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## ACQUISITION OF 50% OF THE SHARES IN BUFFALO MALL NAIVASHA LIMITED

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### 1. INTRODUCTION AND RATIONALE

Shareholders are advised that Pivotal, through a wholly-owned subsidiary, has concluded an agreement (the "agreement") for the acquisition ("the acquisition") of 50% of the issued share capital of Buffalo Mall Naivasha Limited ("BM Naivasha"), which is constructing and developing a retail, commercial and entertainment centre in Naivasha, Kenya (the "property"), from Abland Proprietary Limited ("Abland") and Carlisle Property Holdings Limited ("Carlisle") (collectively the "sellers") for an aggregate purchase consideration of \$4 433 722, before any working capital adjustments referred to in paragraph 2 below (the "purchase consideration").

The acquisition is entered into in the context of the transaction concluded between Pivotal and Delta Africa Property Holdings Limited ("Delta Africa"), as announced on SENS on 17 November 2015, with BM Naivasha being sold by Pivotal to Delta Africa in terms of that transaction.

### 2. TERMS OF THE ACQUISITION

In terms of the agreement the purchase consideration has been apportioned between the sellers as follows:

- \$2 216 861 is payable to Abland. In addition, 25% of the net working capital of BM Naivasha as at 30 November 2015 will be added to (if the amount is positive) or subtracted from (if the amount is negative) the consideration payable by Pivotal to Abland in terms of the acquisition; and
- \$2 216 861 is payable to Carlisle. In addition, 25% of the net working capital of BM Naivasha as at 30 November 2015 will be added to (if the amount is positive) or subtracted from (if the amount is negative) the consideration payable by Pivotal to Carlisle in terms of the acquisition.

The board of Pivotal is of the view that the purchase consideration represents the proportionate value of the seller's interests in the property. The directors of Pivotal are not independent and are not registered as professional valuers or as professional associate valuers in terms of the South African Property Valuers Profession Act, No 47 of 2000.

The agreement governing the acquisition provides for warranties and indemnities that are considered standard for an acquisition of this nature.

### 3. THE PROPERTY

The details of the property are as follows:

Property name and address:	Buffalo Mall, Land Reg No 23399, Nairobi-Nakuru
Geographical location:	Naivasha, Kenya
Sector:	Retail
Gross lettable area (m <sup>2</sup> ):	6 617
Weighted average gross rental / m <sup>2</sup> :	\$14.53
Value attributed to the shopping centre:	\$10 400 000
Value attributed to development land:	\$3 000 000
Total value attributed to the property:	\$13 400 000
Net operating income (1 January 2016 to 31 December 2016):	\$991 138
Mortgage bond	\$4 535 283

The value of the net assets being acquired in terms of the acquisition, being 50% of the issued shares in BM Naivasha, is \$4 433 722.

#### **4. CATEGORISATION, SMALL RELATED PARTY CONSIDERATIONS, FINANCIAL INFORMATION, INDEPENDENT VALUATION**

As Abland is an associate of two of Pivotal's directors, namely Thys Nesor and Dave Savage, the acquisition constitutes a small related party transaction in terms of the 10.7 of the JSE Listings Requirements.

This small related party transaction is not subject to shareholder approval, provided an independent expert has confirmed that the terms of the acquisition are fair as far as shareholders are concerned. Pivotal has appointed BDO Corporate Finance Proprietary Limited to provide the directors of Pivotal with a fairness opinion, as required in terms of section 10.7 of the JSE Listings Requirements. A further announcement will be published on the finalisation of the independent expert's fairness opinion in respect of the acquisition.

15 February 2016

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Sponsor

The logo for Java Capital, featuring the word "JAVA" in a large, bold, blue font, followed by "CAPITAL" in a smaller, grey font. A thin blue line underlines the "A" in "JAVA".