



## GREENBAY PROPERTIES LTD

(Incorporated in the Republic of Mauritius on 14 August 2014)

(Registration number C124756 C1/GBL)

SEM share code: GFP.N0000 JSE share code: GRP ISIN: MU0461N00007

("Greenbay" or "the Company")

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### EXPLANATORY STATEMENT WITH REGARD TO A PROPOSED BUYBACK OF GREENBAY SHARES ("THE PROPOSED BUYBACK PROGRAMME")

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Greenbay was incorporated in Mauritius on 14 August 2014, and listed on the Stock Exchange of Mauritius Ltd ("**SEM**") on 30 January 2015 and on the Alternative Exchange ("**Alt**") of the JSE Limited ("**JSE**") on 27 November 2015. The Company migrated its Alt<sup>®</sup> listing to the Main Board of the JSE on 29 March 2017, and has since that date, held a dual primary listing on both the Official Market of the SEM and the Main Board of the JSE.

Shareholders are referred to the Notice of Annual General Meeting dated 22 December 2017, which contained, amongst others, a special resolution with regard to granting authority to the Company to repurchase its own shares ("**the Repurchase Resolution**"), and which resolution was proposed to Greenbay shareholders ("**Shareholders**") at the Annual General Meeting ("**AGM**") held on 31 January 2018.

Shareholders approved the Repurchase Resolution at the AGM and the Company would like to proceed with the Proposed Buyback Programme. Accordingly, the board of directors of Greenbay ("**the Board**") has prepared the following Explanatory Statement in accordance with the Mauritian Securities (Purchase of Own Shares) Rules 2008 ("**the Buyback Rules**").

1. The Board approved the Proposed Buyback Programme on 21 May 2018. In terms of the Board Resolution in this regard, the Board wishes to repurchase a maximum of 4.99% of the issued share capital ("Shares") of the Company ("**the Buyback Shares**") as at 31 January 2018, representing 473 456 515 shares of the Company as at 30 April 2018.
2. The Board is of the opinion that it is in the best interest of Shareholders to proceed with the Proposed Buyback Programme, due to the fact that the price at which the Buyback Shares are trading currently, represents a significant discount to the intrinsic value of the Company. A reduction in share capital will therefore have the effect of increasing the net asset value per share of the Company.
3. The Proposed Buyback Programme will run from 4 June 2018 until 31 December 2018, both dates inclusive ("**the Buyback Period**"). The Company may delay, terminate or amend the Buyback Period at any time by releasing an announcement to that effect on the SEM's website and on the Stock Exchange News Service ("**SENS**") of the JSE, irrespective of whether any or all of the Buyback Shares have been repurchased.
4. It is proposed that the Buyback Shares held on both the South African share register of the Company ("**the South African Register**") and the Mauritian share register of the Company ("**the Mauritian Register**"), representing 4.99% of the Company's issued share capital of the Company as at 31 January 2018, be repurchased by the Company at the following prices:

#### **JSE Buyback price**

The cash consideration payable by the Company for each Buyback Share held on the South African Register being a price calculated based on the prevailing market price at the time, limited to a maximum of the net asset value per share of the Company at the time of repurchase and not more than 5% above the weighted average of the market value of the shares for the five business days immediately preceding the date that the repurchase is effected.

#### **SEM Buyback price**

Once the JSE Buyback price has been determined using the above mentioned mechanism, the relevant foreign exchange rate shall be applied to determine the equivalent price in EUR that shall be proposed to shareholders on the Mauritian register.

The Buyback will be undertaken subject to the availability of shares at the JSE Buyback Price for shares held on the South African register and at the SEM Buyback Price for shares held on the Mauritian register during the Buyback Period, and that those shares so purchased shall be held as treasury shares.

5. In terms of the Buyback Rules, due to the fact that the Company proposes to repurchase less than 5% of its issued share capital as at 30 April 2018, the Company is not obliged to buy all or any of the Buyback Shares, the Company may terminate the Proposed Buyback Programme at any time, irrespective of whether any or all of the Buyback Shares have been repurchased, and the Company may close the Proposed Buyback Programme at any time and thereafter release an announcement to that effect on the SEM website and on SENS.
6. It is intended that the funds required for the Proposed Buyback Programme will be provided from Greenbay's existing cash resources. There will be brokerage fees and other costs, fees and charges incurred during the Proposed Buyback Programme.
7. The Company will proceed with the Proposed Buyback Programme pursuant to the Buyback Rules.
8. There has been no offer to sell Shares to the Company by any member of the Board or any substantial shareholder (to the best of the Board's knowledge, having made all reasonable enquiries).
9. Audited annual financial statements for the previous three financial years are included in Annexure 1 to this Explanatory Statement.
10. Set out in the table below is the Company's share capital structure as at 17 May 2018, the last practicable date prior to the finalisation of this Explanatory Statement to shareholders.

<b>SHAREHOLDERS</b>		<b>No. of Ordinary Shares held</b>
<b>Substantial shareholders</b>	Resilient Properties Limited	2 052 361 996
	Fortress Income 2 Proprietary Limited	1 987 507 364
	Public Investment Corporation SOC Ltd	584 037 521
<b>Other</b>	Various	4 864 199 645
<b>TOTAL</b>		<b>9 488 106 526</b>

11. A report from BDO & Co, the auditors of the Company, with regards to the Company's state of affairs is enclosed as Annexure 2 for reference purposes. The Board has formed the opinion, on reasonable grounds, that the Company will not, having regard to its state of affairs, be rendered insolvent within a period of one year from the date of the commencement of the Proposed Buyback Programme.
12. The tables below contain the relevant stock market data in terms of the requirements of the Buyback Rules:
  - (a) High, low and average market price of the shares of the Company during the year preceding the last practicable date:

<b>Exchange</b>	<b>Low</b>	<b>High</b>	<b>Average</b>
<b>SEM (EUR)</b>	0.09	0.18	0.124
<b>JSE (ZAR cents)</b>	92	279	185.5

- (b) Monthly high and low prices for the six months preceding the date of this explanatory statement:

<b>Month</b>	<b>Low SEM (EUR)</b>	<b>High SEM (EUR)</b>	<b>Low JSE (ZAR cents)</b>	<b>High JSE (ZAR cents)</b>
November 2017	–	–	245	279
December 2017	0.16	0.16	246	273
January 2018	–	–	162	259
February 2018	–	–	120	199
March 2018	0.09	0.16	92	141
April 2018	0.09	0.10	141	100

- (c) The Company was listed on the Official Market of the SEM on 30 January 2015 by way of a private placement. At that time the Company had 7 396 040 shares in issue. The following listings of shares were undertaken since incorporation:

<b>Date of issue</b>	<b>Reason for issue</b>	<b>Number of shares issued</b>	<b>Total issued share capital</b>
14 August 2014	Incorporation	100	100
31 August 2014	Acquisition issue	7 395 940	7 396 040
14 August 2015	Acquisition issue	7 838 750	15 234 790
27 November 2015	Listing on Alt*	9 765 210	25 000 000
8 June 2016	Capital raise	3 333 333 333	3 358 333 333
29 September 2016	Capital raise	1 562 500 000	4 920 833 333
6 December 2016	Scrip dividend	56 962 424	4 977 795 757
27 March 2017	Capital raise	1 324 503 311	6 302 299 068
12 June 2017	Capital raise	620 000 000	6 922 299 068
14 June 2017	Scrip dividend	115 613 498	7 037 912 566
22 August 2017	Capital raise	2 284 263 959	9 322 176 525
14 December 2017	Share Incentive Scheme	36 414 535	9 358 591 060
20 December 2017	Scrip dividend	129 515 466	9 488 106 526

- (d) The market price immediately after the date of the Board resolution to approve the Proposed Buyback Programme was EUR 0.10 on the SEM and ZAR 1.30 on the JSE.
- (e) The volume of shares traded in each month for the six months preceding the date of this explanatory statement is as follows:

<b>Month</b>	<b>Volume Traded SEM</b>	<b>Volume Traded JSE</b>
November 2017	–	362 960 472
December 2017	904 546	1 961 234 207
January 2018	–	829 167 140
February 2018	–	586 993 844
March 2018	104,400	228 325 245
April 2018	16 000	137 483 919

- (f) High, low and average share price of the Company during the six months preceding the date of this explanatory statement:

SEM: High: EUR0.16; Low: EUR0.09; Average: EUR0.118

JSE: High: ZAR2.79; Low: ZAR0.92; Average: ZAR185.5

Further information with regard to the Proposed Buyback Programme may be obtained from the registered office of Greenbay at C401, 4<sup>th</sup> Floor, La Croisette, Grand Baie, Mauritius or from the Company's SEM Authorised Representative and Sponsor, Perigeum Capital Ltd, at Level 4, Alexander House, 35 Cybercity, Ebene 72201, Mauritius or from the Company's South African advisors, Java Capital, 6A Sandown Valley Crescent, Sandown, 2196, Johannesburg, South Africa.

This Explanatory Statement is being issued to shareholders of Greenbay pursuant to the Buyback Rules and the SEM Listing Rule 11.3. The Board accepts full responsibility for the accuracy and completeness of the information contained in this Explanatory Statement.

The Company has a primary listing on both the Official Market of the SEM and the Main Board of the JSE.

31 May 2018

For further information please contact:

**JSE sponsor**

**JAVACAPITAL**

Tel: +27 11 722 3050

**SEM authorised representative and sponsor**

**Perigeum Capital**

Tel: +230 402 0890

**Company Secretary**

**itl**  
Incorporational Trust Ltd

Tel: +230 403 0800

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**ABRIDGED HISTORICAL FINANCIAL INFORMATION OF THE COMPANY FOR THE THREE YEARS ENDED 30 SEPTEMBER 2017**

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**GREENBAY PROPERTIES LIMITED**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	<b>Audited</b> <b>30 Sep 2017</b> <b>EUR</b>	<b>Group</b> <b>Restated</b> <b>30 Sep 2016</b> <b>EUR</b>	<b>Audited</b> <b>30 Sep 2015</b> <b>EUR</b>
<b>ASSETS</b>			
<b>Non-current assets</b>	<b>290 757 701</b>	<b>75 716 763</b>	<b>2 186 332</b>
Investment property	57 498 838	56 750 707	1 584 605
Straight-lining of rental revenue adjustment	1 162	1 479	–
Investment property under development	13 942 548	13 319 446	–
Investment in and loans to joint venture	59 361 010	–	–
Greenbay management incentive loans	505 679	2 549 487	–
Investments	159 448 464	3 095 644	601 727
<b>Current assets</b>	<b>644 871 133</b>	<b>310 058 034</b>	<b>405 575</b>
Equity derivative margin	233 825 666	86 226 838	–
Trade and other receivables	4 457 081	7 534 350	34 819
Cash and cash equivalents	406 588 386	216 296 846	370 756
<b>Total assets</b>	<b>935 628 834</b>	<b>385 774 797</b>	<b>2 591 907</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Total equity attributable to equity holders</b>	<b>893 778 890</b>	<b>383 936 503</b>	<b>1 309 707</b>
Stated capital	892 382 767	364 806 890	1 190 082
Non-distributable reserve	(36 075 289)	19 034 695	29 958
Currency translation reserve	(11 028 779)	(20 758 845)	–
Retained earnings	48 500 191	20 853 763	89 667
<b>Total liabilities</b>	<b>41 849 944</b>	<b>1 838 294</b>	<b>1 282 200</b>
<b>Non-current liabilities</b>	<b>25 144 714</b>	<b>–</b>	<b>1 072 032</b>
Interest-bearing borrowings	24 714 857	–	1 072 032
Deffered tax	429 857	–	–
<b>Current liabilities</b>	<b>16 705 230</b>	<b>1 838 294</b>	<b>210 168</b>
Interest-bearing borrowings	1 374 996	–	59 039
Trade and other payables	14 670 411	1 706 317	151 106
Income tax payable	659 823	131 977	–
Bank overdraft	–	–	23
<b>Total equity and liabilities</b>	<b>935 628 834</b>	<b>385 774 797</b>	<b>2 591 907</b>

GREENBAY PROPERTIES LIMITED

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Audited for the year ended 30 Sep 2017 EUR	Group Restated for the year ended 30 Sep 2016 EUR	Audited for the 13 months ended 30 Sep 2015 EUR
<b>Income statement</b>			
<b>Net rental and related revenue</b>	3 930 167	424 942	113 776
Recoveries and contractual rental revenue	5 964 147	567 077	151 994
Straight-lining of rental revenue adjustment	1 162	1 479	–
Rental revenue	5 965 309	568 556	151 994
Property operating expenses	(2 035 142)	(143 614)	(38 218)
Income from equity derivatives	27 803 793	4 712 857	–
Income from investments	255 367	–	–
Fair value (loss)/gain on investment property, investments and equity derivatives	(12 402 800)	16 625 894	–
Adjustment resulting from straight-lining of rental revenue	(1 162)	(1 479)	–
Fair value gain on investment property	766 017	–	–
Fair value loss on investments	(4 108 359)	(226 394)	–
Fair value gain on currency derivatives	303 668	–	–
Fair value (loss)/gain on equity derivatives	(9 362 964)	16 853 767	–
Operating expenses	(2 432 819)	(255 801)	(38 183)
Listing costs	–	(319 039)	–
Loss on sale of subsidiary	–	(30 283)	–
Foreign exchange (loss)/gain	(22 377 572)	19 034 695	–
Income from joint venture	1 579 188	–	–
<b>Operating loss</b>	<b>(3 644 676)</b>	<b>40 193 265</b>	<b>75 593</b>
<b>Net finance costs</b>	<b>(1 985 705)</b>	<b>(274 826)</b>	<b>(50 588)</b>
<b>Finance income</b>	<b>5 571 105</b>	<b>633 771</b>	<b>21 209</b>
Interest on Greenbay management incentive loans	65 748	143 017	–
Fair value gain on interest rate derivatives	267 437	–	–
Interest received	5 237 920	490 754	21 209
Finance costs	(7 556 810)	(908 597)	(71 797)
Interest on borrowings	(7 556 810)	(908 597)	(71 797)
Other income	–	–	64 662
<b>(Loss)/profit before income tax expense</b>	<b>(5 630 381)</b>	<b>39 918 439</b>	<b>89 667</b>
Income tax expense	(1 414 429)	(149 606)	–
<b>(Loss)/profit for the year attributable to equity holders of the company</b>	<b>(7 044 810)</b>	<b>39 768 833</b>	<b>89 667</b>

## GREENBAY PROPERTIES LIMITED

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Stated capital EUR	Non- distributable reserve EUR	Group Currency translation reserve EUR	Retained earnings EUR	Total equity EUR
<b>Incorporation</b>					
Issue of shares:					
– 100 shares on 14 Aug 2014	100				100
– 7 395 940 shares on 31 Aug 2014	562 882				562 882
– 7 838 750 shares on 14 Aug 2015	627 100				627 100
Other comprehensive income for the period		29 958			29 958
Profit for the period				89 667	89 667
<b>Balance at Sep 2015</b>	<b>1 190 082</b>	<b>29 958</b>	<b>–</b>	<b>89 667</b>	<b>1 309 707</b>
Issue of shares:					
– 9 765 210 shares on 27 Nov 2015	781 239				781 239
– 3 333 333 333 shares on 8 Jun 2016	220 324 996				220 324 996
– 1 562 500 000 shares on 29 Sep 2016	142 510 573				142 510 573
Transfer from non-distributable reserve		(29 958)		29 958	–
Translation of historical equity on change of reporting currency			(20 758 845)		(20 758 845)
Profit for the period				39 768 833	39 768 833
Transfer to non-distributable reserve		19 034 695		(19 034 695)	–
<b>Restated at Sep 2016</b>	<b>364 806 890</b>	<b>19 034 695</b>	<b>(20 758 845)</b>	<b>20 853 763</b>	<b>383 936 503</b>
Issue of shares:					
– 1 324 503 311 shares on 27 Mar 2017	144 979 034				144 979 034
– 620 000 000 shares on 12 Jun 2017	75 747 807				75 747 807
– 2 284 263 959 shares on 22 Aug 2017	287 118 229				287 118 229
Translation of historical equity on change of reporting currency			9 730 080		9 730 080
Exchange differences on translation of foreign operations			(14)		(14)
Loss for the year				(7 044 810)	(7 044 810)
Dividend paid – Dec 2016	5 588 558			(5 873 040)	(284 482)
– scrip issue – 56 962 424 shares	5 588 558			(5 588 558)	–
– cash				(284 482)	(284 482)
Dividend paid – Jun 2017	14 142 249			(14 545 706)	(403 457)
– scrip issue – 115 613 498 shares	14 142 249			(14 142 249)	–
– cash				(403 457)	(403 457)
Transfer from non-distributable reserve		(55 109 984)		55 109 984	–
<b>Balance at Sep 2017</b>	<b>892 382 767</b>	<b>(36 075 289)</b>	<b>(11 028 779)</b>	<b>48 500 191</b>	<b>893 778 890</b>

**GREENBAY PROPERTIES LIMITED**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Audited for the year ended Sep 2017 EUR	Group Restated for the year ended Sep 2016 EUR	13 months ended Sep 2015 EUR
<b>Operating activities</b>			
Cash generated from operations	23 877 566	368 521	160 534
Interest received	5 237 920	490 754	21 210
Finance costs	(7 556 810)	(908 597)	(71 797)
Income tax paid	(525 847)	(9 324)	–
Dividends paid	(687 939)	–	–
Cash inflow from operating activities	<b>20 344 890</b>	<b>(58 646)</b>	<b>109 947</b>
<b>Investing activities</b>			
Greenbay management incentive loans settled	2 109 556	7 122 909	–
Acquisition of listed security investments	(160 461 179)	(2 861 784)	–
Acquisition of investment property	–	(68 554 077)	10 693
Development of investment property	(623 102)	(399 351)	–
Disposal of subsidiary	–	324 500	–
Cash received from acquisition of subsidiary	–	–	504 218
Increase in investment in and loans to subsidiaries	–	–	–
Loans to joint venture advanced	(13 655 684)	–	–
Investment in joint venture	(44 126 138)	–	–
Increase in equity derivative position	(156 961 806)	(69 058 990)	–
Cash outflow from investing activities	<b>(373 718 353)</b>	<b>(133 426 793)</b>	<b>514 911</b>
<b>Financing activities</b>			
Increase in interest-bearing borrowings	26 089 853	–	(63 753)
Movement in shareholder loan	–	–	(190 372)
Proceeds from share issuances	517 55 150	349 411 552	–
Cash inflow from financing activities	<b>543 665 003</b>	<b>349 411 552</b>	<b>(254 125)</b>
<b>Increase in cash and cash equivalents</b>	<b>190 291 540</b>	<b>215 926 113</b>	<b>370 733</b>
Cash and cash equivalents at beginning of the period	216 296 846	370 733	–
<b>Cash and cash equivalents at end of the period</b>	<b>406 588 386</b>	<b>216 296 846</b>	<b>370 733</b>
Cash and cash equivalents consist of:			
Current accounts	406 588 386	216 296 846	370 733

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**AUDITORS' REPORT ON SOLVENCY**  
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Our ref: GrpA/0212/nr

May 22, 2018

The Board of Directors  
Greenbay Properties Ltd  
C1-401-4<sup>th</sup> Floor  
La Croisette  
Grand Baie  
MAURITIUS

Dear Sirs,

**Report in connection with Section 6 of the Schedule to the Securities (Purchase of own Shares) Rule 2008 relating to report to the directors of the Company by the auditors**

We have performed the procedures agreed with you and enumerated below to provide Greenbay Properties Ltd ('Greenbay') (the 'Company') a report to the Board of Directors in connection with the planned Share Buyback of 473,456,515 shares (Share Buyback) which will occur during the financial year ending 30 September 2018 in accordance with the Mauritian Securities Act 2005, Section 13(2)(f) Purchase of Own Shares. Our engagement was undertaken in accordance with the International Standard on Related Services ISRS 4400 applicable to agreed-upon-procedures engagements. The procedures were performed solely to report on the Company's compliance in connection with the Share Buyback and are summarised as follows:

1. Inquire with management on the Company's state of affairs as at the date of the commencement of the Share Buyback. The state of affairs would include:
  - a. Statement of financial position as at 31 March 2018
  - b. Cash flow projections for the period from 1 October 2017 to 30 September 2018 and from 1 October 2018 to 30 September 2019.
2. Inquire with management, whether they have formed the opinion on reasonable grounds and that the Company will not, having regard to its state of affairs, be rendered insolvent within a period of one year as from the date of the commencement of the Share Buyback;
3. Inquire with management on the grounds of their assessment for forming their opinion mentioned in item 2 above; and
4. Obtain written representation from the Board of Directors that they have performed their assessment on reasonable grounds and are of the opinion that the Company will not be rendered insolvent within a period of one year as from the date of the commencement of the Share Buyback.



We report our findings below:

- a) With respect to item 1, we inquired with Management on the Company’s state of affairs as at the date of the commencement of the Share Buyback. We were provided with the state of affairs of the Company as at 31 March 2018 which were as follows:

	31 March 2018 Unaudited
<b>Key financial indicators</b>	<b>EUR</b>
Total assets	884,159,688
Total liabilities	9,764,022
Capital and reserves	874,395,666

We obtained representation from management that the state of affairs of the Company has not deteriorated by the date of the commencement of the Share Buyback.

- b) With respect to items 2 and 3, we inquired with the Board of Directors that they have formed the opinion on reasonable grounds and that the Company will not, having regard to its state of affairs, be rendered insolvent within a period of one year from the date of the commencement of the Share Buyback. We were provided with projected cash flows from 1 October 2017 to 30 September 2018 and 1 October 2018 to 30 September 2019, respectively, which included the payment of the Share Buyback and is summarised as follows:

	Period from 1 October 2017 to 30 September 2018	Period from 1 October 2018 to 30 September 2019
	EUR	EUR
Opening cash balance on 1 October 2017	350,807,191	268,506,272
Projected total cash inflow	28,014,577	30,378,688
Projected total cash outflow (excluding Share Buyback)	(70,192,062)	(35,535,377)
Projected payment for Share Buyback*	(40,123,433)	-
Projected net cash outflow	(82,300,919)	5,156,689
Projected closing cash balance on 30 September 2018	268,506,272	263,349,583

Based on the projected cash flow, we did not come across any matter that would render the Company insolvent within a period of one year as from the date of the commencement of the Share Buyback. We did not come across any unusual items in the projected cash flows. Actual results may be different from the forecast since anticipated events may not occur as expected and the variation may be material.

\* Management stated that the Share Buyback programme could continue until 31 December 2018 if the full number of the shares announced in the Share Buyback has not yet been acquired by 30 September 2018.

- c) With respect to item 4, we have obtained the relevant written representation from the Board of Directors.

Because the above procedures do not constitute either an audit or a review made in accordance with International Standards on Auditing or International Financial Reporting Standards on Review Engagements, we do not express any assurance on the above.

Our report is solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose. BDO & Co. assumes no responsibility whatsoever in respect of or arising out of or in connection with the contents of this certificate to third parties.

*BDO & Co*

**BDO & Co**  
*Chartered Accountants*



