

## Heriot REIT Limited

(Incorporated in the Republic of South Africa)

(Registration number: 2017/167697/06)

JSE share code: HET

ISIN: ZAE000246740

(“Heriot” or “the company” or “the group”)



---

## ABRIDGED PRE-LISTING STATEMENT – LISTING OF HERIOT BY WAY OF INTRODUCTION ON THE ALTERNATIVE EXCHANGE OF THE JSE

---

This abridged pre-listing statement is not an invitation to the public to subscribe for shares, but is issued in compliance with the Listings Requirements of the JSE, for the purpose of providing information to the public regarding the business and affairs of the company at the time of listing of all the issued shares in the company by way of introduction in the “Diversified REITs” sector on the Alternative Exchange (“AltX”) of the JSE (the “**listing**”).

This announcement contains the salient information in respect of Heriot, which is more fully described in the full pre-listing statement (“**full pre-listing statement**”) which will be made available for inspection from today. For a full appreciation and understanding of Heriot and the listing the full pre-listing statement should be read in its entirety.

Terms defined in the full pre-listing statement bear the same meaning in this abridged pre-listing statement.

### 1. Introduction

The JSE has granted Heriot a listing of all of its issued ordinary shares in the “Diversified REITs” sector on the AltX of the JSE under the abbreviated name: “Heriot”, JSE share code: “HET” and ISIN: ZAE000246740 with effect from the commencement of trade on Monday, 24 July 2017.

### 2. History and nature of business

Heriot was incorporated and registered as a private company on 18 April 2017 and converted to a public company on 29 June 2017. The company’s financial year end is 31 May.

Heriot is a property holding and investment company that is invested in industrial, retail, residential, specialised and commercial properties in South Africa.

Heriot, a newly incorporated company, has been established for purposes of creating a newly listed property fund which will acquire and/or develop properties either directly or through subsidiaries and joint ventures and accordingly does not have any trading history. Heriot may also invest in listed property shares.

Heriot Properties, which holds approximately 70% of the properties comprising the property portfolio and which is a wholly-owned subsidiary of the company, was founded by Steven Herring in 1998 for the purpose of growing a property portfolio that generated sustainable long-term cash flows from blue chip tenants. Heriot Properties’ initial investment into the industrial sector was underpinned by triple net, long term leases that facilitated quick growth of its asset base. As at the last practical date, Heriot, through its subsidiary Heriot Properties, holds 20 industrial properties valued at R1.582 billion.

In 2003, Heriot Properties diversified its portfolio with the development of a 1 500m<sup>2</sup> retail centre. Heriot now, through its subsidiaries, owns twelve retail centres with a GLA of 119 981m<sup>2</sup> in CBD’s, townships and rural areas that focus on the mass market, bringing shopping to the people. The centres, valued at R2.087 billion, are anchored by a high percentage of national tenants with long term leases and high trading densities that ensures the sustainability of Heriot’s cash flows.

The property portfolio further includes seven office properties, including Heriot’s head office located in the prestigious mixed-use precinct, Melrose Arch.

### 3. Investment and growth strategy

Heriot, through its subsidiaries and its interest in Heriot Trust 1 and Heriot Trust 3, owns a diversified portfolio of 44 properties across the retail, industrial and commercial sectors. The properties are situated in areas with high growth potential. The group's investment strategy is to purchase yield-enhancing assets that can offer consistent long-term rental income growth. The asset management function is carried out by Heriot's experienced and specialised management team with a view to extracting maximum value from each property.

The company's primary objective is to identify value-enhancing opportunities within the commercial, industrial, and retail sectors in South Africa to create a stable and diverse portfolio of assets capable of generating secure and escalating free cash flows. This is achieved by its experienced and hands on management team focusing on pro-active portfolio management and aggressive cost containment.

Further details of the property portfolio are set out in **Annexure 7** of the full pre-listing statement.

### 4. Prospects

The board of Heriot is confident that it will deliver a distribution of 72 cents per share for the year ending 31 May 2018, further details of which are set out in **Annexure 10** of the full pre-listing statement. With its opportunistic ability to invest in all real estate sectors in South Africa, the group will be able to add significantly to its property portfolio on a yield enhancing basis.

### 5. Directors

<b>Name and age</b>	<b>Steven Bernard Herring (46)</b>
<b>Business address</b>	Suite 1, Ground Floor, 3 Melrose Boulevard, Melrose Arch, Johannesburg, 2196
<b>Qualification</b>	Undergraduate Degree in Marketing (University of Johannesburg) Masters of Business Administration (MBA) – Heriot-Watt University
<b>Position</b>	CEO
<b>Name and age</b>	<b>Janys Ann Finn (52)</b>
<b>Business address</b>	Suite 1, Ground Floor, 3 Melrose Boulevard, Melrose Arch, Johannesburg, 2196
<b>Qualification</b>	BCom, BAcc, CA (SA)
<b>Position</b>	CFO
<b>Name and age</b>	<b>Stephen David Friend (71)</b>
<b>Business address</b>	58 14 <sup>th</sup> Avenue, Edenvale, 1610
<b>Qualification</b>	B Comm CA(SA)
<b>Position</b>	Chairman, non-executive director
<b>Name and age</b>	<b>Selwyn Joel Blieden (45)</b>
<b>Business address</b>	Barclays Africa Group, 15 Alice Lane, Sandton
<b>Qualification</b>	PhD (Cambridge), CFA
<b>Position</b>	Lead independent non-executive director
<b>Name and age</b>	<b>Trevor John Cohen (75)</b>
<b>Business address</b>	No. 4 Bernsbury, St. Andrews, Bedfordview, 2008

<b>Qualification</b>	Bachelor of Law / BCom Law
<b>Position</b>	Independent non-executive director
<b>Name and age</b>	Nelson Ngale (55)
<b>Business address</b>	No 1 Plover Street, Struisbelt, Springs
<b>Position</b>	Independent non-executive director

All of the directors are South African nationals

## 6. Property management

The property management function in respect of properties numbered 36 to 42 in **Annexure 7** of the full pre-listing statement is undertaken on market related terms by Blend Property 10 Proprietary Limited and Blend Property 17 Proprietary Limited.

The property management function in respect of properties numbered 28 to 30 in **Annexure 7** of the full pre-listing statement is undertaken on market related terms by Rainbow Capital Proprietary Limited.

The property management function in respect of property numbered 16 in **Annexure 7** of the full pre-listing statement is undertaken on market related terms by McCormick Property Development CC.

The property management function in respect of the property numbered 1 in **Annexure 7** of the full pre-listing statement is undertaken on market related terms by Zahavi Estates CC.

The property management function in respect of the balance of the properties set out in **Annexure 7** of the full pre-listing statement is undertaken internally.

## 7. Asset management

The asset management function of the group is undertaken internally by its executive management who are very experienced in this regard. Part of the asset management role of the executive management of Heriot is to seek new investment opportunities for the company, to consider ways of optimising the performance of existing assets and, where necessary, to work on the disposal of assets which no longer contribute to the company's income growth strategy.

## 8. Summarised forecast information

Given the nature of its business, Heriot uses distribution per share as its key performance measure as it is considered a more relevant performance measure than earnings or headline earnings per share.

Set out below are the summarised forecast statements of comprehensive income ("**summarised forecasts**") for the year ending 31 May 2018 and the year ending 31 May 2019 ("**forecast periods**"). The summarised forecasts include forecast figures for the duration of the forecast periods.

The summarised forecasts, including the assumptions on which they are based and the financial information from which they are prepared, are the responsibility of the directors of Heriot.

The summarised forecasts have been prepared in compliance with IFRS and in accordance with Heriot's accounting policies.

	<b>Forecast for the year ending 31 May 2018</b>	<b>Forecast for the year ending 31 May 2019</b>
Number of shares in issue	255 637 135	257 637 135
Weighted average number of shares in issue	255 637 135	257 637 135

	Forecast for the year ending 31 May 2018	Forecast for the year ending 31 May 2019
Basic and diluted earnings per share (cents)	71.67	80.71
Headline earnings per share (cents)	64.82	71.06
Distributable income per share (cents)	71.67	80.71

The figures set out above are extracted from detailed forecasts for the year ending 31 May 2018 and the year ending 31 May 2019 and have been reported on by the independent reporting accountant, Grant Thornton. The detailed forecasts, the independent reporting accountants' report on the detailed forecast and the assumptions on which the detailed forecasts are based, are set out in the full pre-listing statement.

## 9. Salient dates and times

	2017
Abridged pre-listing statement released on SENS on	Monday, 17 July
Listing of shares and the commencement of trading on the JSE (09:00) on	Monday, 24 July

### Notes

1. All references to dates and times are to local dates and times in South Africa. These dates and times are subject to amendment. Any such amendment will be released on SENS.

## 10. Availability of the full pre-listing statement

Copies of the pre-listing statement may be obtained on the company's website at [www.heriot.co.za](http://www.heriot.co.za) from Monday, 17 July 2017.

17 July 2017

### Corporate advisor and designated advisor



### Independent reporting accountants and auditors



### Attorneys

