are held in uncertificated form, the board may from time to time permit appointments of a proxy to be made by electronic means in the form of an uncertificated proxy instruction.

An appointment of a proxy relating to more than one meeting (including any adjournment thereof) having once been so received for the purposes of any meeting shall not be required to be received again for the purposes of any subsequent meeting to which it relates. Deposit of an instrument of proxy shall not preclude a member from attending and voting in person or on a poll at the meeting or any adjournment thereof.

Notice of the revocation of the appointment of a proxy may be given in any lawful manner which complies with the regulations (if any) made by the directors to govern the revocation of a proxy.

### 13. **DIRECTORS**

#### 13.1 **Number**

Unless otherwise determined by ordinary resolution of the Company, the directors shall not be less than four but there is no maximum number of directors.

#### 13.2 **Residency**

From the date of the adoption of the New Articles until such time as the Company becomes a REIT, or such other date as decided by an ordinary resolution, a majority of the directors shall not be resident in the United Kingdom. From such time as the Company becomes a REIT, or such other date as decided by an ordinary resolution, a majority of the directors shall be resident in the United Kingdom.

#### 13.3 **Appointment of directors**

Directors may be appointed by ordinary resolution. The board may fill any vacancy on the board on a temporary basis or appoint a director as an addition to the board provided that such appointment must be confirmed by the members at the next annual general meeting of the Company.

#### 13.4 **Remuneration**

The directors (other than any alternate directors) shall be entitled to receive by way of fees for their services as directors such sum as the board may from time to time determine provided that the aggregate amount of such fees (including fees, if any, due to the directors for attendance at meetings of any committee of the board) for all the board collectively (excluding remuneration for any executive

office) shall not exceed £600,000 in any financial year, or such larger sum as may be determined from time to time by ordinary resolution. The directors may be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the directors or any committee of the directors or general meetings of the Company or in connection with the business of the Company.

### 13.5 Retirement of directors

At each annual general meeting one-third of the directors for the time being, or if their number is not three or a multiple of three, the number nearest to one-third, but not less than one-third, shall retire from office, provided that if a director is an employee of the Company or of any subsidiary of the Company in any other capacity, he or she shall not, while he or she continues to hold that position or office, be subject to retirement by rotation and he or she shall not, in such case, be taken into account in determining the rotation or retirement of directors.

The directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who became directors on the same day, those to retire shall, unless they otherwise agree among themselves, be determined by lot.

A director who retires at an annual general meeting may, if willing to continue to act, be reappointed.

### 13.6 Removal of directors

The Company may in a general meeting called for that purpose remove a director, provided that notice of any such meeting is served upon the director concerned not less than 14 business days before the meeting and he shall be entitled to be heard at that meeting.

### 13.7 Vacation of office of director

The office of a director shall be vacated:

- (a) if he resigns;
- (b) if he is absent for six months (such absence not being absence with leave or by arrangement with the other directors on the affairs of the Company) from meetings of the directors held during that period and the other directors resolve that his office be vacated;
- (c) if he becomes bankrupt or he makes any arrangement or composition with his creditors generally or is adjudged insolvent or has his affairs declared *en désastre*;
- (d) if a registered medical practitioner who is treating the director gives a written opinion to the Company stating that he has become physically or mentally incapable of acting as a director and may remain so for more than three months;
- (e) if he dies;
- (f) if he becomes ineligible to be a director in accordance with the Companies Law;
- (g) if he is removed by resolution of the directors in writing signed by all his co-directors (being not less than two in number) provided that, until the date of such written resolution, his acts as a director shall be as effectual as if his office were not vacated; or
- (h) if he is removed by ordinary resolution of the Company.

### 13.8 Executive directors

The board or any committee authorised by the board may from time to time appoint one or more directors to hold any employment or executive office with the Company for such period (subject to the provisions of the Companies Law) and on such terms as the board determines.

A director appointed to any executive office or employment shall automatically cease to hold that office if he ceases to be a director.

### 13.9 Directors' interests

A director must, immediately after becoming aware of the fact that he is interested in a transaction or proposed transaction with the Company, disclose to the board the nature and extent of his interest, in each case unless the transaction or proposed transaction is between the director and the Company, and is to be entered into in the ordinary course of the Company's business and on usual terms and conditions.

Subject to the provisions of the Companies Law, and provided that he has disclosed to the other directors in accordance with the Companies Law the nature and extent of any interest of his, a director notwithstanding his office:

- (a) may be a party to, or otherwise interested in, any transaction or arrangement with the Company, or in which the Company is otherwise interested;
- (b) may act by himself or through his firm in a professional capacity for the Company (otherwise than as auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a director;
- (c) may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, a shareholder of or otherwise directly or indirectly interested in, any body corporate promoted by the Company, or with which the Company has entered into any transaction, arrangement or agreement or in which the Company is otherwise interested; and
- (d) shall not, by reason of his office, be accountable to the Company for any benefit which he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit.

A director shall be counted in the quorum at any meeting in relation to any resolution in respect of which he has declared an interest and may vote thereon.

#### **13.10 Other companies**

A director may continue to be or become a director, manager or other officer, employee or member of any company promoted by the Company or in which the Company may be interested or with which the Company has entered into any transaction, arrangement or agreement, and no such director shall be accountable for any remuneration or other benefits received by him as a director, manager, or other officer or member of any such other company.

The directors may exercise the voting power conferred by the shares in any other company held or owned by the Company or exercisable by them as directors of such other company, in such manner in all respects as they think fit (including the exercise thereof in favour of any resolution appointing themselves or any of them directors, managers or other officers of such company, or voting or providing for the payment of remuneration to the directors, managers or other officers of such company).

Any director who, by virtue of office held or employment with any other body corporate, may from time to time receive information that is confidential to that other body corporate (or in respect of which he owes duties of secrecy or confidentiality to that other body corporate) shall be under no duty to the Company by reason of his being a director to pass such information to the Company or to use that information for the benefit of the Company, in either case where the same would amount to a breach of confidence or other duty owed to that other body corporate.

#### **13.11 Powers of the directors**

The business and affairs of the Company shall be managed by or under the direction or supervision of the directors who may exercise all such powers necessary for managing, and for directing and supervising the management of, the business and affairs of the Company as are not, by the Companies Law or by the New Articles, required to be exercised by the Company in a general meeting, subject to the provisions of the New Articles, the Companies Law and to such regulations as may be prescribed by the Company by special resolution provided that such regulations are not inconsistent with these New Articles or the Companies Law. No regulation made by the Company shall invalidate any prior act of the directors which would have been valid if that regulation had not been made.

#### **13.12 Indemnity of officers**

The directors (including any alternate director), secretary and other officer or employee for the time being of the Company shall be indemnified out of the assets of the Company to the fullest extent permitted by the Companies Law from and against all actions, costs, charges, losses, damages and expenses in respect of which they may lawfully be indemnified which they or any of them shall or may incur or sustain by reason of any contract entered into or any act done, concurred in, or omitted, in or about the execution of their duty or supposed duty or in relation thereto.



### 13.13 Board meetings

The board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it thinks fit, provided that:

- (a) from the date of the adoption of the New Articles until such time as the Company becomes a REIT, all meetings of the board shall take place outside of the United Kingdom (provided that the final meeting at which the conversion of the Company to a REIT is approved shall take place in the United Kingdom); and
- (b) from such time as the Company becomes a REIT, or such earlier date as the directors may determine, all meetings of the board shall take place in the United Kingdom.

### 13.14 Notice of board meetings

Notice of a board meeting shall be deemed to be properly given to a director if it is given to him personally or by word of mouth or sent in hard copy form to him at his last known address or any other address given by him to the Company for this purpose or sent in electronic form to him at an address given by him to the Company for this purpose.

### 13.15 Quorum

The quorum necessary for the transaction of the business of the directors may be fixed by the directors and, unless so fixed, shall be two. Subject to the provisions of the New Articles, any director who ceases to be a director at a board meeting may continue to be present and to act as a director and be counted in the quorum until the termination of the board meeting if no other director objects and if otherwise a quorum of directors would not be present.

### 13.16 Voting

Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes the chairman of the meeting shall have a second or casting vote.

### 13.17 Telephone and video conference meetings

A meeting of the board may consist of a conference between directors, some or all of whom are in different places, provided that:

- (a) they are in constant communication with each other throughout by telephone, television or some other form of communication;
- (b) all directors entitled to attend such meeting so agree; and
- (c) from such time as the Company becomes a REIT, a majority of all directors present at the meeting (whether in person or not) are located in the United Kingdom throughout such meeting.

### 13.18 Committees

The directors may delegate any of their powers, authorities and discretions (with power to sub-delegate) to committees consisting of such member or members of their body as they think fit; any committee so formed shall in the exercise of the powers so delegated conform to any regulations that may be imposed on it by the directors. The meetings and proceedings of any committee consisting of two or more members shall be governed by the provisions contained in the New Articles for regulating the meetings and proceedings of the board so far as the same are applicable and are not superseded by any regulations imposed by the board.

### 13.19 Resolutions in writing

Any director may propose a directors' written resolution and the secretary must propose a written resolution if a director so requests. A resolution in writing signed by all the directors who are entitled to notice of a meeting of the board, to attend such meeting and to vote on such resolution shall be as valid and effective as if it had been passed at a meeting of the board duly convened and held. The resolution may be contained in one document or in several documents in like form, each signed or approved by one or more of the directors concerned.

#### 14. **REAL ESTATE INVESTMENT TRUST**

The New Articles contain provisions relating to 'excessive shareholders'. Under Part 12 of the Tax Act a tax charge may be levied on the Company if it makes a distribution to a company beneficially entitled (directly or indirectly) to 10% or more of the ordinary shares or dividends of the Company or which controls (directly or indirectly) 10% or more of the voting rights of the Company. If, however, the Company has taken "reasonable steps" to prevent the possibility of such a distribution being made, then this tax charge may not arise.

The New Articles include provisions that:

- (a) provide the directors with powers to identify excessive shareholders (including giving notice to a shareholder requiring him to provide such information as the directors may require to establish whether or not he is an excessive shareholder);
- (b) provide the directors with powers to prohibit the payment or making of dividends or other distributions in respect of ordinary shares that form part of an 'excessive shareholding' if certain conditions are met;
- (c) seek to ensure that if a dividend or other distribution is paid or made in respect of ordinary shares that form part of an excessive shareholding, the excessive shareholder concerned does not become beneficially entitled to that dividend; and
- (d) provide the directors with powers if certain conditions are met, to require (i) an excessive shareholder, (ii) a shareholder who has not complied with a notice requiring him to provide such information as the directors may require to establish whether or not he is an excessive shareholder or (iii) a shareholder who has provided (in the directors' opinion) materially inaccurate or misleading information in relation to the excessive shareholder provisions of the New Articles, to dispose of such number of their shares as the directors may specify, or to take such other steps as will cause the directors to believe the shareholder is no longer an excessive shareholder.

# STENPROP

## Stenprop Limited

(Incorporated in Bermuda)

(Registration number 47031)

BSX share code: STPBH JSE share code: STP

ISIN: BMG8465Y1093

("Stenprop" or the "Company")

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## NOTICE OF SPECIAL GENERAL MEETING OF SHAREHOLDERS

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This document is important and requires your immediate attention. If you are in any doubt as to any aspect of this notice, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional advisor.

When considering what action you should take, you are recommended to seek your own personal financial advice from a suitable advisor.

If you sell or have sold or transferred all your shares in Stenprop you should hand this document and the documents accompanying it to the purchaser or agent through whom the sale was effected for transmission to the purchaser.

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**NOTICE IS HEREBY GIVEN** of the Special General Meeting (the "**Special General Meeting**") of the shareholders of the Company.

Date of Special General Meeting Wednesday, 7 March 2018 at 9.30 am (GMT)/11.30 am (SAST)

Location of Special General Meeting Kingsway House, Havilland Street, St Peter Port, Guernsey, GY1 2QE

### Resolutions

The resolutions to be proposed at the Special General Meeting (the "**Resolutions**"), and the corresponding explanatory notes, are set out overleaf.

The directors of the Company unanimously recommend that you vote in favour of the Resolutions.

### Action to be taken by shareholders

Date on which proxies must be received 3.30 pm (GMT)/5.30 pm (SAST) on Friday, 2 March 2018

Record date to attend and vote at the meeting 3.30 pm (GMT)/5.30 pm (SAST) on Friday, 2 March 2018

All shareholders whose names appear on the register of members at 3.30 pm (GMT)/5.30 pm (SAST) on Friday, 2 March 2018 are encouraged to attend the meeting. For those unable to attend, please complete the hard copy proxy form enclosed and return it to the Registrars by 3.30 pm (GMT)/5.30 pm (SAST) on Friday, 2 March 2018. Shareholders on the Bermuda register are also able to vote online by following the instructions contained in the form of proxy.

### SPECIAL RESOLUTIONS

The following Special Resolutions require the support of at least 75% of the total number of votes exercised by shareholders present in person or by proxy, in respect of each Resolution to be adopted.

#### 1. MIGRATION OF COMPANY TO GUERNSEY

THAT, in accordance with section 132G(2)(a)(i) of the Bermuda Companies Act 1981 (the "**Bermuda Companies Act**"), as amended, the discontinuation of the Company pursuant to section 132G(1) of the Bermuda Companies Act, and the continuation of the Company as a Guernsey company, subject to the requirements of the Companies (Guernsey) Law, 2008 (as amended) (the "**Migration**"), be and is hereby approved, and the directors of the Company (the "**Directors**") be and are hereby authorised to take any action necessary to effect the Migration.

## 2. **ADOPTION OF NEW MEMORANDUM AND ARTICLES OF INCORPORATION**

THAT, conditional upon and from the Migration being effective, the Memorandum of Incorporation and Bye-Laws of the Company be replaced in their entirety by the Memorandum and Articles of Incorporation produced to the meeting and initialled by the chairman of the meeting for the purpose of identification (the "**New Articles**") and which New Articles are hereby approved.

## **EXTRAORDINARY RESOLUTION**

The following Extraordinary Resolution (as defined in the New Articles) requires the support of at least 75% of the total number of votes exercised by shareholders present in person or by proxy to be adopted.

## 3. **DISAPPLICATION OF PRE-EMPTION RIGHTS**

THAT, conditional upon the passing of Resolution 2, the Directors be and are hereby authorised, in accordance with Article 5.7 of the New Articles, subject to the provisions of the Listings Requirements of JSE Limited ("**JSE**"), to issue equity securities (as defined in the New Articles) for cash and/or to sell equity securities held as treasury shares for cash as if Article 5.2 of the New Articles did not apply to any such issue or sale, provided that such authority shall be limited to the issue of up to 29,171,848 ordinary shares in the capital of the Company (representing approximately 10% of the issued share capital of the Company as at 2 February 2018, being the latest practicable date before publication of this notice) and shall expire at the conclusion of the next Annual General Meeting or, if earlier, on the date which is 15 months from the date on which this Resolution is passed (unless previously renewed, revoked or varied by the Company), save that the Company shall be entitled to make offers or agreements before the expiry of such authority which would or might require equity securities to be issued after such expiry and the Directors shall be entitled to issue equity securities pursuant to any such offer or agreement as if the authority conferred hereby had not expired.

By order of the board

**Sharon Ward**

Signing for and on behalf of

**Apex Corporate Services Limited**

*Corporate Secretary*

7 February 2018

### **Notes**

For shareholders on the Bermudian share register only:

- Shareholders unable to attend are requested to complete the attached form of proxy and return it via email to [externalproxyqueries@computershare.co.uk](mailto:externalproxyqueries@computershare.co.uk), vote online in accordance with the instructions in the form or deposit it physically at the address stated in the notes to the form of proxy no later than 3.30 pm (GMT)/5.30 pm (SAST) on Friday, 2 March 2018.

For shareholders on the South African share register only:

- Dematerialised shareholders who wish to attend the Special General Meeting must instruct their Central Securities Depository Participant ("**CSDP**") or broker to provide them with the necessary authority to attend.
- Certificated shareholders unable to attend the Special General Meeting, but who wish to vote, are requested to complete the attached form of proxy and return it (together with the power of attorney and other authority, if any, under which it is signed, or a notarially certified office copy thereof) to Computershare Investor Services Proprietary Limited, either by depositing it at Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, via email to [proxy@computershare.co.za](mailto:proxy@computershare.co.za), or via post to PO Box 61051 Marshalltown, 2107, South Africa, to be received no later than 3.30 pm (GMT)/5.30 pm (SAST) on Friday, 2 March 2018.
- Dematerialised shareholders who are unable to attend the Special General Meeting, but who wish to vote, must promptly provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between that shareholder and the CSDP or broker.

For all shareholders:

- The New Articles are available on the Company's website at <http://stenprop.com/>. They will also be available for inspection during normal business hours at the registered office of the Company (20 Reid Street, Williams House, 3rd Floor, Hamilton HM11, Bermuda) and at the registered office of the Company's JSE sponsor, Java Capital Trustees and Sponsors Proprietary Limited (6A Sandown Valley Crescent, Sandown, Sandton, 2196, Johannesburg, South Africa) from the date of this notice until the conclusion of the Special General Meeting.



## Stenprop Limited

(Incorporated in Bermuda)  
(Registration number 47031)  
BSX share code: STP.BH JSE share code: STP  
ISIN: BMG8465Y1093  
("Stenprop" or the "Company")

### FORM OF PROXY

Form of proxy for use by holders of ordinary shares at the Special General Meeting of the Company to be held at Kingsway House, Havilland Street, St Peter Port, Guernsey, GY1 2QE, Channel Islands on Wednesday, 7 March 2018 at 9.30 am (GMT)/11.30 am (SAST).

**This form of proxy is for use by certificated shareholders only.** Dematerialised shareholders who are unable to attend the Special General Meeting, but who wish to vote, must promptly provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between that shareholder and the CSDP or broker, and must not complete this form.

I/We \_\_\_\_\_ (full name(s) in block capitals)

of \_\_\_\_\_ (address in block capitals)

being a Shareholder(s) of the Company, hereby appoint the Chairman of the Special General Meeting and grant authority to the Chairman to appoint any such person to act in his stead whom he deems fit, failing whom

\_\_\_\_\_ (name and address of proxy in block capitals)

as my/our proxy to attend, and on a poll, vote for me/us and on my/our behalf at the Special General Meeting of the Company to be held on Wednesday, 7 March 2018 at 9.30 am (GMT)/11.30 am (SAST) and at any adjournment thereof.

I/We wish my/our proxy to vote as indicated below in respect of the resolutions to be proposed at the meeting. *Please indicate which way you wish your proxy to vote by ticking the appropriate box alongside each resolution (see note 2 below).*

SPECIAL RESOLUTIONS	*FOR	*AGAINST	*VOTE WITHHELD
<b>1. Migration of Company to Guernsey</b>			
THAT the discontinuation of the Company pursuant to section 132G(1) of the Bermuda Companies Act and the continuation of the Company as a Guernsey company be and is approved, and the Directors be and are authorised to take any action necessary to effect the Migration.			
<b>2. Adoption of new memorandum and articles of incorporation</b>			
THAT, conditional upon and from the Migration being effective, the memorandum of incorporation and bye-laws of the Company be replaced in their entirety by the New Articles and which New Articles are approved.			
EXTRAORDINARY RESOLUTION	*FOR	*AGAINST	*VOTE WITHHELD
<b>3. Disapplication of pre-emption rights</b>			
THAT, conditional upon the passing of Resolution 2, the Directors be and are authorised, subject to the provisions of the JSE Listings Requirements, to issue equity securities for cash and/or to sell equity securities held as treasury shares for cash in accordance with the terms of Resolution 3.			

*\*Please indicate how you wish your proxy to vote by placing a tick on the appropriate box. If you do not do so, your proxy will abstain or vote for or against the ordinary resolution(s) at his or her discretion.*

Signature \_\_\_\_\_

Date \_\_\_\_\_

2018

#### **NOTES TO THE FORM OF PROXY:**

1. This form of proxy is for use by certificated shareholders only. Certificated shareholders unable to attend the Special General Meeting, but who wish to vote, are requested to complete this form of proxy and return it (together with the Power of Attorney and other authority, if any, under which it is signed, or a notarially certified office copy thereof) to Computershare Investor Services Proprietary Limited, either by depositing it at Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, via email to proxy@computershare.co.za, or via post to PO Box 61051 Marshalltown, 2107, South Africa, to be received no later than 3.30 pm (GMT)/5.30 pm (SAST) on Friday, 2 March 2018.
2. If you wish to appoint as your proxy some person, other than the Chairman of the Special General Meeting, please insert in **BLOCK CAPITALS** the full name of the person of your choice, delete the words "the Chairman of the Special General Meeting, failing whom" and initial the amendment.
3. If the appointer is a corporation, this proxy must be executed under its common seal or under the hand of some officer or attorney duly authorised on its behalf.
4. In the case of joint holders, any one such person may sign.
5. Dematerialised shareholders who are unable to attend the Special General Meeting, but who wish to vote, must promptly provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between that shareholder and the CSDP or broker, and must not complete this form.



