

## **LOAN AGREEMENT**

### **TERM SHEET**

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## 1 Introduction

- 1.1 This term sheet sets out the proposed salient terms of the Loan Agreement, for which Growthpoint Properties Limited (1987/004988/06) requires, and has requested, the approval from its shareholders of a financial assistance resolution in terms of section 44 of the Companies Act, 71 of 2008.
- 1.2 Although the Loan Agreement is intended to be concluded on the terms as summarised in this term sheet, this term sheet does not represent a complete summary of all the contractual terms on which the Parties will agree, which may still be subject to amendments, not least resulting from the B-BBEE Commission's process of registration of the Transaction.

## 2 Parties

- 2.1 Growthpoint Properties Limited (Registration Number 1987/004988/06) (the "**Lender**"); and
- 2.2 The Trustees for the time being of the Growthpoint Broad-Based Black Economic Empowerment Trust (still to be registered with the Master of the High Court) (the "**Borrower**").

## 3 Definitions

- 3.1 "**B-BBEE Act**" means the Broad-Based Black Economic Empowerment Act, 53 of 2003;
- 3.2 "**B-BBEE Commission**" means the Broad-Based Black Economic Empowerment Commission, established in terms of section 13B of the B-BBEE Act;

- 3.3 "**Growthpoint Shares**" means 20 000 000 (twenty million) ordinary no par value shares in the issued share capital of the Lender to be purchased by the Borrower by utilising the Loan;
- 3.4 "**Loan Agreement**" means the agreement in terms whereof the Lender intends to lend to the Borrower an amount of R250 000 000 (two hundred and fifty million rand), on the proposed terms as summarised in this term sheet;
- 3.5 "**Management Agreement**" means the agreement to be entered into between the Borrower and Growthpoint Management Services (Pty) Ltd (Registration number 2004/015933/07) for the rendering of management and administration services to the Borrower;
- 3.6 "**Regulations**" means the B-BBEE Regulations issued under section 14(1) of the B-BBEE Act (in Gazette Notice 689 of 6 June 2016), as amended;
- 3.7 "**Pledge and Cession Agreement**" means the written Pledge and Security Cession Agreement to be entered into between the Borrower and Lender in terms whereof the Growthpoint Shares are pledged and ceded as security for the Borrower's obligations to the Lender under the Loan Agreement and the Trust Deed;
- 3.8 "**Sale of Shares Agreement**" means the agreement in terms whereof the Growthpoint Shares will be sold to the Borrower;
- 3.9 "**Transaction**" means the series of transactions and agreements in terms whereof-
- 3.9.1 the Borrower is established in terms of the Trust Deed;

- 3.9.2 the Lender advances to the Borrower the money required by the Borrower to acquire the Growthpoint Shares on the terms and conditions set out in the Loan Agreement;
- 3.9.3 the Borrower buys the Growthpoint Shares; and
- 3.9.4 Growthpoint Management Services (Pty) Ltd is appointed as the manager of the Borrower;
- 3.10 "**Transaction Documents**" means the Trust Deed, the Sale of Shares Agreement, the Loan Agreement, the Pledge and Cession Agreement, the Management Agreement and the B-BBEE Certificate of the Lender; and
- 3.11 "**Trust Deed**" means the trust deed of the Borrower.

#### **4 Suspensive Conditions**

- 4.1 The shareholders of the Lender shall have approved financial assistance in terms of section 44 of the Companies Act.
- 4.2 The Transaction Documents and all such further documents which may be required by the B-BBEE Commission for registration of the Transaction shall be submitted to the B-BBEE Commission in terms of regulation 18(1) of the Regulations.
- 4.3 The B-BBEE Commission shall have confirmed that the Transaction adheres to the B-BBEE Act.
- 4.4 the B-BBEE Commission shall have issued a certificate of registration for the Transaction (in terms of regulation 18(2)(b) of the Regulations).

## **5 Loan Facility**

- 5.1 **Amount:** R250 000 000 (two hundred and fifty million rand).
- 5.2 **Term:** a term equal to 20 (twenty) dividend payments by the Lender in respect of its issued share capital, calculated from the effective date of the Loan Agreement, being 10 (ten) years.
- 5.3 **Interest:** 3% (three percent) nominal per annum, monthly compounded.
- 5.4 **Use:** to purchase the Growthpoint Shares.

## **6 Interest Payments**

- 6.1 The instalments under the Loan Agreement shall be paid from the dividends received by the Borrower in respect of the Growthpoint Shares.
- 6.2 The first 10 (ten) instalments shall be an amount equal to 90% (ninety percent) of the dividend received by the Borrower in respect of the Growthpoint Shares, following each interim and final dividend paid by the Lender.
- 6.3 The second 10 (ten) instalments shall be an amount equal to 50% (fifty percent) of the dividend received by the Borrower in respect of the Growthpoint Shares, following each interim and final dividend paid by the Lender.

## **7 Disposal of the Growthpoint Shares and Payment**

- 7.1 Following the 10<sup>th</sup> (tenth) instalment, the Borrower shall be entitled to sell any number of Growthpoint Shares on an arm's length basis to settle

a portion of the amount outstanding under the Loan Agreement, provided that a loan to value ratio of at least 55% (fifty five percent) shall prevail on the date of such disposal.

7.2 Following the 20<sup>th</sup> (twentieth) instalment, the Borrower shall sell any number of Growthpoint Shares on an arm's length basis to settle the amount outstanding under the Loan Agreement.

## **8 Security**

A Pledge and Cession Agreement will be concluded by the Borrower and Lender in terms whereof the Growthpoint Shares are pledged and ceded as security for the Borrower's obligations to the Lender under the Loan Agreement and the Trust Deed.